

【Translation】

Stock Code: 9946

Sanfar Property Limited

Handbook for the 2023 Annual Report

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ONE. LETTER TO SHAREHOLDERS

Dear Shareholders, Ladies and Gentlemen:

I sincerely welcome all shareholders taking the time to attend the shareholders' meeting. On behalf of all my colleagues and the company, I would like to thank all shareholders for your long-term support and trust.

In 2023, the world gradually escaped from the shadow of COVID-19. Inflation did not ease. The war between Russia and Ukraine continued. End consumer demand in major global markets weakened. The ROC's manufacturing exports slowed down. Aggressive interest rate hikes made by the U.S. Federal Reserve were coming to an end. Therefore, the Company remained prudent in responding to the economic climate, continued to pay close attention to the uncertain economic changes, and adopted safety measures to ensure the stability of the Company's operations, maintain healthy operations, and protect the long-term interests of shareholders.

Sanfar Property seeks to build Cultural Concert Halls and Sustainable, Safe Homes, providing a happy house for every resident! It also cooperates with its subsidiary Jingo Records to select beautiful melodies, so that Sanfar residents can wander in the hall and enjoy soothing music. Sanfar's team makes its architectural planning with a focus on services and sustainable environment, trying to offer ultimate safety and comfort and create beautiful and harmonious home experience and excellent sustainable value.

Looking to the future, uncertainties such as the evolving international geopolitics, the ongoing technology dispute between the US and China, and extreme climate are expected to have a material impact on the global economy and financial markets. The Company is sincerely committed to practicing corporate governance and corporate social responsibility, and has continuously internalized ESG into the DNA of its corporate culture and integrated ESG into its operating strategy. Given that the real

estate market has long-term rigid demand, the Company will continue to actively expand its search for appropriate investment opportunities, increase construction land, and adjust the operating strategy to enhance competitiveness. Based on the philosophy of good faith, mutual assistance, professionalism and conscientiousness, the Company will continue to launch products that meet market demand and high-quality living quality, increase the operating efficiency, and contribute stable profits to all shareholders.

Many thanks to our shareholders for your continued support and love. Wish you good health, all the best, and peace to your family.

I. 2023 PERFORMANCE

(I) Implementation of the 2023 Business Plan

Unit: NT\$ Thousand

Item	2023	2022	Amount of change
Revenue	963,121	2,273,704	(1,310,583)
Gross profit	266,698	386,993	(120,295)
Total profit and	162,656	133,377	29,279

In 2023, the Company earned its revenue mainly from the sale of completed projects including construction projects in Sub-city Center 235 and Qiyao. The revenue changed significantly primarily due to a higher revenue recognized in the previous period from the completion and delivery of a new construction project in Lilin, Linkou District than the current period. In 2023, the overall real estate market saw sales shrinking remarkably due to inflation and interest rate hikes. However, although the central bank's interest rate hikes increased burden on customers overall, interest rates rose at within a controllable range. Driven by rigid demand for owner-occupancy and high costs, housing prices were lifted and would develop steadily. As the impact of the epidemic gradually faded away, the pace of sharp interest rate hikes in the United States gradually slowed down, the pressure of interest rate hikes in Taiwan gradually went away, the tourism and real estate industries recovered after the bearish information is watered down. The Company maintains a stable proposal, actively sells newly-built houses, and grasps the pulse of operation, it also continues to promote the Company's various plans and creates performance and growth to meet the expectations of shareholders and investors with the vision of "sustainable operation" and "customer satisfaction."

(II) Budget execution

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company was not required to prepare financial forecasts for 2023.

(III) Financial income and expenses

Unit: Thousands of NT\$

Item	2023	2022
Net operating profit	115,475	175,148
Non-operating income and	(21,361)	(29,881)
Net profit before tax from	94,114	145,267
Net income	88,856	139,677
Total profit and loss	162,656	133,377

(IV) Profitability analysis

Item		2023	2022
Return on assets (%)		1.56	1.77
Return on equity (%)		1.37	2.15
As a percentage of paid-in capital (%)	Operating profit	3.54	5.36
	Net income before tax	2.88	4.45
Net profit rate (%)		9.23	6.14
Basic earnings per share (NT\$)		0.27	0.43

(V) Research and Development

1. Key projects development:

Yongxing project, Cheng-Deh project, Liujiading project, Sub-city Center No. 18 project, Shinzuan project, Xingbang project, Wukuaicuo project.

2. Sustainable operation and customer satisfaction:

Adhering to the core concept of the Company's sustainable operation, the concept of sustainability is integrated into construction, starting from the four major aspects of energy conservation and carbon reduction, pollution reduction, increasing green coverage, and purifying the air, the Company treats the ecological environment with forward-looking thinking and values the management and communication with consumers, continues to improve product quality, and launches projects that meet consumer needs and expectations while demonstrating financial and non-financial performance. Implement the vision of sustainable operation with the spirit of "courage, water-friendly, and waterproof."

3. Market research and development:

Grasp accurate real-price registration and real estate related information, collect statistics on regional land market transaction prices, quantities, and the floorage and prices of housing projects in recent years in order to facilitate the analysis of the favorite products in each district and to grasp the changes in market demand and consumer mentality for reference in product positioning, product design, customer experience, and marketing strategies for increasing sales.

4. Studying construction methods and project management:

Achieve structural safety of buildings, and introduce third-party verification mechanisms to enhance building quality and market value to ensure product advantages and on-site safety through construction quality management, building materials assurance and strict selection of high-quality manufacturers.

Chairman: Dingsheng Zhong General Manager: Liu Shu-Hung Accounting Supervisor: Tsai
Wen-Ling

II. SUMMARY OF THE 2024 BUSINESS PLAN

Looking to 2024, the global economy is likely to make a soft landing. According to the OECD forecast, the global economy will grow by 2.9% year on year in 2024, a slight slowdown from 3.1% in 2023. Due to the strong demand for high-tech products in the US and stabilizing destocking, exports from Taiwan to South Korea are expected to grow positively. Major institutions predict a recovery of growth in global economy and trade, with global trade expected to rebound from 0.2%~0.8% in 2023 to 2.3%~2.5%. Trade will bottom out thanks to improvement in the global electronics industry. According to the DGBAS forecast, the ROC economy will grow by 3.43% year on year in 2024, an increase of 2.12% from the growth of 1.31% in 2023. As predicted by the TIER, private consumption will go up by 2.69% in 2024. Although inflationary pressure continues to drop, consumption remains conservative. As geopolitics and COVID-19 interferes less, AI, semiconductors, emerging technologies and ESG trends will drive the demand for investment. The growth in private investment is expected to turn positive in 2024. Looking at global monetary policies, it is expected that interest rate hikes will be stopped, inflation will weaken, and monetary policies of the Central Bank of the Republic of China will be neutral. At the present stage, Taiwan's economic climate is expected to improve, which will increase the buying in the domestic real estate market and drive the ROC's construction industry to generally develop towards steady, medium and moderate growth.

Throughout changes in the global economy and industry, global investments in AI and semiconductors have grown positively. According to the Ministry of Finance of the Republic of China, signed private investments in public construction in the past three years have exceeded NT\$180 billion, and will continue to optimize the participation promotion system and provide a more diverse investment environment in the market. The domestic economy is supported by improving domestic demand and continued steady growth in the domestic science and technology industry. Private investment or participation in public construction with abundant market capital has shown positive growth. Despite a relief of pressure on the construction industry in terms of the costs of main materials, shortage of labor and inflation, the costs and progress of projects will still be affected. It is expected to release spillover effects of diversified investment opportunities in the future, conducive to the long-term development of the real estate market.

Sanfar Property continues to dedicate itself in the Taiwan market with a focus on strengthening its core construction and practicing the sustainable construction philosophy of good faith, professionalism and ESG. At the internal management level, the Group is committed to practicing corporate governance and corporate social responsibility through long-term and stable development measures including further professional training strict cost control and budget tracking, research and development of new environmentally friendly green construction materials, quality improvement and brand building. Meanwhile, Sanfar Property will fully leverage the domestic consumption power and investment momentum driven by internal and external demand, actively scale up and strengthen its asset management, continue to adjust its operating structure, create diversified profit opportunities, and enhance long-term stable profit growth in the future, so as to increase the interests of shareholders.

In the future, Sanfar Property will be committed to operating guidelines, expected sales volume and the basis of estimation, and important production and marketing policies as development objectives, as explained in details below.

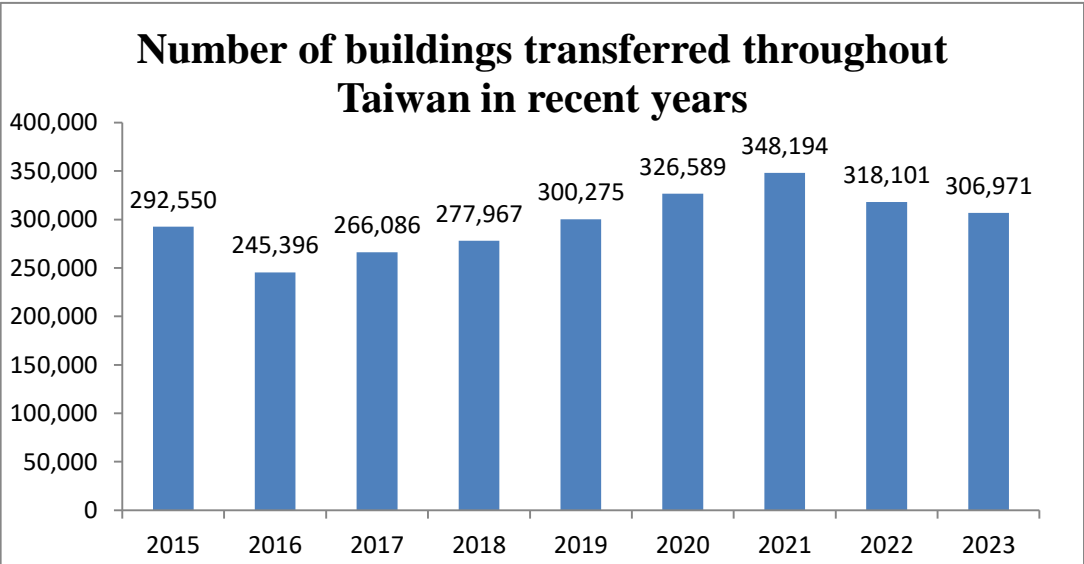
(I) Operational guidelines

1. Land purchase policy:

In 2023, commercial property transactions totaled NT\$139.1 billion, more than 80% of which occurred in northern Taiwan. Residential land transactions continued to

shrink. Due to amendments to the Equalization of Land Rights Act and the presidential election, the real estate market atmosphere was unknown. Builders were wary of government policies to curb housing prices and the uncertain market atmosphere, and had to suffer the pressure of still high labor and building material costs. They were more cautious in assessment before purchasing land. Builders purchased land for about NT\$73.4 billion only. It is estimated that after the general election in 2024, developers will purchase land for NT\$100 billion. At a time when interest rate hikes have stopped, domestic economic development has stabilized, and the Equalization of Land Rights Act has been revised to adopt the licensing system for residential property purchase by private legal persons, it is expected that funds from high-asset groups will be introduced into the commercial property market, and the prices and buying of commercial property can remain stable. In terms of the investment market, the government's restrictions on the transfer of pre-sale houses through reservation forms, suppression of short-term speculation, and the return of the market to rigid demand for self-occupation and long-term property purchases, will be conducive to the long-term healthy and positive development of the housing market.

According to figures from the Ministry of the Interior, 306,971 buildings were transferred throughout Taiwan in 2023, a slight decline compared with 2022, proving the supporting demand in the past five years. Due to the introduction of multiple policies by the government to restrain the housing market, buyers have become more cautious, but transactions and funding momentum are still better than expected. As the Income Tax on House and Land Transactions 2.0 and the Equalization of Land Rights Act reduce limited supply in the market, the housing market has shown a trend of shrinking transactions and stabilizing prices. The real estate market in Taiwan has been on a bullish streak for many years. Despite many challenges including external factors such as geopolitics and adjusted inventories in the technology sector and domestic circumstances such as economic fluctuations and amendments to the Equalization of Land Rights Act, in such an unfavorable environment, rigid demand for self-occupation and long-term property purchases still exists.



Source: Department of Statistics, Ministry of the Interior

The Company makes its product planning based on market supply and demand, prudently develops the acquire land, lays out the land from north to south, evaluates land acquisition investment in a conservative manner, and strives for steady operation.

2. Launch of products in line with market demand:

The Company actively completes land inventories and promotes the marketing strategy prudently depending on the market atmosphere. It plans especially for key products, meets customer needs as the core of design, strengthens exquisite and considerate planning, continuously improves design and construction quality, increases the competitiveness of products, actively designs green buildings that emphasizes health and comfort, and pursues symbiosis and co-prosperity with the global environment and sustainable development of the human living environment, so as to become a market leader. The Company will more carefully and rigorously evaluate the positioning of subsequent products, develop in line with the general market demand, mainly launch commercial products and one- to three-bedroom products in re-development zones, major public construction and development areas and important commercial districts, and mainly respond to the local demand for self-occupation and first-time home purchases in the future.

3. Diversity development strategy:

The Company deals with construction, building, music and commercial property, creates value with innovation, and continues to operate steadily for diversified expansion. In addition to combining architecture and music, it offers products different from those of other builders, in the hope of maximize operational synergies and create brand value. The future development strategy is to develop the leasing market for cross-industry cooperation in comprehensive shopping malls, hotels, and tourism, or for commercial buildings, and to evaluate investment in other new industries to expand the scale of operations.

4. Diversified funding sources:

Given domestic and foreign economic outlook variables, the financial market fluctuates greatly. The Company has been committed to stable financial operations to ensure smooth capital flows and flexible turnover. The Company's capital planning is based on a multi-channel strategy. Major evaluation factors include capital scale, capital timing, capital risks, strengthening capital and financial structure and reducing capital costs. In addition to short-term working capital and construction financing, it raises funds through capital markets to stabilize the Company's long-term funds, focuses on the dynamic balance of investment and financing stocks and bonds, improves the capital system, and increases the stability of medium and long-term funds in conservative and stable operations, so as to promote its sustainable development in capital markets.

(II) Expected sales volume and the basis of estimation

Item	Estimated total sales Amount (NT\$)	Project location	Scheduled commencement date/completion date
Urban subcenter Project 18	NT\$8 billion	Hsinchuang District, New Taipei City	Commenced in Q4 2024 (estimated)
Shinzuan section	NT\$3.5 billion	Central West District, Tainan City	Construction to be started in 2024 Q4 (projected)
Liujiading 528	NT\$1.5 billion	Yongkang District, Tainan City	Completed in Q3 2024 (estimated)
Yongxing 181 182	NT\$1.5 billion	Yongkang District, Tainan City	Commenced in Q1 2024
Cheng-Deh section	NT\$9.7 billion	Renwu District, Kaohsiung City	Construction to be completed in 2025 Q2 (projected)
Shinbon Section	NT\$6.0 billion	Chenzhen District, Kaohsiung City	Planning in progress
Wuquancho	NT\$5.2 billion	Lingya District, Kaohsiung City	Planning in progress

(III) Important production and sales policies

1. Based on solid land development, the Company actively seeks cooperation with landowners who are willing to jointly build and develop, and expands and reserves land resources in prime locations after careful evaluation and screening by market research, planning, and professional consultants.
2. The Company plans and designs products based on humanization and diversification, carefully evaluates regional consumption patterns and launch high-quality products to establish brand identity. It also works with Jingo Records to create a new attitude towards life through music and architecture, add more flexible elements to its products, offer a beautiful and harmonious home experience and excellent value for all residents, and provide a sustainable living environment. Through diversified marketing channels and comprehensive after-sales services, the Company tries to enhance customers' trust in products and Sanfar Property.
3. The Company adopts advanced construction technologies and techniques, cooperates with well-known design teams, and makes the most of the design, material selection and construction management functions to control costs. It introduced the ISO9001 quality management system and obtained certification in June 2023, so as to achieve construction efficiency and excellent quality.
4. The Company practices the spirit of ESG by promoting symbiosis and mutual benefit between buildings and the environment through sustainable architecture, building recognition and trust from customers, investors and the general public, establishing an excellent product reputation, displaying a unique brand style, and deeply cultivating brand value to enhance the loyalty of customers.

In the past three years, the international economy has been impacted by COVID-19, the war between Russia and Ukraine, and high inflation. Looking back at 2023, the real

estate market in Taiwan saw the fifth selective credit control by the central bank and the continuing property speculation crackdown policy in the first half of 2023. Through measures including adjustments to risk weights on banks by the Financial Supervisory Commission, the Income Tax on House and Land Transactions 2.0 by the Ministry of Finance, Real Price Registration 2.0, and amendments to the Equalization of Land Rights Act, they were not so effective in curbing rising housing prices. In H2 2023, after the government launched the New Qing'an Loan in July, the market was boosted. Self-occupation buyers entered the market. The number of buildings transferred in six cities also increased. Overall, the real estate market in 2023 showed a trend of shrinking transactions and stabilizing prices.

Looking to 2024, as global end-user demand rises up, emerging technologies expand, and supply chain inventories gradually recover, the RoC's export momentum picks up. AI, semiconductors, emerging technologies and ESG trends and green energy investment continue to expand. With rising basic wages adding momentum to private consumption, economic performance is expected to improve. As inflationary pressure decreases, the Fed and major central banks are expected to start a cycle of interest rate cuts in H2 2024. Attention should be paid to the possible impact of rising geopolitical risk and a slowdown in the global economy.

According to the DGBAS forecast, the ROC economy will grow by 3.43% year on year in 2024, an increase of 2.12% from the growth of 1.31% in 2023. In the near future, the profits of Taiwanese companies will grow with the recovery of the semiconductor boom and the trend of AI. If calculated based on the growth in the Company's profits in 2024, it is expected that the domestic economy will have the opportunity to perform in the future. However, given variables such as the continued spread of new variant viruses, geopolitical risks between Russia and Ukraine and between Israel and Palestine, inflation, interest rate hikes, and supply chain bottlenecks, the global economic growth may be inhibited. The market expects that the monetary policies of central banks throughout the world should gradually become easy and the trend of interest rate cuts will slow down. Therefore, the mortgage burden on the general public will be reduced. It is expected that the total price or timetable of home purchase will become more optimistic, which will increase the performance of prices and sales volume in the housing market.

As an important hub for the global semiconductor industry, Taiwan's economic prospects are closely linked to global technology needs, especially in fields such as 5G, AI, the IoT, and electric vehicles. However, uncertainty in the global economic environment still exists, which poses challenges to Taiwan's economic and trade prospects, and needs to be actively addressed. The Company will continue to observe and grasp policy trends, interest rates and business cycles, and actively invest in and evaluate various investment projects, including general residences, commercial offices, leisure and commercial hotels. Sanfar Property will continue to improve its operation and management efficiency, enhance its competitiveness, and ensure profit momentum in order to continue to create good performance.

III. FUTURE DEVELOPMENT STRATEGIES

(I) Product positioning strategies

1. Look for land in regions with future development potential and competitive advantages, maintain market acumen at all times, and accurately grasp information on the land and sale market in all regions to facilitate land acquisition and competitive development planning. Exercise the design material selection and

construction management functions, conduct detailed and accurate local market research and analysis, carefully select locations with development potential, and meet customer needs with diversified products; also, respond to the changes in the industry and market demand structure, timely adjust types of products and output to enter other types of real estate market.

2. In terms of planning, extensively collect the design and planning characteristics of real estate buildings from various regions in Taiwan and different countries, pay attention to fire safety labels in public spaces, labels on green buildings and building materials, labels on smart buildings and labels on earthquake-resistant buildings, add concepts including energy saving, water saving, ecology, carbon reduction and environmental protection, and plan building styles with the Company's clearly identified logos to enhance construction quality and the Company's brand image.

(II) Construction / cost control strategies

1. Choose appropriate computer software for precise project planning and detailed project scheduling, adopt innovative construction techniques and professional construction technologies, carefully select structural design and building materials, and high-quality construction partners, and strictly control project quality to ensure accurate construction. In addition to reducing the loss of building materials, controlling idle building materials, maintaining construction equipment, and lowering construction costs, the top priority in construction operations is ensuring work safety and hygiene at all project sites.
2. In order to expand the business reach and disperse business risks, the focus is on developing business scope by upholding flexible and anti-risk thinking to have the major cities in northern, central, and southern Taiwan included in the development area and to form vertical management and mutual support of personnel in order to effectively control the construction progress, to reduce operating costs, and to ensure the company's profitability.
3. Promote management by objectives and strategic management, offer regular professional training in addition to internal self-training, and morally and financially encourage colleagues to participate in external training to gain professional knowledge at any time, in the hope of reducing costs, shortening construction periods and improving overall work quality.

(III) Product marketing/price strategies

1. Due to changes in the global economic environment and inflation, global efforts to raise interest rates have slowed down. Uncertainties still exist. However, with the shortage of labor and unimproved prices of raw materials, the current real estate market is seeing stable prices and shrinking transactions. Consumers are expected to stabilize gradually. Therefore, in the long-term view of the Company, housing prices will rise in the future. Currently, many influencing factors have caused the market to slow down temporarily in sales. In the long run, it will still grow steadily.
2. For projects that improve dilapidated buildings and renew urban appearance, costs are going up and longer time is required for integration. In this sense, it is relatively easier to control the schedule of self-construction projects. Therefore, the current trend is to launch house exchange or first-time purchase products that meet market demand and set prices based on reasonable costs that are recognized by consumers, taking into account changes in external prices in the market.

3. The Company will continue to pay attention to relevant law and regulations, taxation, government policies, and market developments, carefully evaluate the future development of the region, continue to operate steadily with good locations and product advantages, and reduce the risk of market impact.
4. Keep an eye on changes in the real estate market from time to time, grasp relevant market information, keep a sharp eye for market prices, adjust the current prices, while mastering the information on financing, laws, regulations and other information, respond to the continuous changes in the environment, accurately grasp the market pulse and the sales opportunity, and prepare for decision-making.

(IV) Management system

Strengthen internal control, budget management, and corporate governance operations; also, strive to have all operations computerized, and improve management processes and refine internal control so that the company can still be able to improve work and operation efficiency through strengthening personnel job functions and integrating internal and external resources while the company's sales are still growing.

Introduce the ISO9001 quality management system, and establish, regular inspect and confirm applicable SOPs to ensure the quality of all of the Company's projects to meet consumer expectations.

(V) Customer service strategies

1. Dedicated customer service department: Take sustainable service as our mission, and provide better services with careful and considerate design so to help customers feel honored and warm courtesy in order to enhance service competitiveness, and build the Company's brand and trust in the minds of consumers.
2. Dedicated legal department: Further study applicable acts and cases, prevent possible disputes, offer regular training on sales, and explain rights and obligations to customers in details when selling houses, so as to minimize the possibility of house purchase disputes.

IV. IMPACT OF THE EXTERNAL COMPETITIVE ENVIRONMENT, REGULATORY ENVIRONMENT AND OVERALL OPERATIONS

(1) External competitive environment:

As forecast by the National Development Council in the 2024 Overall Economic Situation, as inflationary pressure decreases, the Fed and major central banks are expected to start a cycle of interest rate cuts. Attention should be paid to the possible impact of rising geopolitical risk and a slowdown in China's economy. The pick-up in global end-user demand and increasing applications of emerging technologies add momentum to the RoC's exports. Semiconductors and green energy investment continue to expand. With rising basic wages adding momentum to private consumption, economic performance is expected to improve.

In the six cities (Taipei/New Taipei/Taoyuan/Taichung/Tainan/Kaohsiung), the number of projects launched, housing prices, and sales progress will gradually climb after the end of the presidential election. In order to curb short-term real estate speculation, the government has implemented the Income Tax on House and Land Transactions 2.0 since July 2021. As a special law of the Land Act, the Equalization of Land Rights Act was amended and passed on January 10, 2023 and

became effective on July 1, 2023. It was expected to guide the normal development of the real estate market through various actions and achieve four objectives, i.e. preventing speculation in the real estate market, preventing tax evasion, preventing the flooding of funds in the real estate market, and implementing the right of abode by creating high-quality houses.

The government continues to step up its efforts to tackle speculation in housing, and has recently seen a decline in speculators and hoarders, which will accelerate competition in the inter-industry market; In the face of adverse factors, the Company strengthens the professional ability of its team, develops products that meet the needs of consumers, and makes all preparations to cope with the diversified and changing environment. We will continue to strengthen quality control, establish the Company's brand and perform good after-sales services to enhance competitiveness.

(II) Regulatory environment:

In respect of the Construction Industry Act, the Consumer Protection Act and tax and related government policies, the Company's dedicated department will pay close attention to changes in such acts and policies. In addition to analyzing construction-related laws and regulations that must be followed when planning construction operations, it also responds to tax changes in advance to ensure that the interests of the Company and shareholders.

(III) Macroeconomy environment:

Bottlenecks in global supply chains have eased. Inflation is declining in the world. However, the deferred effect of the tightening monetary policy in major countries has gradually emerged. Although global manufacturing inventories are shrinking, high interest rates have suppressed final consumer demand. The global economic growth momentum in 2023 was significantly lower than that in 2022. Looking to 2024, as inflationary pressure decreases, the Fed and major central banks are expected to start a cycle of interest rate cuts. Attention should be paid to the possible impact of rising geopolitical risk and a slowdown in China's economy.

As far as Taiwan's overall economic situation is concerned, exports continued to grow in 2023. Although global end-user demand did not rebound significantly, which restricted orders in traditional industries, business opportunities for emerging technology applications such as high-performance computing and AI were booming. Given a low base, export orders increased by 1.0% year on year in November, ending the negative growth for 14 consecutive months, and by 11.8% year on year in December, the largest in 17 months. Looking to this year, as global end-user demand rises up, emerging technologies expand, and supply chain inventories gradually return to normal, the RoC's export momentum picks up. Semiconductors and green energy investment continue to expand. With rising basic wages adding momentum to private consumption, economic performance is expected to improve.

As predicted recently by major domestic and foreign institutions, the ROC's economic growth rate is expected to pick up in 2024, ranging from 2.7% to 3.35%.

Looking back at Taiwan's real estate market in 2023, the property speculation crackdown policy continued in the first half of the year. Through measures including the fifth selective credit control by the central bank, adjustments to risk weights on banks by the Financial Supervisory Commission, the Income Tax on House and Land Transactions 2.0 by the Ministry of Finance, Real Price Registration 2.0, and amendments to the Equalization of Land Rights Act, they were not so effective in curbing rising housing prices. In H2, after the government launched the New Qing'an Loan in July, the market was boosted. Self-occupation

buyers entered the market. The number of buildings transferred in six cities grew positively for four consecutive months. Overall, the real estate market in 2023 showed a trend of shrinking transactions and stabilizing prices.

Looking to 2024, the global economy continues to rebound. However, given variables such as the continued spread of new variant viruses, geopolitical risks between Russia and Ukraine and between Israel and Palestine, inflation, interest rate hikes, and supply chain bottlenecks, the global economic growth may be inhibited. The market expects that the monetary policies of central banks throughout the world should gradually become easy and the trend of interest rate cuts will slow down. Therefore, the mortgage burden on the general public will be reduced. More or less, the total price or timetable of home purchase will become more optimistic, which will affect the performance of prices and sales volume in the housing market. In the future, the market buying will be affected accordingly. Attention should be paid to the subsequent impact on prices and sales volume in the housing market. On the other hand, in the face of the downward rigidity of housing prices due to the rise in construction costs, coupled with the inflationary pressure highlighting the preservation of real estate, although the government continues to increase its efforts to crack down on housing speculation, the housing market information is more open and transparent, so that the real estate market has produced positive benefits in the four major aspects, *i.e.* industry, supply, demand and price, a good opportunity for self-occupancy and long-term property buyers to buy houses. The Company will monitor policy trends, interest rates and economic conditions from time to time, plan land acquisitions in regions with advantages in transportation construction, industrial development, and demographic dividend, and appropriately invest in key projects to achieve long-term and stable profit growth.

Two. Company profile

I. DATE OF INCORPORATION: SEPTEMBER 20, 1993

II. COMPANY HISTORY

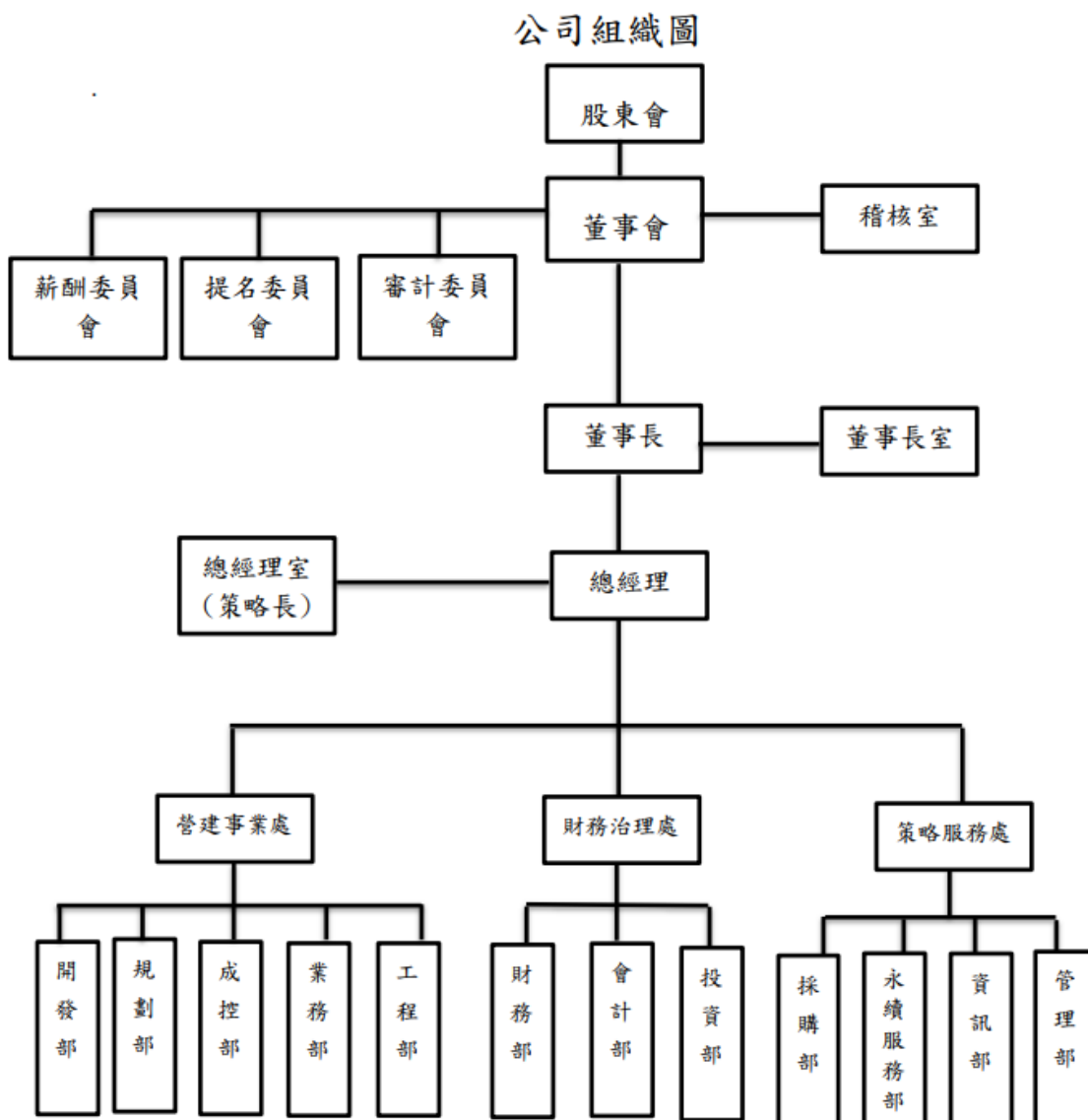
Time	Reason
2009	The private placement of 28,319,974 shares for a total capital stock of NT\$700 million were issued in 2009.
2010	The sale of “Longshui” project in Kaohsiung was completed in 2010. The “Shin-Fu Park” project No. 1 and No. 2 in New Taipei City were launched and sold completely. New shares were issued to increase capital in cash for NT\$300,000 thousand, bringing the total capital to NT\$1,000,000 thousand.
2011	Work with Taiwan Sugar Corporation to build a low-rise villa, the construction of the “President New World” project and “President House” project started. In response to organizational adjustments and professional division of labor for strengthening the core competitiveness of the company, the board of directors approved on March 10 to have the audio-video business group with a value of NT\$17,529 thousand transferred to the 100% owned subsidiary - Jingo International Records Co., Ltd. in exchange for 1,500 thousand shares of Jingo International Records Co., Ltd. A capital increase in cash for NT\$600 million has resulted in a cumulative capital stock of NT\$1.6 billion.
2012	New shares were issued to increase capital in cash for NT\$400,000 thousand, bringing the total capital to NT\$2,000,000 thousand. Jingo Technology Co., Ltd. was officially renamed “Sanfar Property Limited.” Re-election of the 10th Board of Directors and Supervisors Donated to establish the “Kaohsiung Social Welfare and Charity Foundation.”
2013	The “Sanfar Enterprise Group Employees Welfare Savings Trust Committee was established. Taiwan Stock Exchange approved the company’s transfer from a “TPEX-listed company” to a “TWSE-listed company” on September 17. The cumulative paid-in capital amounted to NT\$2,024,040 thousand upon conversion of the first domestic unsecured convertible corporate bond into ordinary shares.
2014	Co-organized “Sanfar Education Cup National New Year Souvenir Baking Contest” event. The 1st 2014 Kaohsiung City New Building Construction Quality Golden Award - Excellence Award The 22nd Architectural Golden Stone Award. The cumulative paid-in capital amounted to NT\$2,058,242 thousand upon conversion of the first domestic unsecured convertible corporate bond into ordinary shares and buy-back of treasury shares for cancellation.
2015	The cumulative paid-in capital amounted to NT\$2,642,295 thousand upon conversion of the first domestic unsecured convertible corporate bond into ordinary shares, conversion of surplus reserve into share capital and cancellation of treasury shares.

Time	Reason
2016	The cumulative paid-in capital amounted to NT\$2,615,265 thousand upon cancellation of treasury shares.
2017	Won the National Construction Gold Award (Triple Crown) - 18th Taiwan Integrity Brand 19th National Construction Gold Award
2018	The cumulative paid-in capital amounted to NT\$2,811,409 thousand upon conversion of surplus reserve into share capital.
2019	The cumulative paid-in capital amounted to NT\$3,008,208 thousand upon conversion of surplus reserve into share capital.
2021	The cumulative paid-in capital amounted to NT\$3,265,541 thousand upon conversion of surplus reserve into share capital and cancellation of treasury shares. Won the 15th Wenxin Award. Sanfar Education Foundation won the Kaohsiung Social Education Contribution Award (Group Award)
2022	Award for Design Gold Award for Planning
2023	Won the National Construction Excellence Award for Planning and Design and the 16th Wenxin Award by the Ministry of Culture
2024	Established an employee stock ownership trust

THREE. CORPORATE GOVERNANCE REPORT

I. ORGANIZATIONAL STRUCTURE

(I) Organizational structure of the Company



(II) Departmental functions

Departments	Main Functions
Chairman's Office	<ol style="list-style-type: none"> 1. Make the Company's mid- to long-term business management, implement all projects, and supervise investments. 2. Be in charge of the Company's external public relations, deepen long-term relations with investors and stakeholders, and enhance the corporate image and value.
General Manager's Office	<ol style="list-style-type: none"> 1. Assist in planning, establishing and promoting the Company's various management mechanisms, implement all projects in line with the Company's policies, and organize various departments to coordinate and operate, so as to achieve operational objectives. 2. Review contracts, collect legal information, study legal issues, collect information, manage archives, draft contract contents, pleadings and correspondence.
Auditing Office	<ol style="list-style-type: none"> 1. Enact and improve internal control system of the Company and audit implementation of each system and the internal control system. 2. Evaluate the effectiveness of internal control and track improvement.
Development Department	<ol style="list-style-type: none"> 1. Acquire land, merge, and negotiation and develop construction projects; and 2. Assess possibilities of land use changes as well as effectiveness and feasibility of urban planning and construction investment.
Planning Department	<ol style="list-style-type: none"> 1. Design individual construction project, apply for permit, planning construction budget, and auditing engineering, management, and inspection; and 2. Collect information on relevant new construction materials and engineering methods and utilize innovative architecture design.
Engineering Department	<ol style="list-style-type: none"> 1. Supervise and monitor construction quality and schedule. 2. Manage construction site and safety. 3. Engineering budget management and execution. 4. Plan mechanical and electrical equipment and monitor and supervise construction installation. 5. Change customer service engineering and repairing.
Cost Control Department	Prepare the budge for construction projects, review and verify budget execution, and analyze any differences in execution.
Sales Department	<ol style="list-style-type: none"> 1. Build the housing brand make the sales strategy and plans. 2. Build and maintain customer information, compile and manage contracts and signing, and collect term payments. 3. Handle items related to loan verification, allocation, house delivery, and ownership transfer. 4. Proceed items related to customer services.
Sustainable Services Department	<ol style="list-style-type: none"> 1. Conduct follow-ups and manage after sales services and issues. 2. Plan after sales events, allocate budget. And execute. 3. Plan the brand marketing strategy and manage all projects.
Procurement Department	<ol style="list-style-type: none"> 1. Purchase through bidding for project construction. 2. Develop and manage vendors.
Management Department	<ol style="list-style-type: none"> 1. Manage human resources recruitment, selection, cultivation, development, and retention, budget planning and administration. 2. Manage fixed assets and work related to general affairs. 3. Enact and implement policies and procedures. 4. Plan and carry out each project and event, maintain employer employee relations, and improve employees' satisfaction.

Information Department	Control information security, plan and manage internal and external computer networks, and establish and maintain the information management system.
Finance Department	<ol style="list-style-type: none"> 1. Take charge of capital planning, manage account payable and receivable, and allocate capital. 2. Manage and maintain relationships with financial institutions. 3. Have a good command of international financial information.
Accounting Department	<ol style="list-style-type: none"> 1. Planning and execution of accounting, taxation, and cost operations of the Company. 2. Declare and make announcements in compliance with laws. 3. Maintain interactions and negotiate with accountants and authority agencies.
Investment Department	Plan and make the Company's short, medium and long-term strategies and investment evaluations.

II. INFORMATION OF THE BOARD DIRECTORS, VICE GENERAL MANAGEMENT, ASSISTANT MANAGER, AND HEADS OF DEPARTMENTS AND BRANCHES

(I) Information of the Board Directors

March 30, 2024; Unit: shares: %

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date of Election (Service)		Initial election date	Number of shares held at the date of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Experience and (Educational) Background	Positions concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or relatives within the second degree			Note
				Year	Month		Number of Shares	Shareholdm g ratio	Number of Shares	Shareholdm g ratio	Number of Shares	Shareholdm g ratio	Number of Shares	Shareholdm g ratio			Job title	Name	Relations	
Director	Republic of China	Sanfar Property Limited	-	2021.07	3	2021.07	7,898,480	2.42	13,183,004	4.04	-	-	-	-	Not applicable	Not applicable	None	None	None	Newly elected in July 2021 (Note 1)
	ROC	Shangshan Industrial Co., Ltd. Representative: Dingsheng Zhong	Male 21~30 years old	2021.07	3	2021.07	-	-	5,922,671	1.81	-	-	1,301,250	0.4	Duke University/ Bachelor of Electrical Engineering and Bachelor of Computer Science Sanfar Property Limited/ General Manager's Special Assistant Jingo International Records Co., Ltd./ Director Jing Fu Xiang Construction/ Manager	Sanfar Property Limited/ Chairman Jingo International Records Co., Ltd./ Chairman Shangshan Industrial Co., Ltd./ Director	Director	Dingsheng Zhong	Brother	Newly elected in July 2021 (Note 1)

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date of Election (Service)		Initial election date	Number of shares held at the date of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Experience and (Educational) Background	Positions concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or relatives within the second degree			Note
				Year	Month		Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Job title	Name	Relations	
	ROC	Shangshan Industrial Co., Ltd. Representative: Dingshin Zhong	Male 21~30 years old	2021.07	3 Years	2021.07	-	-	5,199,862	1.59	-	-	1,426,100	0.44	Tamkang University / Department of Architecture Sanfar Property Limited/Director	Jingo International Records Co., Ltd./ Director Minfar Real Estate Development Co., Ltd./Chairman Pleasant Hotels International Inc./Chairman Minfar Real Estate Development Co., Ltd./Chairman	Director	Dingshin Zhong	Brother	Newly elected in July 2021 (Note 1)
	ROC	Cheng-nan Huang	Male 51~60 years old	2021.07	3 Years	2008.05	-	-	-	-	-	-	-	-	National Sun Yat-sen University, On-the-job Master's Degree of Advanced Business Administration National Kaohsiung First University of Science and Technology / Institute of Financial Operations Ding He Lawyer & Law Firm	Ding He Lawyer & Law Firm THINKING Electronic Industrial Corporation /Independent Director, Member of Audit Committee, Member of Remuneration Committee	None	None	None	Newly elected in July 2021 (Note 1)
Independent Director	ROC	Chin-Chang Wu	Male 51~60 years old	2021.07	3 Years	2013.07	-	-	-	-	-	-	-	-	EMBA, National Chaio Tung University Sanfar Computer Corporation/Chairman	Sunfar Computer Co., Ltd. /Legal representative of director Sanfar Property Limited/Independent Director Yi Hung Investment Corporation/Chairman Sheng Hung Investment Corporation/Chairman E-SUNFAR ENTERPRISE CO., LTD./Chairman	None	None	None	Re-elected in July 2021 (Note 1)

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date of Election (Service)	Initial election date	Number of shares held at the date of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Experience and (Educational) Background	Positions concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or relatives within the second degree			Note
						Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Job title	Name	Relations	
														Jiahong Investment Co., Ltd., / Director Ling Dong Digital Co., Ltd. / Chairman & President National Kaohsiung University of Science and Technology – Angels Investment / Managing Director NGUSCHOOL / Director					
Independent director	ROC	Hsu-hui Hsu	Male 51~60 years old	2021.07	3 Years	2018.05	-	-	-	-	-	-	-	National Chengchi University / Entrepreneur Management Seminar Tulane University/EMBA The 25th of Young Entrepreneur Model President of the ROC National Innovation and Entrepreneurship Association Supervisor of Taiwan Chamber of Commerce & Industry/supervisor of the 4th term Taiwan International Logistics & Supply Chain Association/member of council Taipei Chung Hsiao/President Lifeline Association, Taipei/member of council CICD, 17th North District Fellowship / Chairman TWSE/TPEX Listed	Taiwan Express Co. Ltd./ Chairman Sanfar Property Limited/Independent Director Taiwan Express Co. Ltd./ Chairman MySunny/Chairman T-TRANS INTERNATIONAL CO., LTD./Chairman Changjie International Development Co., Ltd./Chairman Hiview Logistics Co., Ltd./Director CAR QUALITY AUTOMOTIVE CO., LTD. / Director Central Taiwan Science Park Logistics Co., Ltd. / Supervisor T3EX Global Holdings Corp./Director	None	None	None	Re-elected in July 2021 (Note 1)

Job title	Nationality or Place of Registration	Name	Gender/ Age	Date of Election (Service)		Initial election date	Number of shares held at the date of election		Number of shares currently held		Shares currently held by spouse and minor children		Shares held in the name of others		Experience and (Educational) Background	Positions concurrently held in the Company and other companies	Other officers, directors or supervisors who are spouse or relatives within the second degree			Note
				Number of Shares	Shareholding ratio		Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Job title	Name	Relations	
															Companies Association/supervisor of the 1st term	CHENFULL INTERNATIONAL CO., LTD./Independent Director				
Independent director	ROC	Yanfend Wu	Male 41~50 years old	2021.07	3 Years	2021.07	-	-	-	-	-	-	-	-	Tunghai University/Department of Law DataVan International Corporation/Independent Director Taiwan Tea Corporation / Director Shengshan Finance Co., Ltd. / Director	T.Y.T. Law Offices / Attorney	None	None	None	Newly elected in July 2021 (Note 1)

Note 1: The term of office of the directors of the Company expired on July 27, 2021 and directors were fully re-elected. According to Article 14-4 of the Securities and Exchange Act, the Company set up the Audit Committee to replace supervisors.

1. The Board of Directors that are the major shareholders of institutional shareholders:

March 30, 2024

Name of Institutional Shareholders	Major shareholders of institutional shareholders	
	Name	Percentage of Shareholding
Sanfar Property Limited	Mingqi Industrial Co., Ltd	96%
	Dingsheng Zhong	2%
	Dingshin Zhong	2%

2. If a major shareholder is a legal person, its major shareholders are as follows

March 30, 2024

Name of legal person	Major shareholders of legal persons	
	Name	Percentage of Shareholding
Mingqi Industrial Co., Ltd	Yang Hsien-Ling	63%
	Dingsheng Zhong	18%
	Dingshin Zhong	19%

3. Disclosure of professional qualifications of directors and independence of independent directors

Job title	Name	Professional qualifications and experience	Independent Director Independence	Number of public listed company that he/she serves as an Independent Director
Director	Representative of Shangshan Industrial Co., Ltd.: Dingsheng Zhong	Sanfar Property Limited/ General Manager's Special Assistant Jinfuxing Construction Co., Ltd./Manager	NA	0
Director	Representative of Shangshan Industrial Co., Ltd.: Mingshen Gao	Land Bank of Taiwan/ Managing Director	NA	0
Director	Representative of Shangshan Industrial Co., Ltd.: Dingsheng Zhong	Michaeldin Creativity Marketing Company /Chairman	NA	0
Director	Cheng-nan Huang	@DingHeLuShiLianHeShiWuSuo · Lawyer & Law Firm / Attorney	NA	0
Independent Director	Chin-Chang Wu	Yi Hung Investment Corporation/Chairman Sheng Hung Investment Corporation/Chairman	1. I, my spouse or a lineal relative within	0

Job title	Name	Professional qualifications and experience	Independent Director Independence	Number of public listed company that he/she serves as an Independent Director
		Jiahong Investment Co., Ltd., / Director Sunfar Computer Co., Ltd. / Chairman	<p>the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates.</p> <p>2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company.</p> <p>3. Not a director, supervisor or employee of a company with which the Company has a specific relationship.</p> <p>4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years.</p>	
Independent Director	Hsu-hui Hsu	Taiwan Express Co. Ltd./Chairman	<p>1. I, my spouse or a lineal relative within the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates.</p>	2

Job title	Name	Professional qualifications and experience	Independent Director Independence	Number of public listed company that he/she serves as an Independent Director
			<p>2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company.</p> <p>3. Not a director, supervisor or employee of a company with which the Company has a specific relationship.</p> <p>4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years.</p>	
Independent Director	Yanfend Wu	T.Y.T. Law Offices/ Lawyer	<p>1. I, my spouse or a lineal relative within the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates.</p> <p>2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company.</p> <p>3. Not a director, supervisor or</p>	0

Job title	Name	Professional qualifications and experience	Independent Director Independence	Number of public listed company that he/she serves as an Independent Director
			<p>employee of a company with which the Company has a specific relationship.</p> <p>4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years.</p>	

4. Diversity and Independence of the Board of Directors

(1) Diversity of the Board of Directors

The Rules Governing Elections of Board Directors have been formulated by the Company in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for fair, just and open election of directors; appropriate diversified operation policies have been formulated by the members of the Board of Directors based on their operations, business types and development needs, therefore, the composition of the Board of Directors includes but is not limited to the following two major criteria:

I. Basic requirements and values: Gender, age, nationality, etc.

II. Professional knowledge and skills: professional background (such as electrical machinery and computer science, logistics, construction, accounting, law, real estate) and industry experience.

(2) The specific management objectives and achievement of the policies for diversity of the Board of Directors

Director	Independent Director	Employee status	Nationality	Gender (sex)	Age			Independent Director's Term of Office, Length of Service			Industry experience					Professional background					
					Below 50 years old	51 - 60 years old	61 - 70 years old	Below 3 years	3 - 9 years	Over 9 years	Electronics & Retail	Air & Transportation	Finance	Professional sales	Real estate	Electrical Machinery and Computer Science	Logistics	Architecture	Accounting	Law	Real estate
Dingsheng Zhong		✓	The Republic of China (ROC)	Male	✓										✓	✓					✓
Mingshen Gao			The Republic of China (ROC)	Male			✓						✓						✓		✓
Dingshin Zhong			The Republic of China (ROC)	Male	✓								✓	✓				✓			✓
Cheng-nan Huang			The Republic of China (ROC)	Male		✓														✓	
Chin-Chang Wu	✓		The Republic of China (ROC)	Male		✓		✓			✓		✓						✓		
Hsu-hui Hsu	✓		The Republic of China (ROC)	Male		✓		✓				✓						✓			
Yanfend Wu	✓		The Republic of China (ROC)	Male	✓			✓												✓	
Structure %	43%	14%	100%	100%	43%	43%	14%	14%	29%	0%	14%	14%	29%	14%	29%	14%	14%	14%	29%	29%	43%

The professional fields of members of the Board include electronics & retail, air & transportation, finance, law, management, and finance with diverse professional, academic, and filed knowledge. They provide the Company with diverse professional opinions to greatly benefit the operational and managerial performance of the Company. Among the independent directors, Chin-Chang Wu, current Chairman of Sunfar Computer Co., Ltd. and former Chairman of Yi Hung Investment Corporation and Sheng Hung Investment Corporation, is good at leadership, decision-making, and operation management. He has expertise in operating judgment, financial analysis, and operation and management; Hsu-hui Hsu, current Chairman of Taiwan Express Co. Ltd., has expertise in aviation and transportation, logistics, operating judgment, and operation and management; Yanfend Wu, a lawyer at T.Y.T. Law Offices, has professional competence in law.

Overall, the 13th Board of Directors consists of 7 diverse directors, of whom 7 (100%) have overall expertise in industry operation and management, 2 (29%) have expertise in real estate, and 4 (57%) have expertise in law, accounting and finance. All of the directors are armed with the knowledge, skills and qualities required to fulfill their duties. It is planned that the 14th Board of Directors will have at least 1 female director, as required under Article 20 of the Rules Governing Elections of Board Directors. In the future, the diversity of directors will be adjusted depending on the form of operation, the operation of the board of directors, and its development needs.

(3) Independence of the Board of Directors

The Company currently has a total of 7 members of the board, including 4 directors and 3 independent directors, the directors employed by the company account for 14% and independent directors account for 43%. As of the end of 2023, all independent directors complied with the regulations of competent authorities regarding independent directors, and none of the directors or independent directors was found in any of the circumstances contemplated in sub-paragraphs 3 & 4, Article 26-3 of the Securities and Exchange Act. For the educational background, gender and work experience of independent directors, see the information on directors herein. The Company has self-evaluated the performance of the board of directors in 2023, submitted the evaluation results to the board meeting dated February 20, 2024, and disclosed them on its website and in the annual report.

(II) Information of directors, the General Manager, Deputy General Managers, Assistant Managers, and heads of various departments and branches
March 30, 2024, unit: shares; %

Job Title	Nationality	Name	Gender	Date of Election (Service)	Number of Shares Owned		Number of Shares Owned by Spouse and Minor Child		Number of Shares Owned in the Name of Others		Experience and (Educational) Background	Post of Other Company Jointly Taken at Present	Manager Who is a Spouse or has the Second-degree Kinship			Note
					Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding			Job title	Name	Relations	
Strategy Manager	The Republic of China (ROC)	Dingsheng Zhong (Note 2)	Male	2021.08	5,922,671	1.81	-	-	1,301,250	0.40	Duke University/ Bachelor of Electrical Engineering and Bachelor of Computer Science Sanfar Property Limited/Chairman and General Manager San Far Property Limited/General Manager's Special Assistant Jingo International Records Co., Ltd./ Director Jinfuxing Construction Co., Ltd./Manager Shangshan Industrial Co., Ltd./ Director Zenfar Architecture Co., Ltd./Chairman	Sanfar Property Limited./Chairman and CSO Jingo International Records Co., Ltd./ Chairman; Shangshan Industrial Co., Ltd./ Director	None	None	None	Note
General Manager	The Republic of China (ROC)	Kuntai Huang (Note 3)	Male	2023.05	-	-	-	-	-	-	President, Honghui Group Concurrently General Manager, Clevo China Buynow Asset Business Group Vice President, Century Development Corporation/SHYH CHERNG Construction Vice President, Haide Construction Co., Ltd.	UMI KAFFA, Co., Ltd./Chairman; Wei Tai Engineering Management Consulting Co., Ltd./Chairman; Star Era International Co. Ltd./Supervisor	None	None	None	Note
General Manager	The Republic of China (ROC)	Tiquan Yang (Note 3)	Male	2024.3	90,146	0.03	2,768	-	-	-	Cheng Shiu University/Department of Civil Engineering Pleasant Hotels International Inc./General Manager Heyi Construction Corporation/Chairman Jian Jingquan Construction Development	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of Election (Service)	Number of Shares Owned		Number of Shares Owned by Spouse and Minor Child		Number of Shares Owned in the Name of Others	Experience and (Educational) Background	Post of Other Company Jointly Taken at Present	Manager Who is a Spouse or has the Second-degree Kinship			Note
										Corporation/Chairman					
Acting General Manager	The Republic of China (ROC)	Liu Shu-Hung (Note 3)	Male	2018.11	146,221	0.04	-	-	-	Feng Chia University/Department of Architecture Sanfar Property Limited/Acting General Manager Cathay Real Estate Development Co., Ltd./Senior Specialist, Planning Department	None	None	None	None	
Executive Vice President of Financial Governance/ Head of Corporate Governance and Accounting Supervisor	The Republic of China (ROC)	Tsai Wen-Ling	Female	2022.10	24,063	0.00	31,865	0.00	-	National Taiwan University/MBA General Manager of Taiwan Shan Yin Technology/Construction/Group	None	None	None	None	
Sales Department Vice General Manager	The Republic of China (ROC)	Huang Li Chen	Female	2022.03	8,000	0.00	-	-	-	Shih Chien University/MBA Shih Chien University/Director of the North District Alumni Association, Director of the Cultural and Educational Foundation Runlong Construction Co., Ltd./Business Supervisor Highwealth Construction/Director Secretary to the President DONG-TENG Construction Group/Assistant Manager Sotai Real Estate Co., Ltd./Business Manager, Special Assistant to the General Manager Kee Tai Properties Co., Ltd./Sub-manager	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of Election (Service)	Number of Shares Owned		Number of Shares Owned by Spouse and Minor Child		Number of Shares Owned in the Name of Others	Experience and (Educational) Background	Post of Other Company Jointly Taken at Present	Manager Who is a Spouse or has the Second-degree Kinship			Note
Planning Department Deputy General Manager	The Republic of China (ROC)	Hu Ding Hua	Male	2022.10	354	0.00	-	-	-	Bachelor of Engineering/Department of Architecture and Urban Design, Chinese Culture University Highwealth Construction/Sub-manager at the Planning Department Ruentex Architects & Associates/Senior Planner KRIS YAO ARTECH/Project Engineer Li Dazhuang, Hong Yingzhe Architects/Project Manager Yang Xixiang, Chen Wenlong Architects/Project Designer	None	None	None	None	
Accounting Department Manager	The Republic of China (ROC)	Huijun Wang (Note 4)	Female	2022.05	-	-	-	-	-	National Taipei University/Master of Accounting Chaoyang University of Technology/Bachelor of Finance Mikobeaute International Co., Ltd./Finance Manager Rui Guang Healthcare Group/Accounting Manager KEDGE CONSTRUCTION CO., LTD./Assistant Accounting Manager Chien Kuo Construction Co., Ltd./Supervisor	None	None	None	None	

Note: In accordance with Article 4 of the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, as a move to cooperate on the Corporate Governance 3.0 - Sustainable Development Blueprint policy promoted by the Financial Supervisory Commission, the board meeting dated April 18, 2023 resolved to appoint Mr. Kuntai Huang as General Manager of the Company, effective from May 1, 2023. Therefore, the Chairman and the General Manager are not the same person or each other's spouse or first-degree relative.

Note 2: Dingsheng Zhong, former General Manager of the Company, left the position of General Manager on May 1, 2023 and was appointed Chairman and CSO of the Company, effective from May 1, 2023.

Note 3: Kuntai Huang resigned from the position as General Manager on June 30, 2023. Liu Shu-Hung, Acting General Manager of the Company, resigned on February 29, 2024; Tiqian Yang took office as General Manager of the Company on March 1, 2024.

Note 4: Huijun Wang, former Accounting Supervisor of the Company, has not held such position since her position adjustment on August 10, 2023.

III. REMUNERATION PAID TO DIRECTORS, THE GENERAL MANAGER AND DEPUTY GENERAL MANAGERS IN THE PAST YEAR

(I) Remuneration paid to non-independent directors and independent directors As of December 31, 2023; Unit: thousands of NT\$; %

Job Title	Name (Note 1)	Remuneration of Board Director								Remuneration paid to those who also work as employees								Total amount of A, B, C, D, E, F and G and as a percentage of the profit after tax (Note 10)		Any remuneration received from investees other than subsidiaries or the parent company (Note 11)		
		Remuneration (A) (Note 2)		Retirement Pension (B)		Remuneration to directors (C) (Note 3)		Operating expense (D) (Note 4)		Salaries, bonuses and special expenses, etc. (E) (Note 5)		Retirement Pension (F)		Employee's Remuneration (Note 6)								
		The company (Note 7)		The company (Note 7)		The company	All companies consolidated in the Company's financial statements (Note 7)	The company	All companies consolidated in the Company's financial statements (Note 7)	The company	All companies consolidated in the Company's financial statements (Note 7)	The company	All companies consolidated in the Company's financial statements (Note 7)	Amount of cash	Amount of shares	All companies included in the financial statements (Note 7)		The company	All companies consolidated in the Company's financial statements (Note 7)			
Chairman	Representative of Sanfar Property Limited: Dingsheng Zhong	-	-	-	-	454	454	672	672	1,126 1.27%	1,126 1.27%	3,506,	3,506	-	-	554	-	554	-	5,186 5.84%	5,186 5.84%	None
Director	Representative of Sanfar																					

Scale of Remuneration Paid to All Directors of the Company	Name of Board Director			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies included in the financial statements (Note 9) H	The Company (Note 8)	All companies included in the financial statements (Note 9) I
			Dingsheng Zhong	
NT\$ 2,000,000 (including) ~3,500,000 (excluding)			Representative of Sanfar Property Limited: Mingshen Gao	Same as left
NT\$ 3,500,000 (including) ~5,000,000 (excluding)				
NT\$ 5,000,000 (including) ~10,000,000 (excluding)				
NT\$ 10,000,000 (including) ~15,000,000 (excluding)				
NT\$ 15,000,000 (including) ~30,000,000 (excluding)				
NT\$ 30,000,000 (including) ~50,000,000 (excluding)				
NT\$ 50,000,000 (including) ~100,000,000 (excluding)				
NT\$ 100,000,000 and up				
Sum	7 People	7 People	7 People	7 People

Note 1: The name of the directors of the Company are listed as the names of the corporate shareholders and their representatives, as well as General Board Directors and Independent Directors and use the consolidated method to disclose each amount of payment.

Note 2: Here refers to remuneration paid to the Board Directors in the recent year (including salary, duty allowance, severance payment, bonuses, and rewards.)

Note 3: Please fill in the amount of remuneration approved by the Meeting of the Board Directors and distributed to the Board Directors in the recent year.

Note 4: Here refers to relevant operating expenses of the Board Directors in the recent year (including transportation allowance, special allowance, various types of allowance, and the provision of housing and cars). If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If a driver is provided, please add a note explaining the pay by the Company to such driver, but it will not be included in remuneration.

Note 5: It means salaries, job bonus, severance pay, various bonuses, incentives, travel expenses, special expenses, all allowances, dormitory, cars and other physical provisions offered to employee directors (including concurrent General Manager, Deputy General Managers, other managerial officers and employees) in the past year.

If houses, cars and other means of transportation or exclusive personal expenses are provided, disclose the nature and cost of the assets provided, as well as the actual or fair market value rent, gas and other payments.

If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration. In addition, salaries recognized in accordance with IFRS 2 Share-based Payments, including employee stock options, restricted stock awards, and cash capital increases to subscribe for shares, shall also be included in remuneration.

Note 6: If those employee directors (including the concurrent General Manager, Deputy General Managers, other managerial officers and employees) received employee remuneration (including

shares and cash) in the past year, disclose the amount of employee remuneration approved by the Board of Directors in the past year. If it is impossible to estimate the amount, then calculate the proposed distribution amount for this year based on the actual distribution ratio in the past year, and fill in the names of managerial officers who received employee remuneration and the distribution amount in the table.

Note 7: The total amount of each remuneration paid to the Board Directors of the Company in the consolidated statement of all companies (including the company) shall be disclosed.

Note 8: The total amount of each remuneration item paid by the Company to each Board Director shall disclose names of the Board Directors in their belonging interval class.

Note 9: The total amount of each remuneration item paid by all companies in the statement (including the Company) to each Board Director shall disclose names of the Board Directors in their belonging interval class.

Note 10: Net Profit after Tax refers to that of individuals or individual financial statements in the recent year. The Company's net profit after tax for 2023 amounted to NT\$88,856 thousand.

Note 11:

- a. Clearly indicate here the amount of remuneration received by the Company's directors from investees other than subsidiaries or the parent company (if none, please fill in "None").
- b. If the Company's directors received remuneration from investees other than subsidiaries or the parent company, include such remuneration received in Column I of the Pay Scale Table and rename the column "Parent Company and All Investees".
- c. Remuneration here refers to relevant remuneration payments and salaries paid to a Board Director of the Company who works as a Board Director, Supervisor, or Manager (including salaries paid to an employee, Director, or a Supervisor) as well as operating expenses.

Note 12: No remuneration paid to the directors of the Company from reinvestment rather than from a subsidiary or from the parent company.

* Contents disclosed in this table are different from income concepts of the Income Tax Act and thus, the purpose of this table is used for information disclosure, not for taxation.

(II) Remuneration paid to the General Manager and Deputy General Managers (disclosure of names according to the summary and by level) As of December 31, 2023, unit: thousands of NT\$; %

Job title	Name	Salary (A) (Note 2)		Retirement Pension (B)		Bonuses and special expenses, etc. (C) (Note 3)		Amount of Employee Remuneration (D) (Note 4)				Total amount of A, B, C and D and as a percentage of the net profit after tax (%) (Note 8)		Payment Received from Reinvested Business of Subsidiary or Remuneration of Parent Company (Note 9)
		The company	All companies consolidated in the Company's financial statements (Note 5)	The company	All companies consolidated in the Company's financial statements (Note 5)	The company	All companies consolidated in the Company's financial statements (Note 5)			All companies consolidated in the Company's financial statements (Note 5)		The company	All companies consolidated in the Company's financial statements (Note 5)	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
Chairman and CSO	Dingsheng Zhong (Note 10)													
Executive Vice President of Financial Governance/Head of Corporate Governance and Accounting Supervisor	Tsai Wen-Ling	8,890	8,890	463	463	2,069	2,069	1,504	0	1,504	0	12,926 14.55%	12,926 14.55%	None

Planning Department/Executive Vice President Acting General Manager	Liu Shu-Hung (Note 11)																		
Sales Department Deputy General Manager	Huang Li Chen																		
Planning Department Deputy General Manager	Hu Ding Hua																		
Accounting Department Manager	Huijun Wang (Note 12)																		
Engineering Department Deputy General Manager	Chiang Fu-Yuan (Note 13)																		
General Manager	Kuntai Huang (Note 14)																		

Pay Scale Table

Scale of Remuneration Paid to the General Manager and All Deputy General Managers of the Company	Names of General Manager and Vice General Manager	
	The Company (Note 6)	All companies included in the financial statements (Note 7)
Less than NT\$ 1,000,000	Huijun Wang (Note 12), Chiang Fu-Yuan (Note 13), Kuntai Huang (Note 14)	Same as left
NT\$ 1,000,000 (including) ~2,000,000 (excluding)	Dingsheng Zhong (Note 10)	Same as left
NT\$ 2,000,000 (including) ~3,500,000 (excluding)	Liu Shu-Hung (Note 11), Tsai Wen-Ling, Hu Ding Hua, Huang Li Chen	Same as left
NT\$ 3,500,000 (including) ~5,000,000 (excluding)		
NT\$ 5,000,000 (including) ~10,000,000 (excluding)		
NT\$ 10,000,000 (including) ~15,000,000 (excluding)		
NT\$ 15,000,000 (including) ~30,000,000 (excluding)		
NT\$ 30,000,000 (including) ~50,000,000 (excluding)		
NT\$ 50,000,000 (including) ~100,000,000 (excluding)		
NT\$ 100,000,000 and up		
Sum	8 People	8 People

* Contents disclosed in this table are different from income concepts of the Income Tax Act and thus, the purpose of this table is used for information disclosure, not for taxation.

Note 1: The chairman of the Board of Directors of the Company is also the general manager, fill in 1. Remuneration table and remuneration class interval table of the general manager and deputy general manager 2. Information on directors and the remuneration table of general directors and independent directors 3. Remuneration table of general directors and independent directors.

Note 2: Include salaries, duty allowances, and severance payments paid to General Manager and Vice General Manager in the recent year.

Note 3: Include the remuneration amount of bonuses, rewards, transportation allowance, special allowance, various types of allowance, and the provision of housing and cars to the General Manager and Vice General Manager in the recent year. If housing, car, and other transportation mean or designated personal expense is provided, characteristic and cost, rent calculated according to actual or market fair price, and payment made for filling up and others shall be disclosed. If there is a driver assigned, please describe payment paid to the driver by the Company and this shall not be included in the remuneration. Salary payments made according to IFRS 2, "Share-based Basic Payment," including the acquisition of employee stock options, restricted stock awards, and seasoned equity offerings shall be listed as remuneration.

Note 4: please fill in the amount of employee remuneration (including stocks and cash) paid to General Manager and Vice General Manager approved by the Meeting of the Board Directors and distributed. If there is a difficulty to estimate the amount, last year's actual percentage of the amount distributed shall be used to calculate this year's distribution amount. Additionally, please fill in attached table - Names of the managers who are paid employee compensation and payment terms.

Note 5: The sum of each remuneration paid to General Manager and Vice General Manager of the Company stated in all companies in the financial statements shall be disclosed.

Note 6: The sum of each remuneration paid to each General Manager and Vice General Manager shall be disclosed at their belonging class intervals with their names.

Note 7: The sum of each remuneration paid to General Manager and Vice General Manager of the Company stated in all companies in the financial statements shall be disclosed with their belonging class intervals and names.

Note 8: Net Profit after Tax refers to that of individuals in the recent year. The Company's net profit after tax for 2023 amounted to NT\$88,856 thousand.

- Note 9: a. Here shall fill with the name of General Manager or Vice General Manager who received relevant remuneration from reinvestment from a company rather than a subsidiary or the parent company.
- b. If General Manager and Vice General Manager of the Company received from reinvestment of a subsidiary or parent company, such Remuneration is incorporated into Salary, Bonus, and Special Allowance (E) in the Pay Scale Table, and the name of the column shall be changed into “Parent Company and All Reviested Businesses”.
- c. Remuneration refers to payments and rewards paid to General Manager and Vice General Manager of the Company who takes a post as Board Director, Supervisor, or Manager in a company rather than a subsidiary or the parent company (including those paid to employees, the Board Directors and Supervisors) as well as relevant operating expenses.
- Note 10: On May 1, 2023, he was appointed CSO. Note 11: On August 10, 2023, he concurrently served as acting General Manager. Note 12: On August 10, 2023, she left the position. Note 13: On September 21, 2023, he was appointed such position. **Note 14: He served as General Manager from May 10, 2023 to June 30, 2023.**

(III) Names of managerial officers who received employee remuneration and the distribution amount:

As of December 31, 2023 Unit: thousands of NT\$

Job title	Name	Amount of Stock	Amount of Cash	Sum	Percentage of the Sum in Net Profit after Tax (%)	
Manager	General Manager/CSO	Dingsheng Zhong (Note 4)	-	1,504	1,504	1.69%
	Executive Vice President of Financial Governance Head of Corporate Governance	Tsai Wen-Ling				
	Executive Vice President of Planning Acting General Manager	Liu Shu-Hung (Note 5)				
	Sales Department Vice General Manager	Huang Li Chen				
	Vice General Manager of Planning Department	Hu Ding Hua				
	Deputy General Manager of Engineering	Chiang Fu-Yuan (Note 6)				

Note 1: This table presents the amount of employee compensation (including shares and cash) distributed to managerial officers approved by the Board of Directors in the past year. If it is impossible to estimate the amount, then calculate the proposed distribution amount for this year based on the actual distribution ratio in the past year. Net Profit after Tax refers to that in the recent year; for those who adopt the International Financial Reporting Standards (IFRS), this refers to that of individuals or individual financial statements in the recent year. The Company's net profit after tax in 2023 was NT\$88,856,000.

Note 2: The scope of application of managers is defined as in Tai Cai Zheng Zi # 0920001301 Letter Announced by the Commission on March 27, 2003 below:

- (1) General Manager and Those at Equivalent Level
- (2) Vice General Manager and Those at Equivalent Level
- (3) Assistant Manager and Those at Equivalent Level
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Those who are authorized to manage company operations and to sign

Note 3: If a Director, General Manager, or Vice General Manager received employee remuneration (including stocks and cash), please fill in the remuneration table of general directors and independent directors, Pay Scale Table and this Table.

Note 4: On May 1, 2023, he was appointed CSO.

Note 5: On August 10, 2023, he concurrently served as acting General Manager.

Note 6: On September 21, 2023, he was appointed such position.

(4) Please compare and describe the percentage of the sum of remuneration paid to Board Director, General Manager, and Vice General Manager in Net Profit after Tax as well as policies, standards and combination, and relevance of remuneration procedure enactment, operational performance, and future risks in the recent two years:

1. The total remuneration paid to directors, the General Manager and Deputy General Managers in the last two years by the Company and all companies included in the consolidated financial statements as a percentage of the net profit after tax:

Year	2023						2022					
	Total remuneration		Net profit after tax		Total remuneration as a percentage of the net profit after tax		Total remuneration		Net profit after tax		Total remuneration as a percentage of the net profit after tax	
	The company	All companies consolidated in the Company's financial statements	The company	All companies consolidated in the Company's financial statements	The company	All companies consolidated in the Company's financial statements	The company	All companies consolidated in the Company's financial statements	The company	All companies consolidated in the Company's financial statements	The company	All companies consolidated in the Company's financial statements
Director	2,455	2,455			2.76%	2.76%	3,044	3,044			2.18%	2.18%
General Manager and Deputy General Manager(s)	11,722	11,722	88,856	88,856	13.19%	13.19%	9,943	9,943	139,677	139,677	7.12%	7.12%

2.Relevance of Remuneration Policy, Standards and Combination, Remuneration Enactment Procedure, Operational Effectiveness, and Future Risks:

- (1) Standards or structure system of the Company for remuneration paid to the Directors and Managers with reference to the industry level is adjusted according to individual performance, contribution and future risk factors, and the Board Directors and Managers shall not be encouraged to engage in risk behaviors of the Company due to remunerations to avoid losses of the Company after paying remunerations.
- (2) The remuneration for directors and managers are determined by the Compensation Committee by exercising due care of a good administrator to faithfully perform their duties, with suggestions proposed to the Board of Directors for discussions at irregular intervals. The Remuneration Committee annually reviews major proposals such as A. Policies, systems, standards and structures of remuneration for directors and managers, and B. evaluation and determination of remuneration for directors and managers.
 - A. The remuneration paid by the Company to directors includes remuneration, rewards, operating expenses and transportation expenses.
The remuneration is a monthly fixed payment. According to Article 23 of the Articles of Association, it shall be distributed subject to resolution by the Remuneration Committee and the Board of Directors and based on the participation of directors in the Company's operations and their contributions, taking into account the overall performance of the board and the Company's operating performance, future operations and risk appetite. If remunerations of the Board Directors are not included in employee and Board Director remuneration in the current year, if after losses are compensated and if there is a residual amount, less than 5% shall be allocated as Board Director Remuneration and thus, the determination of Board Director Remuneration has a high level of relevance with net profit before tax and operational performance of the Company in the current year. Business execution expenses and transportation expenses are mainly attendance expenses and transportation

expenses incurred for attending the Board of Directors or shareholders' meetings.

- B. Remuneration paid to managers by the Company includes salaries, bonuses, and employee remuneration.

Salaries and bonuses are distributed in accordance with Article 23 of the Company's Articles of Association, the “Rules Governing Salary System Management” and the “Rules Governing Employee Bonus System” of the Company, with reference to internal positions and market conditions; Performance and year-end bonus are evaluated semi-annually in accordance with the Company's performance appraisal system, and are included in significant assessment items in line with the Company's annual operation policy. Based on the profits before tax of the current fiscal year not included in the remuneration for employees and directors. If there is a balance after covering the losses, the Company shall set aside no less than 1% of its annual profits to employees as remuneration, which may be distributed in cash or stock bonus to the employees of subsidiaries of the Company. Qualification requirements of the employees who are entitled to receive the employees' remuneration may be specified by the Board of Directors. If distributed in stock capital or cash, the payment of remuneration for employees shall be subject to a resolution adopted by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the directors, and reported to shareholders at a general meeting.

- C. Compared with peers, the remuneration paid by the Company to managers is not different and highly correlated with the Company's business performance.

IV. COMPANY GOVERNANCE

(1) Operations of Board of Directors Meeting

In 2023, the Board of Directors held 8 (A) meetings. Below is the attendance of directors:

Job title	Name	Actual number of meetings attended (or sit in on)	Number of meetings attended by proxy	Actual Attendance (including Proxies) Rate (%) 【 B/A 】	Note
Chairman	Shangshan Industrial Co., Ltd. Representative: Dingsheng Zhong	8	0	100%	-
Director	Shangshan Industrial Co., Ltd. Representative: Mingshen Gao	8	0	100%	-
Director	Shangshan Industrial Co., Ltd. Representative:	8	0	100%	-

	Dingshin Zhong				
Director	Cheng-nan Huang	8	0	100%	-
Independent Director	Chin-Chang Wu	8	0	100%	-
Independent Director	Hsu-hui Hsu	8	0	100%	-
Independent Director	Yanfend Wu	8	0	100%	-

Other Mandatory Provisions: :

1. If the operation of the Board of Directors falls into one of the circumstances, the date and duration of the meeting, details of proposals, the opinions of all independent directors and how the Company deals with such opinions

(1) Matters specified in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Resolution Contents	Resolution Result
The 18th meeting of the 13th Board of Directors dated April 18, 2023	Assessment of the independence of assuring CPAs engaged by the Company and remuneration payable for their appointment in 2023	<ul style="list-style-type: none"> ●All Board Directors who attended the meeting approved the resolution unanimously. ●All Independent Directors did not hold any objection or reserve their opinions.
The 21st meeting of the 13th Board of Directors dated August 10, 2023	Proposal for issuing the 1st secured ordinary corporate bond in 2023 by the Company. Adjustment of the accounting director.	<ul style="list-style-type: none"> ●All Board Directors who attended the meeting approved the resolution unanimously. ●All Independent Directors did not hold any objection or reserve their opinions.
The 22nd meeting of the 13th Board of Directors dated September 21, 2023	Ratification of the audit supervisor	<ul style="list-style-type: none"> ●All Board Directors who attended the meeting approved the resolution unanimously. ●All Independent Directors did not hold any objection or reserve their opinions.
The 24th meeting of the 13th Board of Directors dated December 26, 2023	Full revision of the internal control system	<ul style="list-style-type: none"> ●All Board Directors who attended the meeting approved the resolution unanimously. ●All Independent Directors did not hold any objection or reserve their opinions.

(2) In addition to the said item, is there any resolution adopted at the Meeting of the Board Directors being objected by an Independent Director or did any Independent Director reserve their opinions are either recorded or put in writing: None.

2. For avoidance of conflict of interest by directors, the name of directors, details of proposals, reasons for avoidance and voting results shall be stated

Board of Directors	Resolution Contents	Directors avoiding conflict of interest	Reasons for avoiding conflict of interest	Participation in voting
The 21th meeting of the 13th Board of Directors dated August 10, 2023	Distribution of remuneration to directors and employees for 2022	All directors	Self-interest is involved	Dingsheng Zhong, Chairman and CSO, left the meeting and did not exercised his voting rights.
The 24th meeting of the 13th Board of Directors dated December 26, 2023	Appraisal of the performance of managerial officers in 2023	Chairman of the Board: Dingsheng Zhong	Self-interest is involved	Dingsheng Zhong, Chairman and CSO, left the meeting and did not exercised his voting rights.
	Proposal for Payment of Year-end Bonuses to Managers of the Company	Chairman of the Board: Dingsheng Zhong	Self-interest is involved	Dingsheng Zhong, Chairman and CSO, left the meeting and did not exercised his voting rights.

3. The listed company shall disclose information including the cycle and period, scope, form and items of self-evaluation or peer evaluation by the Board of Directors and fill in the implementation of evaluation by the Board of Directors

The Company has self-evaluated the performance of the board of directors and functional committees in 2023, and submitted the evaluation results (excellent to very excellent) to the board meeting dated February 20, 2024, indicating that the Board of Directors operated well.

4. Assessment of objectives and implementation status in respect of strengthening the powers of the Board of Directors for the current and immediately past years will be carried out.

In June 2015, the Company set up the Audit Committee to replace the powers of supervisors. Composed of 3 independent directors, the Audit Committee held 8 meetings in 2023. On October 19, 2022, the Board of Directors approved that Vice President Tsai Wen-Ling would serve as the new head of corporate governance and continue to fulfill the following duties in the future to achieve information transparency.

- (1) Establish and main company image and fulfill social responsibilities.
- (2) Supervise and handle risks faced by the Company and ensure compliance of the Company with relevant laws.
- (3) Enact and modify effective and appropriate internal control system.
- (4) Update the website of the Company to provide real-time operational and financial information to keep shareholders being informed timely.

Execution of evaluation of the Meetings of the Board of Directors and the Functional
Committee

Evaluation Period	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents	Evaluation Results
Evaluation is conducted once a year.	2023/1/1 to 2023/12/31	Board of Directors	Board of Directors Internal self-evaluation	<ol style="list-style-type: none"> 1. The degree of involvement in the Company's operations 2. Improve the quality of decision-making 3. Composition and structure of the Board of Directors 4. Selection and continuing education of Directors 5. Internal control 	The performance appraisal results are in line with the evaluation standards, showing that the overall operation is good and to be improved.
		Individual member of the Board of Directors	Self-evaluation by directors	<ol style="list-style-type: none"> 1. Command of the Company's objectives and tasks 2. Understanding of duties of the Board of Directors 3. The degree of involvement in the Company's operations 4. Management and communication of internal relations 5. Professionalism and continuous study 6. Internal control 	The performance appraisal results are in line with the evaluation standards, showing that the overall operation is to be improved.
		Functional Committees	Self-evaluation by members of functional committees	<ol style="list-style-type: none"> 1. The degree of involvement in the Company's operations 2. Awareness of the responsibilities of the Functional Committees 3. Improve the decision-making quality of Functional Committees 4. Composition and selection of members of the Functional Committees 5. Internal control 	The performance appraisal results are in line with the evaluation standards, showing that the overall operation is good and to be improved.

(二) Information of members of the Audit Committee and its operations

The Company has set up an Audit Committee to strengthen corporate governance and the functional management of the Board of Directors. The Audit Committee of the Company consists of all independent Directors and the term of office of the Committee shall be three years and members may be re-elected.

The Audit Committee consists of three members, all of whom are independent directors of the Company. The term of the current members is from July 27, 2021 to July 26, 2024. The Audit Committee focuses on the following work items:

1. Internal control systems adopted or revised in accordance with Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control systems.
3. Establishment of or amendment to the procedures for acquisition or disposal of assets, derivative product transactions, lending funds to others, endorsements & guarantees for

others and other significant financial business pursuant to Article 36-1 of the Securities and Exchange Act.

4. Matters in which directors are interested.
5. Major assets or derivatives transactions.
6. Significant fund lending and endorsement & guarantee.
7. Offering, issuance or private placement of the securities of equity nature.
8. Appointment, dismissal of or remuneration for CPAs.
9. Appointment and dismissal of the heads of finance, accounting or internal audit.
10. Annual financial report and semi-annual financial report.
11. Other major matters stipulated by the Company or competent authority.

Operations of Audit Committee

In 2023, the Audit Committee held 8 (A) meetings. Below is the attendance of independent directors:

Job title	Name	Number of Actual Attendance (B)	Number of Proxies for Attendance	Actual Attendance Rate (%) (B / A)(Note)	Note
Independent Director	Chin-Chang Wu	8	0	100%	
Independent Director	Hsu-hui Hsu	8	0	100%	
Independent Director	Yanfend Wu	8	0	100%	

Other Mandatory Provisions:

1. If the operation of the Audit Committee falls into one of the circumstances, the date and duration of the meeting of the Board, details of proposals, resolutions of the Audit Committee, and how the Company deals with the opinions of the Audit Committee shall be stated

(1) Matters specified in Article 14-5 of the Securities and Exchange Act:

The Audit Committee	Resolution Contents	Resolution Result
The 16th meeting of the 3rd Audit Committee dated February 22, 2023	1. 2022 Annual Report and Financial Statements 2. 2021 Internal Control System Statement	All Independent Directors did not hold any objection or reserve their opinions.
The 17th meeting of the 3rd Audit Committee dated April 18, 2023	Assessment of the independence of assuring CPAs engaged by the Company and remuneration payable for their appointment in 2023	All Independent Directors did not hold any objection or reserve their opinions.

The 18th meeting of the 3rd Audit Committee dated May 11, 2023	Review of the consolidated financial statements for Q1 2023	All Independent Directors did not hold any objection or reserve their opinions.
The 20th meeting of the 3rd Audit Committee dated August 10, 2023	Consolidated Financial Statements for 2022 Q2.	All Independent Directors did not hold any objection or reserve their opinions.
	Proposal for issuing the 1st secured ordinary corporate bond in 2023 by the Company	
	Review the appointment of the Company's Head of Accounting	
The 21st meeting of the 3rd Audit Committee dated September 21, 2023	Ratification of the audit supervisor	All Independent Directors did not hold any objection or reserve their opinions.
The 22nd meeting of the 3rd Audit Committee dated November 10, 2023	Consolidated financial statements for Q3 2022	All Independent Directors did not hold any objection or reserve their opinions.

(2) In addition to the said resolution, any resolution that is not approved by the Audit Committee but approved by more than two-thirds of all Board Directors: None.

2. For avoidance of conflict of interest by independent directors, the name of independent directors, details of proposals, reasons for avoidance and voting results shall be stated: None.

3. Communication among Independent Directors, Head of Internal Audit, and CPAs

(1) Communication Policy between Independent Directors and Head of Internal Audit and information about execution:

A. Communication Policy between Independent Directors and Head of Internal Audit

The Company's internal audit head sends an audit report to the independent directors every month, and if the independent directors have any questions, they will immediately communicate and discuss about such questions; The meeting of the Audit Committee shall be convened at least once a quarter, members at meetings of Audit Committee listen to annual audit plan and implementation

reported by the internal audit head and give opinion or suggestion. Usually, communication between two sides is via telephone or email to effectively supervise the internal control of the Company.

B. Communication between Independent Directors and Head of Internal Audit

On November 10, 2023, the internal audit supervisor communicated with independent directors, and the meeting focused on the making of the 2024 audit plan. The 2024 audit plan is developed in line with the Procedure for Developing a Risk-based Internal Audit Plan. Evaluate the scoring elements of risk factors and develop the audit frequency. Risk factors will be audited once a year for a score falling between 5 and 9 and twice a year for a score falling between 10 and 14. The elements of risk factors evaluated include (1) the focus of supervision by competent authorities, (2) changes in applicable acts, (3) important projects operated by the Company, (4) weaknesses of current internal control systems and management, (5) significant changes in operations, plans, systems, and work flow, (6) insufficient computerization to avoid human errors, and (7) special requirements or focus of management. The audit firm shall submit the proposed annual audit plan to the Audit Committee for review and resolution by the Board of Directors.

(2) Communication police and execution of such policy for Independent Directors and CPAs:

A. Communication Police of Independent Directors and CPAs

Independent Directors and CPAs at least convene one communication meeting every quarter. They discuss issues on the consolidated financial statement and overall operations, internal audit, the newest IFRS announcement, tax laws, securities laws, audit the newest announcement of the Company, and recent legal amendments. CPAs report and communicate with Independent Directors and discussions are recorded for reference purposes.

B. Communication between Independent Directors and CPAs

The Audit Committee consists of all independent directors of the Company. CPAs shall fully explain and communicate to independent directors the impact of significant adjusting entries or legal amendments discovered during the audit on the accounting treatment.

Notes on the communication meeting between independent directors and CPAs in 2023

1. The auditor's audit of the financial statements for the year

- (1) Analysis of significant changes in the financial position
- (2) Audit plan, scope and findings
- (3) Audit procedures in the internal control system

2. Updates and publicity of significant securities regulation acts

- (1) Key points to be followed in the set-up of the Board of Directors of listed companies and exercise of powers

- (2) Reporting of significant messages and information of the listed company
- (3) Notice of draft amendments to the Measures for Notification of Acquisition of Shares, sub-paragraph 1, Article 43-1 of the Securities and Exchange Act.
- (4) Notice of draft amendments to the Regulations Governing Information to be Published in Annual Reports of Public Companies and the Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses
- (5) Notice of draft amendments to the Regulations Governing Content and Compliance Requirements for Shareholders' Meeting Agenda Handbooks of Public Companies.

(III) Difference between corporate governance operations and the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
I. Does the Company comply with corporate governance practice of public listed and OTC companies and disclose practices of the Company?	✓		The Company enacted the “Principles for Corporate Governance Practice” which was approved at the meeting of the Board of Directors on December, 30, 2014. The Rules Governing Meetings of Shareholders, and Meetings of the Board Directors are also enacted and internal control system is promoted to facilitate corporate governance operations. Relevant businesses are conducted according to the spirit of corporate governance of public listed and OTC companies.	No significant difference
II. Shareholding Structure of the Company and Shareholders’ Rights				
(1) Did the Company enact internal operational procedures to handle suggestions, doubts, disputes, or litigation with shareholders and were procedures followed?	✓		(1) The Company has established a spokesperson system to deal with relevant matters as required. Shareholders may inquire about its information by email at contact_supervisor@sanfar.com.tw. Any dispute with shareholders will be transferred to the Legal Affairs Department for resolution.	No significant difference
(2) Did the Company command major shareholders that actually control the Company and did it have the list of major	✓		(2) The Company set up relevant authority and responsibility unit to monitor shareholding of the Board Directors, managers, and	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
shareholders that control the Company?			those who own more than 10% of the Company's total shares, and a monthly report on changes in the shareholding of insiders and major shareholders is submitted to the designated market observation post station announced by the unit in charge of meeting rules.	
(3) Did the Company establish and execute risk management and firewall mechanism with its affiliates?	✓		(3) The Company has developed the Regulations and Procedures for Financial Transactions between Related Parties. All subsidiaries carry out their day-to-day operations in accordance with internal control systems and procedures, and are regularly audited by auditors, accounting firms, and CPAs to control risks. Use of the internal networks and systems on personal computers shall be managed and controlled in accordance with internal control systems.	
(4) Did the Company set up internal regulations that forbid insiders of the company to make use of information not open to the market to trade valuable securities?	✓		(4) The Company enacted the “Operational Procedures to Prevent Insider Trading” and “Code of Ethical Conduct” to prevent insider trading. Monthly, insiders are informed of relevant rules and regulations to prevent insider trading to protect the rights of investors and the Company.	
III. Composition of the Board of Directors and Responsibilities				No

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(1) Did members of the Board of Directors enact diverse guidelines and put them into practice?	✓		(1) Given the mode of operation and development needs, the professional backgrounds of the 7 members of the Board of Directors include business, finance, law, management, and finance with diverse professional, academic, and filed knowledge. They provide the Company with diverse professional opinions to greatly benefit the operational and managerial performance of the Company. Please refer to the Board of Directors-Diversity and Independence of the Board of Directors in this annual report.	significant difference
(2) In addition to the Remuneration Committee and Audit Committee as requested by laws, did the Company voluntarily set up other functional committees?	✓		(2) According to rules and regulations, the Company set up the Remuneration Committee and Audit Committee and voluntarily set up the Nomination Committee after approved by the Meeting of the Board Directors on April 7, 2015 and modified the organizational chart of the Nomination Committee. According to the organizational chart, the duties of members of the Nomination Committee are defined and at least three Board Directors are elected to be members of the Nomination Committee. Among them, more than half shall be Independent Directors. For the current term, members of the Nomination Committee are Independent Director, Chin-Chang Wu,	

Evaluation Item	Operations		Summary Description	Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No		
<p>(3) Has the Company determined the Rules of Procedure for Appraising the Performance of the Board of Directors, and assessment methods, and conduct performance appraisal on an annual basis?</p> <p>Whether the results of performance appraisal are reported to the Board of Directors and used as a reference for individual director's compensation and nomination for reappointment.</p>	✓		<p>Independent Director, Hsu-hui Hsu, and Independent Director, Yanfend Wu, and in the future, other functional committees will be set up according to actual operations.</p> <p>(3) The Company has made the Rules for Appraising the Performance of the Board of Directors and Functional Committees and regularly conducted performance evaluations, including self-evaluation and peer evaluation. The 2023 performance appraisal results were submitted to the Nomination Committee on February 20, 2024 for approval and then reported to the Board of Directors for verification.</p> <p>The connection between performance evaluation result and remuneration: such as consideration of attendance to meetings of the Board Directors, continuous studies, involvement level in accounting and financial status, and audit report, and management of the Company</p> <p>Relevant performance audit and remuneration rationality are reviewed and approved by the Remuneration Committee and the Board of Directors and the remuneration system will be appropriately reviewed according to actual operations and relevant laws to maintain the balance of sustainable</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
(4) Did the Company periodically evaluate independence of CPAs?	✓		<p>management and risk control of the Company.</p> <p>(4) The Company each year evaluates the independence of CPAs according to Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” stating that when hiring CPAs, TWSE/TPEX Listed Companies shall select some one who is professional, responsible, and independent and periodically evaluate the independence and suitability of the hired CPAs (at least once a year) with reference to the Audit Quality Indicators (AQIs). Evaluation result shall be submitted to the Board of Directors. The Company has evaluated the independence and competency of CPAs according to the Rules for Evaluating the Independence of CPAs and the 2023 Audit Quality Indicators (AQIs) provided by KPMG, and will submit the results to the Audit Committee and the Board of Directors for approval in Q1 2024. The Accounting Department of the Company evaluated CPAs Hung Shiau Fang and Xinting Huang from KPMG, Taiwan and determined both met independence standards of the Company towards CPAs. Independence indicators in the evaluation items include: 1. Is there a significant relation of financial interest</p>	

Evaluation Item	Operations		Summary Description	Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No		
			<p>between CPAs and the entrusted party; 2. Is there an inappropriate interest relation between CPAs and the entrusted party; 3. Do CPAs and their assistant regularly participate in evaluations conducted by the Industrial Associations or other relevant evaluation organizations and ensure their honesty, justice, and independence, 4. Did they make any violation when certifying financial statements for any entrusted organizations within the two year period before this certification service and are they forbidden to provide certification services; 5. Names of CPAs shall not be used by others, 6. CPAs shall not hold any shares of the entrusted party, 7. There shall be no loans between CPAs and the entrusted party and this excludes normal transactions with financial institutions, 8. CPAs shall not take any work paid with fixed salaries by the entrusted party, 9. CPAs shall not receive any relevant commission with business operation, and 10. CPAs shall not serve the entrusted party continuously for seven years in a row, has not been sanctioned or his independence has not been impaired.</p>	
(5) Has the Company made succession planning for key management?	✓		Succession planning for the Board of Directors and key management I. On April 7, 2015, the Company established the	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>Nomination Committee, which fulfills the following duties as authorized by the Board of Directors: (I) making the requirements on directors and senior management for expertise, technologies, experience, gender and other diverse backgrounds and independence, and whereby finding, reviewing and nominating the candidates for directors and senior management. (II) making and developing the organizational structure of the Board of Directors and all committees, and evaluating the performance of the Board of Directors, all committees, directors and senior management, as well as the independence of independent directors. (III) making and regularly reviewing the further education plan for directors and the succession plan for directors and senior management. (IV) making the Company's code of practice for corporate governance. II. According to the Code of Practice for Corporate Governance, the Company implements the director diversity policy. There are currently 7 directors (including 3 independent directors) with diverse and complementary industrial experience and other professional competence. Directors' Annual Performance Appraisal Results are used as a reference for the nomination and renewal of directors.</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>The Board of Directors has one member that is also a member of the Company's senior management. In the future, the structure and experience of the Board of Directors will remain unchanged.</p> <p>III. As to the succession planning for the Board of Directors, successors cultivated by the Company shall first be loyal to the Company. Management members who can become successor candidates and employees with outstanding performance who have worked in the Company for a long time are usually very loyal. Successors are closely related to the development of the Company, knows the corporate culture and operation philosophy, and has made long-term efforts and outstanding contributions. They have a deep understanding of the industry and the Company and the ability to operate them. Therefore, they can fully utilize resources to lead the Company's development and shape its competitiveness. Successors can better understand and maintain the development objectives of the Company, and set the development direction and objectives of the Company. They are in a easier position to work within the Company, familiar with the corporate culture and internal rules and the industry, and extensively experience. They have very brilliant achievements,</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>and the qualities and abilities required to be successors. They also need to have the reaction and experience in terms of dealing with business operations. Diversity should be considered in selecting successors to the Board of Directors. Expertise and skills are based on professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience. They also need to have abilities in terms of operational judgment, accounting and financial analysis, operation and management, crisis management, industry knowledge, international market view, leadership, and decision-making. Succession planning of key management and operation I. Succession planning for key management will be made in line with personal development plans to help successors effectively improve their management and enhance the required leadership. Meanwhile, the Company's business strategy and long-term and short-term objectives will also be allowed for in making succession planning, so as to keep cultivating the qualities and abilities required on senior officers, integrate into the corporate culture and forward-looking business planning, arm senior management with abundant industry knowledge and future</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>development trends of the industry, constantly improve operations and increase work efficiency, experience the operation of different departments through job rotation, demonstrate their excellent leadership in leading the team to face challenges, know comprehensive operations and management and continuously improve performance. II. The Company regularly assesses the performance of senior management every year, makes annual personal development plans, and arranges professional lecturers to train leadership, taking into account leadership potential, personality traits, expertise and management functions, improving professional competence and its height, breadth and scope, and continuously cultivating diversified leadership and management talents. Succession planning and management also plays the role and function of organizational learning and inheritance of systems. Successors carefully plans and s management ensures the continuous cultivation of organizational leaders and intelligent talents, as well as the continuous cultivation and management of important intellectual assets. III. In addition to possessing the Company's cultural characteristics, all selected successors shall make a five-year all-round cultivation plan,</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			covering continuous improvement in professional competence such as industrial expertise, human resources, finance, accounting, and procurement, so as to enhance decision-making and judgment, and cultivate well-rounded successors to keep innovating and improving the management system. Successors to the Board of Directors will make more forward-looking suggestions to the management team, continue to improve the functions of the Board of Directors, and fully leverage the role of the Board of Directors to help the Company grow steadily.	
IV. Did TWSE/TPEX Listed Companies assign capable and suitable number of corporate governance personnel and request the corporate governance head to set up a full-time (part-time) department or personnel to take charge of relevant affairs of corporate governance (including but not limited to the provision of information needed by the Board Directors, Supervisors, legal assistance compliance of the Board Directors, Supervisors) and did TWSE/TPEX Listed	✓		On October 19, 2022, the Board of Directors approved that Vice President Tsai Wen-Ling would serve as the new head of corporate governance. She has more than 7 years of experience in planning and implementing the financial affairs and corporate governance of listed companies and receives continuing education every year. The Company's governance officer and meeting personnel are responsible for corporate governance-related matters, including planning the meetings of the Board of Directors, functional committees, and shareholder meetings, as well as preparation and distribution of related announcements and meeting minutes. Additionally, they plan and arrange training courses for directors on	No significant difference

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
Companies according to laws proceed matters related to shareholders' meetings and prepare minutes of meetings of the Board Directors and shareholder)?			an annual basis.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special column for stakeholders on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	✓		The Company assigned a spokesperson and an acting spokesperson; Internal and external communication channels can be established with stakeholders through E-mail, phone call and by other means, and monthly supervisor coordination meetings and monthly meetings are held within the Company to strengthen the communication among colleagues. ill the publishing date of this annual report, there have no issues on corporate governance raised by any stakeholder.	No significant difference
VI. Did the Company entrust any professional agency for stock affairs to take charge of shareholders' affairs?	✓		The Company entrusted the Stock Affairs Department of Yuanda Securities to take care of shareholders' affairs.	No significant difference
VII. Information Openness: (1) Did the Company construct its website to disclose information related to financial affairs and corporate governance?	✓		(1) The Company constructed its company website to disclose company status, basic information, and financial information and there are designated personnel in charge of information maintenance and updates.	No significant difference

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
<p>(2) Did the Company use other methods for information disclosure (such as constructing an English website, designate personnel to take charge of collection and disclosure of company information, implementation of spokesperson system, and placing the process of Meetings of Institutional Investors on the company website?)</p> <p>(3) Has the Company announced and filed the annual financial report within two months after the end of the accounting year, and the financial reports for first, second, and third quarter and monthly operating results ahead of the prescribed deadline?</p>	<p>✓</p> <p>✓</p>		<p>Official website: (https://www.sanfar.com.tw)</p> <p>(2) There is a spokesperson and an acting spokesperson of the Company. An English website is also made available. There is designated unit in charge of the disclosure of important information on the Company and updates are periodically posted on the Market Observation Post System (MOPS) in accordance with regulations.</p> <p>(3) The Company at present completed its announcement and declaration of annual financial report within the required time and within the required time, financial statements for Q1, Q2, and Q3 as well as monthly operational reports were announced and declared.</p>	
VIII. Did the company provide important information that helps to understand operations of corporate governance (including but not limited to employee rights, employee caring,	✓		(1) Employee rights: The Company, according to rules and regulations, insures its laborers under the National Health Insurance plan and group insurance program and according to laws, labor pensions are allocated monthly. In order to	No significant difference

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
investor relations, supplier relations, stakeholder relations, and continuous studies of Board Directors and Supervisors, implementation of risk management polices and measurement standards, execution of customer policy, and liability coverage for Board Directors and Supervisors purchased by the Company)?			<p>improve the professionalism of employees, the Company provides employees with sufficient education and training.</p> <p>(2) Employee Care: The Company has established an Employee Welfare Committee in accordance with the Employee Welfare Act, which is responsible for employee welfare related matters, protecting employee rights, and organizing employee travel and health checkups to provide comfortable working conditions for employees.</p> <p>(3) Investor Relations: The Company has established a spokesperson and a website as communication channels for investors, and holds shareholder meetings every year to provide shareholders with opportunities to ask questions.</p> <p>(4) Supplier Relations: The Company has established comprehensive internal control systems or related regulations to regulate the relationship with and rights of suppliers. We compare and negotiate on the prices quoted by the procurement units in accordance with regulations to control and manage the consistent quality, delivery, and service levels, and select the most suitable suppliers for the Company. The Company shares good relationship and maintains good communication with its</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies																		
	Yes	No	Summary Description																			
			<p>major suppliers, and establishes partnerships following the principles of honesty, credit, and mutual benefit.</p> <p>(5) Stakeholder Rights: The Company's communication channels with and information about stakeholders have been disclosed on the Company's website, and the Company values stakeholders and responds promptly to their concerns.</p> <p>(6) Directors' continuing education: All of the Company's directors have professional backgrounds, and those present at meetings keep abreast of updates in applicable acts from time to time. In 2023, all directors received 6 hours' refresher courses and reported as required. Below are the refresher courses received by directors:</p> <table border="1"> <thead> <tr> <th>Job title</th> <th>Name</th> <th>Date</th> <th>Sponsor</th> <th>Name of Course</th> <th>Number of Hour</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Dingsheng Zhong</td> <td>2023/07/04</td> <td>Taiwan Stock Exchange</td> <td>2023 Cathay Summit Forum on Sustainable Finance and Climate Change</td> <td>6.0</td> </tr> <tr> <td>Director</td> <td>Mingshen Gao</td> <td>2023/07/04</td> <td>Taiwan Stock Exchange</td> <td>2023 Cathay Summit Forum on Sustainable Finance and Climate Change</td> <td>6.0</td> </tr> </tbody> </table>	Job title	Name	Date	Sponsor	Name of Course	Number of Hour	Chairman	Dingsheng Zhong	2023/07/04	Taiwan Stock Exchange	2023 Cathay Summit Forum on Sustainable Finance and Climate Change	6.0	Director	Mingshen Gao	2023/07/04	Taiwan Stock Exchange	2023 Cathay Summit Forum on Sustainable Finance and Climate Change	6.0	
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Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies						
	Yes	No	Summary Description							
			<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td>and Climate Change</td> <td></td> </tr> </table> <p>(7) Risk Management Execution: On November 9, 2021, the Company established the “Policy and Procedures for Risk Management” which was approved by the Board of Directors. Every year, heads of all departments evaluated the risk events that might occur in the future and propose countermeasures. After summarizing the self-assessment of risks, they reported the scope and implementation of risk management for 2023 at the board meeting dated November 10, 2023. The Board of Directors was informed and had no objection to the implementation.</p> <p>(8) Customer policy: The Company attaches great importance to customer relations and customer satisfaction. It has set up the Sustainable Service Department and Customer Services to deal with all valuable opinions, provide complete and timely after-sales services, and meet customer needs.</p> <p>(9) Liability insurance for directors: The Company purchases liability insurance for directors every year. The liability insurance for directors in 2023 was provided by Cathay</p>					and Climate Change		
				and Climate Change						

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			Century Insurance Co., Ltd., with a term from July 31, 2023 to July 31, 2024.	
IX. Has the Company made any intellectual property management policy, objectives and systems that are linked to its business strategy?	✓		<p>The Company has made intellectual property management measures that are linked to its operating objectives and disclosed the implementation thereof on its website.</p> <p>Protection of trademarks, patents and copyrights: Trademarks, patents and copyrights shall be protected subject to review with the help of a professional organization if necessary.</p> <p>Further training: In order to truly protect customer information and other trade secrets, all colleagues must receive training on complying with acts on personal data protection, information security and trade secrets, cultivate the awareness of personal data protection, and implement information security and personal data protection in daily operations.</p> <p>The Company requires employees to fulfill the non-disclosure and custody responsibilities, implements management from within, gradually establishes the audit trails and record tracking system, and</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			<p>incorporates information security audit and inspection mechanisms into annual information security inspections and internal control self-assessments, so as to enhance the awareness and act of protecting trade secrets and complying with laws through inspections in various aspects.</p> <p>(1) Inventory of intellectual property All departments make an inventory of their activities, such as patents, trademarks, copyrights, and trade secrets, before December of each year. After that, they hand them over to the management department for summary. Based on the summary, relevant departments are convened for a management meeting from time to time. The implementation is disclosed on the official website and reported to the Board of Directors at least once a year.</p> <p>(2) Intellectual property audits 1. According to the internal audit mechanism, the audit office will check the implementation of intellectual property management and related measures. 2. To ensure effective management, in addition to internal audits,</p>	

Evaluation Item	Operations			Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No	Summary Description	
			external third-party verification and audits may be conducted when necessary.	

X. Please state improvements in the corporate governance evaluation results released by the Corporate Governance Center, TWSE in the past year, and propose prioritized enhancement matters and measures for those that have not yet been improved.

Below are the Company's improvements and prioritized enhancement matters that have not yet been improved:

No.	Evaluation Indicators	Improved or not
1.15	Whether the Company has established and disclosed on its website internal regulations prohibiting directors or employees and other insiders from using undisclosed information to buy or sell securities on the market including (but not limited to) the prohibition of directors from trading in their stocks during the 30 days before the annual financial report is published and the 15 days before each quarterly financial report is published, and explained about the execution status?	Proposed amendment to authority and responsibility unit
2.27	Has the Company developed an intellectual property management plan that is linked to its operational objectives, and disclosed the execution status on the Company website or in the annual report, and reported to the Board of Directors at least once a year?	Improved
4.1	Did the Company set up full-time (part-time) units to promote the development of sustainable development, and according to the materiality principle, conduct risk evaluation towards environmental, social, or corporate governance issues related to operations of the Company and enact relevant risk management policies or strategies? And has the Board of Directors supervised the promotion of	Disclosed

Evaluation Item	Operations		Summary Description	Difference and Reason of Corporate Governance Practices of Public Listed and OTC Companies
	Yes	No		
			sustainable development, and disclosed it on the Company's website and in annual report?	
4.4			Has the Company prepared a sustainability report based on the Global Reporting Initiative (GRI) guidelines and uploaded it to the MOPS and the Company website by the end of September?	The report has been prepared.
4.11			Did the Company disclose annual greenhouse gas emissions, water consumption and total waste in the past two years?	Disclosed
4.12			Has the Company established management policies for reducing greenhouse gas emissions, water usage, or other wastes, including reduction targets, promotion measures, and achievement status?	Improved
4.17			Whether the Company's website, annual report or sustainability report discloses the supplier management policy to request suppliers to comply with relevant rules and regulations for issues of environmental protection, occupational safety and health, or labors' human rights, and describes how is the implementation?	Improved

(IV) If there is the Remuneration Committee or Nomination Committee set up by the Company, please disclose its composition, duties, and operations:

1. Remuneration Committee

(1) Information of members of the Remuneration Committee As of March 31, 2024

Status	Name	Professional qualifications and experience	Independence	Number of public listed company that he/she serves as an Independent Director
Convener Independent Director	Chin-Chang Wu	More than five years of business experience, once served as the Chairman of Yi Hung Investment Corporation and Sheng Hung Investment Corporation, Director of Jiahong Investment Co., Ltd., currently serves as the Chairman of Sanfar Computer Corporation	<ol style="list-style-type: none"> 1. I, my spouse or a lineal relative within the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates. 2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company 3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years. 	0

Independent Director	Hsu-hui Hsu	More than five years of business experience, currently serves as the Chairman of Taiwan Express Co. Ltd.	<ol style="list-style-type: none"> 1. I, my spouse or a lineal relative within the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates. 2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company 3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years. 	2
Independent Director	Yanfend Wu	A professional with more than five years' experience in business and law and a lawyer's license, currently working as a practicing lawyer at T.Y.T. Law Offices	<ol style="list-style-type: none"> 1. I, my spouse or a lineal relative within the second-degree kinship am/is not a director, supervisor or employee of the Company or its affiliates. 2. I, my spouse or a lineal relative within the second-degree kinship holds no shares in the Company 3. Not a director, supervisor or employee of a company with which the Company has a specific relationship. 4. The Company or its affiliates have not provided commercial, legal, financial, accounting and other services in the past two years. 	0

(2) Duties of the Remuneration Committee:

From a professional, objective position, evaluate the remuneration policy and system for directors, supervisors and managerial officers, and make suggestions to the Board of Directors for reference in its decision-making. The Committee shall faithfully fulfill the following powers with the due care of a good administrator, and submit its suggestions to the Board of Directors for discussion. However, any suggestion on supervisors' remuneration may be submitted to the Board of Directors for discussion, to the extent that the Board of Directors is in a position to

deal with the suggestion as specified in the Articles of Association or authorized by resolution of the shareholders' meeting: I. Regularly review the rules and make suggestions on amendments. II. Develop and regularly review the annual and long-term performance targets of directors, supervisors and managerial officers and the remuneration policy, system, rates and structure. III. Regularly evaluate how directors, supervisors and managerial officers have achieved their performance targets, and determine the composition and amount of individual remuneration.

(3) Operations of the Remuneration Committee

A. The Company's Remuneration Committee has 3 members, all of which are independent directors of the Company.

B. Members of this term shall serve from August 5, 2021 to August 4, 2024.

C. Duties of the Remuneration Committee are performed according to the "Organizational Charter of the Remuneration Committee of the Company".

In 2023, the Remuneration Committee held 6 (A) meetings. Below is the attendance of its members:

Status	Name	Actual number of meetings attended (B)	Number of meetings attended by proxy	Actual Attendance Rate (%) (B/A)	Note
Convener Independent Director	Chin-Chang Wu	6	0	100%	None
Independent Director	Hsu-hui Hsu	6	0	100%	
Independent Director	Yanfend Wu	6	0	100%	
Other Mandatory Provisions:					
(i) If the Board of Directors did not adopt or modified the suggestion of the Remuneration Committee, date of a Meeting of the Board Directors, term, resolution contents, resolution result of Audit Committee, and handling of the Company in response to the opinion of Audit Committee shall be described: None.					
(ii) If there is a member holding objection or reserve their opinion and put it in record or in writing for a resolution adopted by the Remuneration Committee, the date of the meeting, term, resolution contents, opinion of all members, and handling shall be described: None.					

2. Nomination Committee

(1) Information on Members and operation of the Nomination Committee

A. The Nomination Committee consists of three members, all of whom are independent directors of the Company. For their professional qualifications, see page 44 hereof.

B. Members of this term shall serve from August 5, 2021 to August 4, 2024.

C. Duties of the Nomination Committee:

All duties under the Charter of the Nomination Committee.

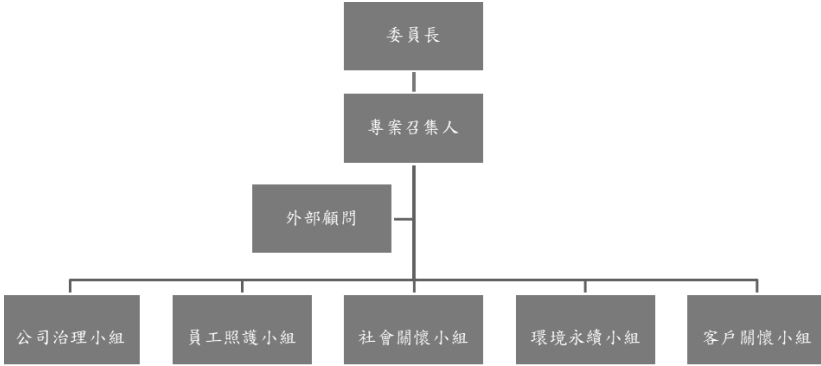
Under the authorization of the Board of Directors, the Nomination Committee shall faithfully fulfill the following duties with the due care of a good administrator, and submit its suggestions to the Board of Directors for discussion:

- a. making the requirements on directors and senior management for expertise, technologies, experience, gender and other diverse backgrounds and independence, and whereby finding, reviewing and nominating the candidates for directors and senior management.
- b. making and developing the organizational structure of the Board of Directors and all committees, and evaluating the performance of the Board of Directors, all committees, directors and senior management, as well as the independence of independent directors.
- c. making and regularly reviewing the further education plan for directors and the succession plan for directors and senior management.
- d. making the Company's code of practice for corporate governance.

(2). In 2023, the Nomination Committee held 5 (A) meetings. Below is the attendance of its members:

Job title	Name	Actual Number of Attendance (B)	Number of meetings attended by proxy	Actual Attendance Rate (%) (B/A)	Note
Convener Independent Director	Chin-Chang Wu	5	0	100%	None
Independent Director	Hsu-hui Hsu	5	0	100%	
Independent Director	Yanfend Wu	5	0	100%	
Other matters to be recorded: No member has any objection or reservation regarding the resolutions of the Nomination Committee.					

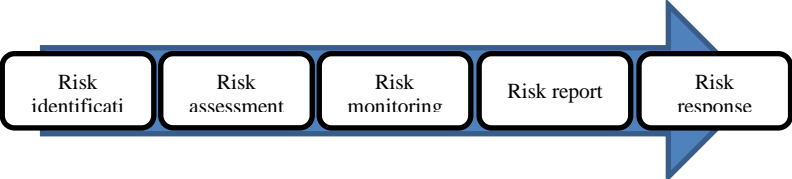
(V) Promoting sustainable development, differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
I. Whether the Company has established a governance structure and set up a full-time (part-time) unit to promote sustainable development, and allowed the Board of Directors to authorize high-level management to deal with the situation under the supervision of the Board of Directors?	✓		<p>1. The Company promotes a governance framework for sustainable development.</p>  <pre> graph TD A[委員長] --- B[專案召集人] B --- C[外部顧問] B --- D[公司治理小組] B --- E[員工照護小組] B --- F[社會關懷小組] B --- G[環境永續小組] B --- H[客戶關懷小組] </pre> <p>2. The Company implemented the Code of Practice for Corporate Social Responsibility upon resolution by the Board of Directors on December 30, 2014. As resolved by the Board of Directors, a dedicated (part-time) organization would be set up under the Board of Directors to promote sustainable development of ESG. Led by a chairman to coordinate, it serves to assess the risks on environmental, social or corporate governance issues related to the Company's operations in line with the principle of materiality, develop the risk management policy or strategy, promote sustainable</p>	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>development as supervised by the Board of Directors, implement ESG-related corporate governance standards, take part in social good, develop and implement the Company's environmental protection and energy-saving measures, continue to promote the practise of sustainable development-related matters, and report the implementation results to the Board of Directors at least once a year. On November 10, 2023, the Company reported the implementation of sustainable development in 2023 to the Board of Directors.</p> <p>3. The Company is committed to corporate governance and corporate social responsibility, incorporating the ESG concept as the DNA of corporate culture, and integrating it into business strategies as a driving force for sustainable development. Adhering to the business philosophy of integrity, mutual assistance, professionalism, and responsibility, the Company assesses and discloses environmental, social, and corporate governance risks related to its operations in the "Corporate Sustainability Report." The Board of Directors puts forward opinions or instructions on the implementation results as a basis for future improvement.</p>	
II. Did the Company, according to the materiality principle, conduct risk evaluation towards environmental, social, and	✓		<p>1. Risk management policy: To strengthen corporate governance and effectively implement a sound risk management mechanism to mitigate potential business risks, the Company formulated the "Policy and Procedures for Risk Management" on November 9, 2021, with approval of the Board of Directors to achieve sustainable and stable operations. As resolved by the Board of Directors, an organization would be set up under the Board of Directors to promote risk management. A convener would be provided by the organization to coordinate the implementation and supervision of risk management,</p>	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
corporate governance issues related to operations of the Company and enact relevant risk management policies and strategies?			<p>integrate all departments to develop the risk management policy or strategy, disclose various risk exposures in respect of environment (E), society (S) and governance (G), and propose risk self-assessment and countermeasures. The core team summarizes the data on risk assessment from all departments, reports to the the convener/deputy convener, and submits a risk management report to the Board of Directors at least once a year. The main members and core team (working group) of the organization are responsible for executing and summarizing the risk self-assessments of all departments, and regularly reporting the risk management results to the Board of Directors. On November 10, 2023, the Company reported the implementation of risk management in 2023 to the Board of Directors.</p> <p>2.Risk Management Organization Framework: The Company's risk management organizational structure is led by the Board of Directors which acts as the most authoritative unit for risk management in accordance with laws and regulations; Aimed at promoting and implementing overall risk management, the Company clearly understands the risks involved in operations, ensures the effectiveness of risk management, and bears the ultimate responsibility for risk management. The Board of Directors gives comments or instructions on the implementation results as a basis for future improvements.</p>	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<div style="text-align: center;"> <pre> graph TD A[董事會] --> B[召集人] B --> C[副召集人] B --> D[核心團隊/作業組] </pre> </div> <p>3. Risk management: In the operation process of the construction industry, there are uncertain factors that may threaten the operation. In order to prevent losses as a result of risks, the Company has developed risk control policies and procedures for economic, environmental, social, and climate change risks. Firstly, varying from different crisis levels, we follow the risk management process and hold emergency response meetings to formulate relevant strategies and response plans, handle and propose improvement suggestion, and avoid repeating mistakes. Functional units at different levels have responsibilities for risks. Once a problem occurs, it should be reported to the upper level promptly to seek solutions and mitigate the possible impact on the Company as soon as possible. We ensure that the risk control mechanism and procedures can be effectively put into practice and regularly report the information about risk management to the Board of Directors.</p> <p>4. Scope of Risk Management:</p>	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons								
	Yes	No										
			 <p>According to the 5-step risk management process, in 2023, regarding the 12 risk sources of concern at home and abroad (natural and man-made disasters, business forecasts, government policies, working environment, product development design and planning, suppliers, human resources, execution, finance, accounting, environmental sustainability and others), through questionnaires or communication with all departments, the Company requested all departments to measure their risk levels based on the frequency of occurrence and extent of damage of these risk sources, enumerate the risk sources that might be encountered in 2023, and identify them as significant issues.</p> <p>5. Below are the risk management items and countermeasures in 2023</p> <p>Summary of major risks identified by Sanfar Property Limited and its countermeasures in 2023</p> <table border="1"> <thead> <tr> <th>Category of risk</th> <th>Type of risk</th> <th>Countermeasures in 2023</th> <th>Departments</th> </tr> </thead> <tbody> <tr> <td>Environment (E)</td> <td>Climate Change Risk</td> <td> <ul style="list-style-type: none"> In case of any emergency such as natural or man-made disaster, pay close attention to the information on regulations, operate in line with the countermeasures announced by the competent authority to achieve legality and avoid project delays and penalties. In case of extreme high temperatures in summer (such as long exposure of workers in sunlight), regularly inspect the needs of workers on site and strengthen project </td> <td>Engineering Department</td> </tr> </tbody> </table>	Category of risk	Type of risk	Countermeasures in 2023	Departments	Environment (E)	Climate Change Risk	<ul style="list-style-type: none"> In case of any emergency such as natural or man-made disaster, pay close attention to the information on regulations, operate in line with the countermeasures announced by the competent authority to achieve legality and avoid project delays and penalties. In case of extreme high temperatures in summer (such as long exposure of workers in sunlight), regularly inspect the needs of workers on site and strengthen project 	Engineering Department	
Category of risk	Type of risk	Countermeasures in 2023	Departments									
Environment (E)	Climate Change Risk	<ul style="list-style-type: none"> In case of any emergency such as natural or man-made disaster, pay close attention to the information on regulations, operate in line with the countermeasures announced by the competent authority to achieve legality and avoid project delays and penalties. In case of extreme high temperatures in summer (such as long exposure of workers in sunlight), regularly inspect the needs of workers on site and strengthen project 	Engineering Department									

Evaluation Item	Execution (Note 1)			Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No			
				self-inspections to reduce financial burden caused by construction safety concerns.	
			Environmental impact risk	<ul style="list-style-type: none"> With the rise of the philosophy of co-existence and common prosperity with the environment to pursue sustainable development, green buildings and smart buildings have become one of the considerations for consumers when they purchase houses. Improve the understanding and application of the standards for green buildings and integrate them into initial planning design to obtain the required certifications through the evaluation criteria. 	Planning Department
				<ul style="list-style-type: none"> Adopt multiple energy-saving and carbon-reducing management measures in offices and construction sites to mitigate the impact on the environment during organizational operations and on-site construction, and also seek cooperation with firms to increase the possibility of reusing construction wastes. 	Management Department
			Social (S)	<ul style="list-style-type: none"> Before purchasing land, carefully assess the land to be developed, inquire in details the disaster potential map and soil and groundwater pollution remediation information, do not actively rush to acquire land, and improve evaluation benefits. 	Development Department
				Human resources risk	<ul style="list-style-type: none"> Talents are the foundation of the Company. Regarding issues including recruitment, basic benefits, workplace environment, employee development and personal safety, create a workplace-friendly environment to lower turnover and reduce the risk of internal experience dilution.

Evaluation Item	Execution (Note 1)					differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary Description			
			Occupational safety risk	<ul style="list-style-type: none"> In order to ensure the safety in employees' working environment, the on-site supervisor irregularly inspect and hold safety planning meetings, supervise the implementation of occupational safety from time to time, and minimize risk factors that may cause harm. Meanwhile, establish occupational accident investigation and emergency response notification procedures and provide employees with annual health examinations, to prevent accidents and effectively deal with occupational diseases. 	Management Department Engineering Department	
		Corporate governance (G)	Planning and design risk	<ul style="list-style-type: none"> In case of any change in the scheduling of a construction project, communicate through interdepartmental meetings and review and control the costs of changes; after assessing the impact of costs and benefits, seek to obtain the construction permit faster; before submitting the application, check and confirm the details of applicable acts and if corrections are needed, cooperate with the solution that has the least impact. 	Planning Department	
			Execution	<ul style="list-style-type: none"> When estimating costs, if any deviation from the original budget occurs due to estimation errors or a natural or man-made disaster, hold interdepartmental meetings to discuss adjustments and update the data in real time, and collect the budget implementation quarterly. 	Cost Control Department	
			Execution	<ul style="list-style-type: none"> Insure ongoing construction projects for appropriate amounts with insurance (such as comprehensive loss insurance for construction projects, employer's accident liability insurance, third-party accident liability insurance), and discuss the appropriate insured amount with the supervisor in charge to ensure the transfer of risk to a third party through contractual arrangements in case of a public safety accident. 	Procurement Department	
			Supplier management	<ul style="list-style-type: none"> Adopt annual joint centralized procurement for different packages in all project sites, procure materials in advance, reduce construction costs by increasing quantities for lower prices, and establish mutual trust and cooperation with multiple suppliers. 	Procurement Department	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons															
	Yes	No																	
			<table border="1"> <tr> <td>Execution</td> <td> <ul style="list-style-type: none"> To prevent any cost increase or project delay due to any unexpected technology or event that may be encountered during construction, require suppliers to hold regular weekly meetings, or propose appropriate incentives to achieve the scheduled completion progress. Develop the occupational disaster prevention plan and the emergency response plan, and irregularly provide guidance and strengthen training to on-site workers to maintain construction quality and prevent any occupational disaster arising from a work safety accident. </td> <td>Engineering Department</td> </tr> <tr> <td>Market risk</td> <td> <ul style="list-style-type: none"> Pay attention to the government's housing market and interest rate policies, and keep abreast of sales to adjust the marketing strategy. </td> <td>Sales Department</td> </tr> <tr> <td>Financial risk</td> <td> <ul style="list-style-type: none"> In order to balance the increased interest expenses after the effect of interest rate hikes, implement long-term capital planning, short-term allocation of idle funds and early repayment to cut interest expenses, and properly plan the use of funds and financial instruments to ensure sufficient liquidity and minimize the impact of changes in interest rates on gains and losses. </td> <td>Finance Department</td> </tr> <tr> <td>Legal risk</td> <td> <ul style="list-style-type: none"> Keep abreast of the impact of new applicable acts and changes in applicable acts on the Company's systems, and provide comments on written procedures for compliance with such acts. Review whether contract templates used by the Company comply with applicable acts to avoid disputes with consumers and penalties imposed by competent authorities. Offer internal legal compliance training courses to implement employees' awareness of integrity and rule of law and minimize disputes. </td> <td>Legal Affairs</td> </tr> <tr> <td>Brand risk</td> <td> <ul style="list-style-type: none"> The corporate brand image affects operational performance, customer trust and employee cohesion. Monitor online public opinions on a daily basis, respond to negative comments, correct the direction of public opinions, and follow the established public relations process to mitigate the impact of news effects. </td> <td>Sustainability Service Department</td> </tr> </table>	Execution	<ul style="list-style-type: none"> To prevent any cost increase or project delay due to any unexpected technology or event that may be encountered during construction, require suppliers to hold regular weekly meetings, or propose appropriate incentives to achieve the scheduled completion progress. Develop the occupational disaster prevention plan and the emergency response plan, and irregularly provide guidance and strengthen training to on-site workers to maintain construction quality and prevent any occupational disaster arising from a work safety accident. 	Engineering Department	Market risk	<ul style="list-style-type: none"> Pay attention to the government's housing market and interest rate policies, and keep abreast of sales to adjust the marketing strategy. 	Sales Department	Financial risk	<ul style="list-style-type: none"> In order to balance the increased interest expenses after the effect of interest rate hikes, implement long-term capital planning, short-term allocation of idle funds and early repayment to cut interest expenses, and properly plan the use of funds and financial instruments to ensure sufficient liquidity and minimize the impact of changes in interest rates on gains and losses. 	Finance Department	Legal risk	<ul style="list-style-type: none"> Keep abreast of the impact of new applicable acts and changes in applicable acts on the Company's systems, and provide comments on written procedures for compliance with such acts. Review whether contract templates used by the Company comply with applicable acts to avoid disputes with consumers and penalties imposed by competent authorities. Offer internal legal compliance training courses to implement employees' awareness of integrity and rule of law and minimize disputes. 	Legal Affairs	Brand risk	<ul style="list-style-type: none"> The corporate brand image affects operational performance, customer trust and employee cohesion. Monitor online public opinions on a daily basis, respond to negative comments, correct the direction of public opinions, and follow the established public relations process to mitigate the impact of news effects. 	Sustainability Service Department	
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Evaluation Item	Execution (Note 1)				Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons	
	Yes	No					
				<ul style="list-style-type: none"> Information security risk Financial investment risk Operational risks Government policies (P) Policy change risk 	<ul style="list-style-type: none"> Information security personnel take information security management measures including updating firewall firmware and blocking policy settings, providing training on information security, improving backup and real-time backup mechanisms, and implementing disaster recovery testing and drills to prevent attacks from network hackers, reduce the probability and impact of information security risk, and improve the Company's management of information security crisis. The Company's investment strategy mainly seeks to add value to the operational development of primary activities, use idle working capital for investment, and avoid leveraged transactions. In addition to the necessary inspection items required by applicable acts, plan to include items in the annual audit plan based on the frequency of all operations and the severity of losses that may occur. Cooperate on amendments to the Equalization of Land Rights Act to prevent investors from profiting by exchanging contracts for resale. In case of a contract exchange, make sure to check whether the buyer in relation to the resale is lawful. Pay active attention to the development of market trends and housing, finance, tax and accounting policies to minimize the risk of changes in the over-all situation on the Company's operating performance. 	<ul style="list-style-type: none"> Information Department Investment Department Auditing Office Sales Department Accounting Department 	
III. Environmental Issues (1) Did the Company build a proper environmental management system according to its industrial	✓			The Company responds to the concept of environmental sustainability with practical actions, and in the face of residential needs, it will treat the ecological environment friendly in four aspects: energy conservation and carbon reduction, pollution reduction, increase in green coverage, and air purification. Take multi-faceted management measures, including waste, water resources, greenhouse gases, noise, soil and groundwater pollution, air quality, etc., to reduce the impact on the environment during		No significant difference	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
features?			<p>operation, reduce carbon emissions and increase clean energy and ecological restoration, develop circular economy, and build a green living circle.</p> <p>Wastes in the construction sites of the Company are fully recycled and processed by a legal, professional environmental protection company: According to Article 30 of the Construction Industry Act, a field director is provided at each construction site, to regularly inspect local exhausters, air purifiers and suction ventilation devices in accordance with the Occupational Safety and Health Act:</p> <ol style="list-style-type: none"> 1. The wear, corrosion, unevenness and other damage to gas hoods, ducts and exhausters. 2. Dust on ducts or ventilators. 3. Lubrication of ventilators. 4. Contact parts of ducts. 5. Tightness between the belt connection of electrical machinery and ventilators. 6. Intake and exhaust capabilities. 8. Fixing, rustiness, damage, collapse, or other obstacles to the operational safety of sampled facilities placed on intake and exhaust ducts. 8. Other items necessary to maintain functions. 	
(2) Is the Company devoted to improving energy and does it use biomaterials with low environmental loading impact?	✓		<ol style="list-style-type: none"> 1. Office Use LED energy-saving bulbs and install circulating fans to help cool the indoor temperature, reduce the use of air conditioning, and reduce energy consumption and carbon emissions. 2. Product Design Environmental protection and lessening the burden of Earth are always the priorities of the Company. We insist on the planning and use of environmentally friendly, green, and energy-saving construction materials and actively participate in events of green consumption and environmental protection. For example, from construction and landscape design, interior design, use of environmentally friendly construction materials, indoor air conditioning planning and construction, 	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons						
	Yes	No								
			<p>communication and anti-theft security monitoring system, we all adopt recycling and low-carbon service processes to manage waste and to support environmental friendly groups.</p> <p>3. Energy Conservation and Carbon Reduction Electricity saving measures are taken at the construction site during non-construction hours at night, and lighting power will be turned off in all areas except for the guarded area at the construction site to reduce unnecessary electricity consumption. Sprinklers are used for cooling to effectively reduce the electricity consumption of air-conditioning: During construction operations, temporary combination houses are built as public works offices at the construction site to facilitate relevant personnel to manage on-site operations and control activities on site. Most of the combination houses above are made of simple materials (iron sheets). In the face of high summer temperatures, in order to save energy and achieve effective cooling, the water spray system is used to cool the external temperature of the combined houses with cool water confluence and sprinkle, and to reduce the demand for air-conditioning.</p>							
(3) Did the Company evaluate potential risk and opportunities brought by climate change at present and in the future to	✓		<table border="1"> <thead> <tr> <th></th> <th>Item</th> <th>Execution</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Describe the oversight and governance of climate-related risks and opportunities by the Board and management.</td> <td>The risk management team of the Company reported on the implementation of the risk assessment of each department in 2022 on November 8, 2022. In terms of management for energy saving, low carbon, and GhGs reduction, the Company promotes these concepts of saving energy including use of high efficient lighting devices and turning off light during lunch recess time, set time and temperature of air conditioning</td> </tr> </tbody> </table>		Item	Execution	1	Describe the oversight and governance of climate-related risks and opportunities by the Board and management.	The risk management team of the Company reported on the implementation of the risk assessment of each department in 2022 on November 8, 2022. In terms of management for energy saving, low carbon, and GhGs reduction, the Company promotes these concepts of saving energy including use of high efficient lighting devices and turning off light during lunch recess time, set time and temperature of air conditioning	No significant difference
	Item	Execution								
1	Describe the oversight and governance of climate-related risks and opportunities by the Board and management.	The risk management team of the Company reported on the implementation of the risk assessment of each department in 2022 on November 8, 2022. In terms of management for energy saving, low carbon, and GhGs reduction, the Company promotes these concepts of saving energy including use of high efficient lighting devices and turning off light during lunch recess time, set time and temperature of air conditioning								

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
businesses and adopt responsive measures of related issues of climate?			<p>system, use of recycled paper, turning off light from time to time, sorting garbage and reducing waste.</p> <p>At construction site, take multi-faceted management measures, including waste, water resources, greenhouse gases, noise, soil and groundwater pollution, air quality, etc., to reduce the impact on the environment during operation, reduce carbon emissions and increase clean energy and ecological restoration, develop circular economy, and build a green living circle.</p> <p>In 2021, the Company launched a tree planting and carbon reduction plan on the theme of "Sanfar Planting One Tree for One House", with the target of planting 10,000 seedlings. In that year, the Company cooperated with the National Taiwan University Experimental Forest. So far, it has adopted 2 ha. forest land and planted 3,000 saplings. It is expected to reduce 11.22 mt carbon emissions for the planet every year. At the same time, all institutions fully responded to the tree planting plan, by planting a tree for each customer who has purchased a new house from Sanfar Property, with the goal of restoring more than 10,000 native tree species, so as to create a new environmental ecology and increase biodiversity.</p>	
		2	<p>Describe how the identified climate risks and opportunities affect the corporate business, strategy and finance (short, medium and long term).</p> <p>Climate change will prompt government authorities to impose stricter controls over greenhouse gas emission, have effect on the development of low-carbon technologies and the rise of diversified services, and consumers' product preferences and will change consumption patterns. Therefore, the Company continues</p>	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
			to pay attention to the market changes caused by market conditions, R& D and innovation of green technology, timely reflect consumers' preference for green products, actively promote corporate social responsibility, fulfill environmental commitments, strengthen disclosure of environmental information, such as ESG sustainability reports, and establish a positive image of sustainable development.	
		3	Describe the financial impact of extreme climate events and transformational actions.	Since windstorm and earthquakes may damage the Company's assets, the Company's collateral security or insurance will be reviewed regularly for sufficiency.
		4	Describe how the identification, assessment and management processes of climate risks are integrated into the overall risk management system.	The impact of climate change on enterprises is not only stricter controls over greenhouse gas emission, the development of low-carbon technologies and the rise of diversified services, consumers' product preferences and consumption patterns, but also increases construction safety concerns, such as long-term heat exposure of workers, or damage to the quality of construction projects caused by strong earthquakes. The Company timely reflects consumers' preference for green products by dint of green technology research and development and innovation, in case of natural and man-made disasters and other emergencies, it takes response measures as required by the competent authority, so as to achieve legality, and regularly review the needs of labor and strengthen project self-inspection.
		5	If scenario analysis is adopted to assess resilience to risks of	The Company has not adopted scenario analysis to assess resilience to risks of climate change.

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
			climate change, the scenarios, parameters, assumptions, analysis factors and key financial impacts should be described.	
		6	If there is a transition plan to address climate-related risks, describe the content of the plan and identify and manage physical risks and transition risk indicators and targets.	The Company has not yet developed a transition plan to address climate-related risks.
		7	If internal carbon pricing is taken as a planning tool, the basis for setting the prices should be stated.	Not applicable.

Evaluation Item	Execution (Note 1)			Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons	
	Yes	No				
			8	If there are climate-related targets, state the activities covered, the scope of greenhouse gas emissions, the planning schedule, and the progress to be achieved each year; If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, state the source and amount of carbon reduction credits or the number of renewable energy certificates (RECs).	The Company has not yet set climate-related targets.	
(4) In the past two years, did the Company conduct statistics of GHGs emission and the total weight of waste discharged and enact policies to save energy and reduce carbon	✓			In 2021, the Company started to collect figures on greenhouse gas emissions and wastes disposed of. For its policy and implementation, see the Corporate Sustainability Report. According to the "Sustainable Development Roadmap of the Listed Companies", the Company has paid-in capital of less than NTD 5 billion and should be subject to greenhouse gas inventory and verification in the third stage (2026); and the consolidated subsidiaries of the Company (including the subsidiaries reported in the consolidated statements) should be subject to the greenhouse gas inventory and verification in the fourth stage (2027); In accordance with the reference guidelines and relevant regulations of the competent authority, we will continue to complete the plans such as setting up full-time (part-time) units, detailed promotion schedules for each planned project, formulating complete inventory procedures and the phased targets for supervision and control by the Board of Directors, and report the progress to the Board of Directors on a		No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons														
	Yes	No																
emission, lower GHGs, save water, and manage waste disposal?			<p>quarterly basis, continue to control greenhouse gas inventory and verification, and disclose schedule for completion; the timeline for greenhouse gas inventory and verification of the Company and all subsidiaries is planned as follows:</p> <table border="1"> <thead> <tr> <th>Tasks</th> <th>Estimated time of completion</th> </tr> </thead> <tbody> <tr> <td>Establish full-time (part-time) units, assess the number of full-time (part-time) staff and their scope of duties, and set up internal verification department.</td> <td>Q3 2024</td> </tr> <tr> <td>Talent training, strategic objectives, control mechanisms, internal verification and external verification planning.</td> <td>Q3 2024</td> </tr> <tr> <td>Greenhouse gas inventory (the Company)</td> <td>Q3 2026</td> </tr> <tr> <td>Greenhouse gas inventory (the Company and all subsidiaries)</td> <td>Q3 2027</td> </tr> <tr> <td>External verification (the Company)</td> <td>Q2 2028</td> </tr> <tr> <td>External verification (the Company and all subsidiaries)</td> <td>Q2 2029</td> </tr> </tbody> </table>	Tasks	Estimated time of completion	Establish full-time (part-time) units, assess the number of full-time (part-time) staff and their scope of duties, and set up internal verification department.	Q3 2024	Talent training, strategic objectives, control mechanisms, internal verification and external verification planning.	Q3 2024	Greenhouse gas inventory (the Company)	Q3 2026	Greenhouse gas inventory (the Company and all subsidiaries)	Q3 2027	External verification (the Company)	Q2 2028	External verification (the Company and all subsidiaries)	Q2 2029	
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IV. Social Issues (1) Did the Company comply with relevant laws and the International Bill of Human Rights to enact relevant management	✓		<p>The Company fulfills its corporate social responsibility, protects the basic human rights and related rights and interests of all employees, customers and stakeholders, recognizes and supports the spirit and basic principles of human rights protection revealed in international human rights conventions such as the UN Universal Declaration of Human Rights, UN Global Compact and the ILO Conventions, and formulates relevant management policies such as work rules, absence management measures, measures for prevention and punishment of sexual harassment, and channels for opinions and appeals based on the spirit of human rights, so as to protect and respect the basic labor rights of</p>	No significant difference														

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
<p>policies and procedures?</p>			<p>employees and offer equal opportunities. The policies are as follows:</p> <ol style="list-style-type: none"> 1. Support and respect international human rights within the scope of the business influence. 2. The recruitment, selection, employment, distribution, job experience, remuneration and benefits, promotion, education and training and retirement plans of employees shall not differ on the basis of race, class, language, ideology, religion, political party, place of origin, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical and mental disabilities and trade union status. 3. Employees are employed on a non-discriminatory basis, offered fair opportunities in hiring, remuneration and benefits, training, evaluation and promotion, and provided with an effective and appropriate grievance mechanism to avoid and respond to situations that endanger the rights and interests of employees. 4. Child labor under the age of 16 is prohibited and forced labor is not permitted. 5. Create a gender-equal workplace, implement systems for leaving without pay for childcare, and provide family care leave, physiological leave, pregnancy check-up leave, leave for accompanying wife to do pregnancy check-ups and paternity leave. 6. Anti-discrimination, bullying and harassment. 7. Respect the rights of employees, employees can freely associate in accordance with the law, set up diverse associations, and actively persuade colleagues to join associations. <p>Below is the implementation of the human rights protection policy: An employment policy that emphasizes non-discrimination; no child labor, nor complaints of bullying or harassment; trying to create a safe pregnancy and friendly childbirth environment, compliance with the Act of Gender Equality in Employment. In 2023, two employees applied for maternity leave and one employee applied for parental leave.</p>	

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
(2) Did the Company enact and implement reasonable employee welfare measures (including remuneration, holidays, and other welfare) and reflect management performance or result in employee remuneration?	✓		<p>The Company has taken reasonable measures for employee welfare, and conducts questionnaires before and after the event, questionnaires are designed tailored to the needs of employees, and taken as an indicator of improvement.</p> <p>The Company provides a competitive remuneration system. It pays in multiple combinations, including base pay, allowances, bonuses, and employee stock ownership trusts, supplemented by wedding gifts, birth allowance, and travel allowance, in a way to represent a complete salary and reward structure.</p> <p>The remuneration for employees shall be determined in accordance with Article 23 of the Articles of Association of the Company: The profit before tax of the current fiscal year does not include the remuneration for the board of directors and employee compensation. If there is a balance after covering the losses, the Company shall set aside no less than 1% of its annual profits to employees as remuneration. In addition, the variable remuneration is paid based on the work objectives of the management, departments and the personal KPIs, combined with the operation management policy, while rewarding systems are designed taking ISO9001, ESG related indicators and achievement of substantive operating results into consideration to reward colleagues.</p> <p>The Company executes the remuneration system that considers both operational performance and risk management, values employee contribution and values, encourages employees to work together with the Company for innovative management performance and achieving sustainable development.</p>	No significant difference
(3) Did the Company provide employees a safe and healthy work	✓		The Company avoids potential health and safety risks caused by work patterns and regularly reviews the health of employees. Security risks and improvement plans Adopt a corporate environmental responsibility approach and build a friendly environment, energy saving and waste reduction; Comply with government laws and regulations related	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons																		
	Yes	No																				
environment and periodically conduct safety and health education for employees?			<p>to environmental safety, health and labor, and safeguard legitimate rights and interests of workers, without endangering the basic rights of labor, and protect the safety of employees at work and maintain employee health; Invest effective resources through annual occupational safety and health education and training (including internal and external training), and formulate relevant management measures to train employees in emergency response, promote the physical and mental health of employees and provide a safe and healthy working environment.</p> <p>1. Number of health check-up visits in 2023</p> <table border="1"> <thead> <tr> <th>The number of persons to receive health checkup in the Company and its subsidiaries</th> <th>Number of persons who have not received health checkup</th> <th>Completion rate</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>14</td> <td>56%</td> </tr> </tbody> </table> <p>2. In 2023, none suffered from any occupational safety accident in the Company.</p> <p>3. Attendance and duration of the Company's safety and health training in 2023</p> <table border="1"> <thead> <tr> <th>Training targets</th> <th>Number of persons who have received training</th> <th>Total training hours</th> </tr> </thead> <tbody> <tr> <td>Number of new hires</td> <td>28</td> <td>168</td> </tr> <tr> <td>Occupational safety and health personnel</td> <td>26</td> <td>54</td> </tr> <tr> <td>Accumulated number of persons and hours</td> <td>54</td> <td>222</td> </tr> </tbody> </table>	The number of persons to receive health checkup in the Company and its subsidiaries	Number of persons who have not received health checkup	Completion rate	25	14	56%	Training targets	Number of persons who have received training	Total training hours	Number of new hires	28	168	Occupational safety and health personnel	26	54	Accumulated number of persons and hours	54	222	
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Accumulated number of persons and hours	54	222																				
(4) Did the company	✓		The Company reviews and improves the relevant systems every year, respects equal	No significant																		

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
build effective career competence development plan for employees?			<p>rights in the workplace, and ensures equal work opportunities to promote healthy and positive industrial relations; Conduct performance evaluation of employees at regular intervals</p> <p>Propose appraisal opinions and collect employee opinions aimed at improving the overall performance of individuals and the organization</p> <p>Fair and reasonable performance appraisal procedures are conducted as a basis for job promotions, salary adjustments and employees career development.</p> <p>The Company offers at least a supervisor training course a year. From October 30 to 31, 2023, it held a goal consensus camp for supervisors (including the General Manager) to center on and discuss future strategic planning. Topics of the course included sharing the Company's organizational culture, operation and management, leadership practice in annual planning for targets, and discussions on recent hot topics such as ESG. In addition, interactive discussions shared by external lecturers allowed participating supervisors to brainstorm and learn about the latest management thinking.</p>	difference
(5) Did the Company comply with relevant laws and international principles for products and services regarding customer health	✓		The Company provided sales contracts, labels, and disclosure information according to laws; the Company formulates the mechanism for relevant protection rights and communication channels, and has a special unit responsible for after-sales services and safeguarding consumer rights and interests.	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
and safety, customer privacy, marketing and labelling and other issues, and enact relevant protection rights policies for consumers or customers and complaint procedures?				
(6) Did the Company enact supplier management policies to request suppliers to comply with relevant rules and regulations for issues of environmental protection,	✓		<p>The Company has set the "Key Points of Manufacturers in Assessment and Evaluation", under which it will conduct evaluation on suppliers, and the evaluation criteria are divided into five aspects of assessments, such as progress, quality, cost control, safety and health, and cooperation; The Company's supplier audits include internal audits; the Company's high-level joint audit team conducts inspections on progress, quality and occupational safety.</p> <p>1. Environmentally friendly: Adopt multi-faced management measures, covering wastes, water resources, greenhouse gases, noise, soil and groundwater pollution, and air quality, to mitigate the impact on the environment during operations, while increasing clean energy and ecological restoration.</p>	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
occupational safety and health, or labors' human rights and how is the implementation?			<p>2. Occupational safety, health and labor rights: Comply with laws and regulations such as the Occupational Safety & Health Act, the Labor Standards Act and other industry-related laws and regulations, rules for facilities of occupational safety and health, etc., and ensure that the internal systems can continue to comply with relevant laws and regulations. Arrange drills and trainings at workplace, including "occupational safety and health" and "fire management", etc., so as to inject the concept of safety and health into the working habits of all employees and enhance their awareness of safety and health.</p> <p>In addition, in order to ensure that the systems and management measures for occupational safety and health implemented internally can keep pace with the times, the Company plans to introduce ISO 9001 architecture planning, coupled with internal audits, management review, automatic inspection, safety and health inspection and other mechanisms to check whether the above systems are put into practice, and will take immediate actions when there are security vulnerabilities or opportunities for improvement.</p>	
V. Did the Company follow compiling principles or guidance of standard international reports when compiling sustainability reports to disclose	✓		The Company's sustainability report is prepared based on international standards or guidelines to disclose non-financial information, and with reference to the auditing standards for relevant certification bodies in the future according to development trends or regulations.	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
non-financial information of the Company? Did the said report acquire the certification and guarantee opinion from the third-party certification agency?				
<p>VI. If the Company enacts its own Principles for Code of Practice for Sustainable Development according to the “Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Company,” please describe the difference between actual operations and enactment: The Company has established a Sustainable Development Committee, which is expected to formulate and implement the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies.</p>				
<p>VII. Important Information that helps to understand promotion of sustainable development: The Company has disclosed the 2022 sustainable development implementation report in its website. On November 10, 2023, it reported the implementation to the Board of Directors, which was informed thereof and had no objection thereto. The major implementation scenarios are briefly described below:</p> <ol style="list-style-type: none"> 1. Social good activities: Since its establishment in 2012, Sanfar Education Foundation, with artistic education, student aid, and career exploration as its core values, expects to spread knowledge to every corner of urban and rural areas through education. Awarded the Wenxin Award by the Ministry of Culture for its special contribution to maintaining and promoting Taiwan's art and culture, it also cooperated with Jingo International Records Co., Ltd., a 100% subsidiary. 2. Environmentally friendly: Take multi-faceted management measures, including waste, water resources, greenhouse gases, noise, soil and groundwater pollution, air quality, etc., to reduce the impact on the environment during operation, promote clean energy and 				

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>ecological restoration, develop circular economy, and build a green living circle.</p> <p>3. Energy conservation and emission reduction actions: integrate the concept of sustainability into buildings, such as ventilation and lighting patios and electric vehicle charging equipment in building design designed for energy conservation and carbon reduction; The use of LED energy-saving bulbs in the office and the addition of recirculating fans to help cool down the indoor temperature, reduce the use of air conditioning, and reduce energy consumption and carbon emissions.</p> <p>4. Occupational Safety and Health Management System: The Company plans and implements an occupational safety management system through the ISO 9001 framework, coupled with internal audits, management review, automatic inspection, safety and health inspection and other mechanisms to check whether the above systems are put into practice, and will take immediate actions when there are vulnerabilities or opportunities for improvement.</p> <p>5. Community communication: Asphalt laying works without road damage on the road surface near the construction site; Manage domestic wastewater, vehicle cleaning, surface runoff (rainwater) at the construction base; fence greening; Cleaning the exterior walls of neighboring houses, gutters, and regular visits for neighborhood watch.</p> <p>6. Communication with stakeholders and responses: The Company provides communication channels regarding and responses to major issues of concern to stakeholders. Communications with stakeholders in 2023 were reported at the board meeting dated November 10, 2023 and disclosed on the official website. (https://www.sanfar.com.tw)</p>	
<p>VIII. Information of the Listed Company on Climate</p> <p>(1) State the supervision and governance of the Board of Directors and management over</p>	✓		<p>Sanfar Property responds to the UN's sustainable development goals by developing a climate governance strategy to deal with the risk arising from climate change and regularly reporting to the Chairman and to the Board of Directors for consideration.</p>	No significant difference

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
climate-related risks and opportunities				
(2) State how the identified climate risks and opportunities affect the Company's operations, strategy and finance (in the short-, medium- and long-term)	✓		Climate change will increase construction safety concerns, such as such as long exposure of workers in sunlight or damage to the quality of a construction project due to a strong earthquake in Taiwan.	No significant difference
(3) State the financial impact of extreme climate events and transition	✓		In 2022, the Company had no financial losses due to climate risk, and the amount of losses was NT\$0.	No significant difference
(4) State how the identification, assessment and management of climate risk are integrated into the overall risk management system	✓		In the future, Sanfar Property expects to incorporate the management of climate-related risks and opportunities into the existing risk management procedures. All departments of Sanfar Property will identify the climate change risks and opportunities related to its operations and propose corresponding measures, which will be reviewed by the department head and then reported to the corporate governance group, as a basis for developing the climate-related governance strategy.	No significant difference
(5) If scenarios are used to	✓		Not applicable	The Company has

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
analyze and assess the resilience to climate change risk, state the scenarios used, parameters, assumptions, analysis factors and main financial impacts.				not used scenarios to analyze climate risks
(6) If there is a transition plan to manage climate-related risks, state the content of the plan, and the indicators and targets used to identify and manage physical risk and transition risk.	✓		The plan to respond to climate risks has not yet been finalized.	
(7) If internal carbon pricing is used as a planning tool, state the basis for pricing.	✓		Not applicable	No internal carbon pricing
(8) If there are climate-related targets, state the activities	✓		No climate-related targets	

Evaluation Item	Execution (Note 1)						differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary Description					
covered, the scope of greenhouse gas emissions, the schedule, and annual progress; if carbon offsets or renewable energy certificates (RECs) are used to achieve such targets, state the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) to be offset.								
(9) Greenhouse gas survey and assurance, reduction targets, strategy and action plan	✓		In 2022, Sanfar Property first surveyed the annual electricity consumption of Taipei Office and 4 construction sites in northern and southern Taiwan. As a reference for implementing energy conservation and emission reduction in offices in the future, we will continue to expand the scope of survey and gradually include the construction electricity consumption of office buildings and construction sites in all regions, so as to fully make energy conservation and emission reduction targets and management methods.				No significant difference	
IX. State the greenhouse gas emissions in the	✓		Year	Category 1		Category 2		No significant difference
				Sanfar	Jingfuxiang	Sanfar	Jingfuxiang	

Evaluation Item	Execution (Note 1)							differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary Description					
past two years and the scope of data coverage				Property	Construction	Property	Construction	
			2021	9.4 Metric tons CO2e	-	41.9 Metric tons CO2e	127.7 Metric tons CO2e	
			2022	11.6 Metric tons CO2e	-	38 Metric tons CO2e	214.9 Metric tons CO2e	
X. State the assurance of greenhouse gas in the past two years as of the date of the annual report, including the scope of assurance, the assuring organization, the criteria for assurance and assurance comments	✓		KPMG was appointed for limited assurance engagements on Category 1 direct greenhouse gas emissions and Category 2 indirect energy emissions in greenhouse gas statement 2022 according to ISAE 3410 Assurance Engagements on Greenhouse Gas Statement. Based on the executed procedures and evidence obtained, no preparation was found not in accordance with the GHG Protocol in all material respects.					No significant difference
XI. State the base year for greenhouse gas reduction and its data, reduction targets, strategy, action plan and	✓		No greenhouse gas reduction targets					

Evaluation Item	Execution (Note 1)		Summary Description	differences from the Code of Practice under the Best Practice Principles for Sustainable Development of TWSE/TPEX Listed Companies and reasons
	Yes	No		
achievement of reduction targets				

(VI) Difference and Reason between Trust Management of the Company and the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Operations		Summary Description	Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No		
I. Enactment of Trust Management Policies and Initiatives				No significant

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the "Trust Management Best Practice Principles for TWSE/TPEX Listed Companies" difference
	Yes	No	Summary Description	
(1) Did the Company enact trust management policies adopted by the Board of Directors and statement policies and procedures clearly in rules and regulations and external documents? How is the promise of the Board of Directors and the high-ranking management level being carried out?	✓		(1) In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company has formulated the "Code of Integrity Management", "Operational Procedure and Behavior Guidelines of Trust Management", "Code of Ethical Conduct", and "Reporting System", which have been adopted by the Board of Directors, the relevant policies specifically regulate the matters that the Company's personnel should pay attention to during performance of duties, intending to be mutually bound; the Company will at least once a year hold education and publicity on "prevention of insider trading" and "integrity management" related issues for current directors, managers and employees.	
(2) Did the Company build an evaluation mechanism for risks of untrustful behavior and periodically analyze and evaluate operational events that may involve relatively untrustful behavior risk in the scope of operations to enact prevention initiatives from untrustful behavior? Does that at least	✓		(2) In business activities, in addition to specifically regulating the matters that the Company's personnel should pay attention to during performance of duties, the Company externally signs anti-bribery clauses with manufacturers and contractors, all suppliers or third parties must	

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
<p>include prevention measures of behaviors stated in Article 7-2 of the Best Practice Principles of Trust Management for TWSE/TPEX Listed Companies?”</p> <p>(3) Did the Company clearly enact operational procedures, behavioral guidelines, disciplines for violation, and complaint system to prevent untrustful behavior? Did the Company execute accordingly and periodically review the said initiatives?</p>	✓		<p>follow the Company's procurement systems, and suppliers must issue a "good faith statement" and "letter of consent as to not hire illegal workers" to jointly protect the rights and interests of both parties.</p> <p>(3) The Company has specified operating procedures, conduct guidelines, systems for whistleblowing, punishment and appeal under the Code of Ethical Management, Operational Procedure of Trust Management and Behavior Guidelines, Code of Ethical Conduct, and Whistleblowing System.</p>	
<p>II. Implementation of Trust Management</p> <p>(1) Did the Company evaluate trust records of related parties and put rules governing trust behavior in contracts that are signed with related parties?</p> <p>(2) Did the Company set up a designated department under the Board of the directors to take charge of trust management of the Company and did it report to the Board of Directors periodically (at least once</p>	✓		<p>(1) All contracts between the Company and manufacturers and contractors include the Affidavit of Integrity, which contains bribery prevention terms and a complaint system.</p> <p>(2) In addition to the Audit Committee under the Board of Directors, the Company has the Management Department and the Legal Team to promote</p>	No significant difference

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
<p>per year) about trust management policies and prevention initiatives as well as execution monitoring?</p> <p>(3) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?</p>	✓		<p>business conduct, which are responsible for developing, and supervising the implementation of, the business conduct policy and insider trading prevention measures, mainly including the internal advocacy policy and annual training arrangements. On November 10, 2023, the implementation was reported to all directors at the board meeting.</p> <p>(3) The Administration Department is responsible for trust management policies and enactment and implementation monitoring of trust management policies and its prevention initiatives and periodically reports to the Board of Directors. The report is listed in follow-up items of internal control. The Company enacted the Principles for Trust Management Practices, Operational Procedure of Trust Management and Behavior Guidelines, the Code of Ethical Conduct, the Reporting System, and Policies to Prevent Interest Conflict to provide proper communication channels. Till the publishing date of this annual</p>	

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
(4) Did the Company set up an effective accounting system and internal control system to realize trust management and enact a relevant audit plan according to evaluation risk of untrustful behavior conducted by the internal audit department to check the implementation of prevention initiatives or did the Company entrust CPAs to audit?	✓		<p>report, Board Directors, managers, employees, entrusted parties of the Company (including subsidiaries) did not demonstrate untrustful behavior during business operations.</p> <p>The internal audit department, according to risk evaluation results, enacts an annual audit plan. After reviewed by the Audit Committee and approved by the Board of Directors, the Department reports to the Committee and the Board about audit operations. The Company and suppliers enacted rules governing anti-briberies and therefore, there is no interest conflict.</p>	
(5) Did the Company periodically organize internal	✓		<p>(4) The internal audit and control system and accounting system are established and auditors carry out operations according to the plan.</p>	

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”						
	Yes	No	Summary Description							
and external educational training on trust management?			<p>(5) The Company focuses on the formulation and supervision over the implementation of policies for integrity management and insider transaction prevention internally; and procures that the procurement team advocates the Company's integrity policy and business philosophy to suppliers externally. In addition, the Chairman of the Board of Directors advocates the concept of ethics and integrity and corporate governance at the executive meeting and the monthly meeting of all employees, specifically the matters that the Company's colleagues should pay attention to in the transaction of business.</p> <p>In 2023, the Company completed the following business conduct and insider trading prevention advocacy education courses:</p> <table border="1"> <thead> <tr> <th>Name of Courses</th> <th>Name of Course</th> </tr> </thead> <tbody> <tr> <td>External training</td> <td>2023 Insider Trading Prevention Initiative Meeting</td> </tr> <tr> <td>External</td> <td>The role and duties of the Board of</td> </tr> </tbody> </table>	Name of Courses	Name of Course	External training	2023 Insider Trading Prevention Initiative Meeting	External	The role and duties of the Board of	
Name of Courses	Name of Course									
External training	2023 Insider Trading Prevention Initiative Meeting									
External	The role and duties of the Board of									

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”						
	Yes	No	Summary Description							
			<table border="1"> <tr> <td>training</td> <td>Directors/senior management in ESG governance</td> </tr> <tr> <td>External training</td> <td>2023 Cathay Summit Forum on Sustainable Finance and Climate Change</td> </tr> <tr> <td>Internal training</td> <td>Theme: Business conduct and insider trading prevention Participants: 40 employees of the Company (including managerial officers)</td> </tr> </table>	training	Directors/senior management in ESG governance	External training	2023 Cathay Summit Forum on Sustainable Finance and Climate Change	Internal training	Theme: Business conduct and insider trading prevention Participants: 40 employees of the Company (including managerial officers)	
training	Directors/senior management in ESG governance									
External training	2023 Cathay Summit Forum on Sustainable Finance and Climate Change									
Internal training	Theme: Business conduct and insider trading prevention Participants: 40 employees of the Company (including managerial officers)									
<p>III. Operations of the Reporting System of the Company</p> <p>(1) Did the Company enact a concrete reporting and incentive system and develop convenient reporting channel or appoint the designated personnel for parties being reported?</p> <p>(2) Did the Company enact standard operational procedures for handling violation reports and what are continuous measures or relevant confidentiality protection mechanisms?</p> <p>(3) Did the Company adopt protection measures to</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up internal and external whistleblowing channels, in the charge of the dedicated unit, and the identity of the whistleblower is kept confidential. If an employee, vendor or contractor acts in violation of good faith, he/she can file a complaint in writing/ via a phone call/E-mail: contact_supervisor@sanfar.com.tw.</p> <p>(2) The Company has set up internal and external whistleblowing channels, in the charge of the dedicated unit, and the identity of the whistleblower is kept confidential.</p> <p>(3) In the course of investigation, the Company will not allow the whistleblower to be mishandled or</p>	No significant difference						

Evaluation Item	Operations			Difference and Reason between Trust Management of the Company and the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Summary Description	
prevent inappropriate handling of reporters?			threatened, and a whistleblower may file a report anonymously.	
IV. Enhancement of Information Disclosure (1) Did the Company disclose contents enacted in the Principles of Trust Management and promotion effectiveness on its website and MOPS?	✓		(1) The Company has created a website: (https://www.sanfar.com.tw) and disclosed the Code of Business Conduct and its implementation on the website. Complete, accurate and real-time information has been disclosed on the MOPS. For the progress of promotion, see the Annual Report and the ESG Report.	No significant difference
V. If the Company, according to the “Trust Management Best Practice Principles for TWSE/TPEX Listed Companies,” enacted its own principles, please describe the difference between its operations and principles enacted: The Company's Operational Procedure of Trust Management and Behavior Guidelines have been approved by the Board of Directors, put into practice and regularly reviewed under the internal control systems and related measures and standards, without major differences.				
VI. Other important information helpful for better understanding of ethical corporate management: The Company engages in all business activities based on the philosophy of good faith, mutual assistance, professionalism and responsibility. Internally, it the Management Department and the Legal Team to promote business conduct, which are responsible for developing, and supervising the implementation of, the business conduct policy and insider trading prevention measures, mainly including the internal advocacy policy and annual training arrangements. The implementation is reported to the board meeting at least once a year. Externally, the procurement team promotes the Company's corporate governance best practices and the business philosophy to suppliers. The Chairman of the Board of Directors advocates the concept of ethics and integrity and corporate governance at the executive meeting and the monthly meeting of all employees to promote the sustainable development of the Company.				

(VII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles.

In order to strengthen corporate governance, the Company has developed the Code of Business Conduct, the Code of Ethics, the SOP and Guidelines for Business Conduct for directors, managerial officers and employees to follow. For relevant information, visit the MOPS (<http://mops.twse.com.tw/mops>) and the official website (<https://www.sanfar.com.tw>) in the following path: Stakeholders -> Investors -> Corporate Governance -> Management Systems -> Code of Practice for Corporate Governance.

(VIII) Please disclose other important information that helps to understand the operations of corporate governance of the Company:

1. The Company has set up Functional Committees such as the Remuneration Committee, the Audit Committee, and the Nomination Committee, with Tsai Wen-Ling, the Head of Corporate Governance, assisting the Board of Directors in operational business.
2. SOP for significant internal information and insider trading prevention:
 - (1) The Company has developed the SOP for significant internal information and insider trading prevention. Documents related to the disclosure of significant information shall comply with the internal approval process.
 - (2) Disclosure of important information of the Company shall be handled by the spokesperson of the Company and except for the representative, spokesperson, and acting spokesperson, without authorization of the Company, no important internal information shall be disclosed to outsiders.

(IX) Items that shall be disclosed about execution of internal control system:

1. Internal Control Statement

Sanfar Property Limited
Statement of Internal Control System

Date: February 20, 2024

Based on the results of self-evaluation, the following statement is made in respect of the 2021 Internal Control System

1. The Company knows very clearly that it is the responsibility of the Board of Directors and managers to establish, implement, and maintain the internal control system and the Company has set up that system. The purpose is to maintain effectiveness and efficiency of operations (including profit, performance, and protection of asset safety), reliability, timeliness, transparency of reporting, and compliance with relevant rules and regulations to ensure reasonable assurance.
 2. There are some limitations to the internal control system. No matter how good the design is, one effective internal control system can only provide reasonable assurance to achieve the said three objectives. Additionally, due to changes in environment and situation, the effectiveness of the internal control system may change accordingly. But the internal control system of the Company is developed with the self-monitoring mechanism and once a defect is identified, the Company will immediately adopt corrective actions.
 3. The Company, according to the “Internal Control System Best Practice Principles for TWSE/TPEX Listed Companies” (hereinafter referred to as “the Handling Principles” to regulate the determination of items for the effectiveness of the internal control system to get to know the effectiveness of design and execution. Determination items of the internal control system adopted by the “Handling Principles” divide the system into five composition elements according to its management procedure: 1. Control environment; 2. Risk evaluation; 3. Control operations; 4. Information and communication, and monitoring operations. There are several sub-items under each composition element. For the said items, please refer to rules governing the “Handling Principles.”
- IV. The Company has evaluated the effectiveness of design and implementation of its internal control system in accordance with the above criteria.
- V. Based on the evaluation results in the preceding paragraph, the Company is of the opinion that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2023, including learning the effectiveness of operations and the achievement of its efficiency target, reliable, timely, transparent reporting, and the design and implementation of the internal control system in compliance with applicable codes, acts and rules, is effective and can reasonably ensure the achievement of the said objectives.
6. This Statement becomes major contents of the annual report and open statement of the Company and is disclosed to the public. Any fabrication and closure of the said open contents violate Article 20, 32, 171, and 174 of the Securities and Exchange Act and relevant legal responsibilities shall be taken.

VII. This statement was approved by the Board of Directors dated February 20, 2024. All of the seven directors present agreed and none objected.

Sanfar Property Limited

Chairman: Dingsheng Zhong Signature

General Manager: Liu Shu-Hung Signature

2. If CPAs are entrusted with auditing the internal control system, the audit report prepared by CPAs shall be disclosed: None.

(X) Penalties, major defects, and improvement of the Company and its internal personnel being punished due to violation to the internal control system according to laws or by the Company in recent accounting year and till the publishing date:

1. Penalties of the Company and its internal personnel being punished according to laws: None.
2. Internal personnel being punished due to violation of the internal control system by the Company: None.

(XI) In the recent year and until the publishing date of the annual report, important resolutions adopted by meetings of shareholders and the Board of the Directors:

1. Resolutions of the 2023 Annual General Meeting:

Date of the General Meeting Date	Contents of Important Resolutions	Resolution result and implementation
2023/5/29	<ol style="list-style-type: none"> 1. Ratification of the 2022 Annual Report and Financial Statements. 2. Ratification of the distribution of 2022 earnings. 3. Adoption of the resolution on amendment to the “Rules Governing Shareholders’ Meetings” of the Company. 	<ol style="list-style-type: none"> 1. All proposals are adopted by vote. 2. It was adopted by voting that a cash dividend of NT\$ 0.427 per share would be distributed on September 20, 2023 for shares purchased before September 2, 2023 (ex-dividend base date). 3. All proposals are adopted by vote.

2. Resolutions of 2023 board meetings:

Meeting Date	Significant Resolutions and Results
The 17th	1. 2022 Annual Report and Financial Statements

Meeting Date	Significant Resolutions and Results
meeting of the 13th Board of Directors dated February 22, 2023	<ol style="list-style-type: none"> 2. Proposal for making the General Principles for Pre-Approval of the Non-assurance Service Policy 3. 2022 Internal Control System Statement 4. Distribution of remuneration to directors and employees for 2022 5. Qualifications of all directors and the convener and members of all committees 6. Appraisal of the performance of the Board of Directors and functional committees in 2022 7. Matters related to the 2023 Annual General Meeting 8. Acceptance of shareholder proposals by the 2023 Annual General Meeting
The 18th meeting of the 13th Board of Directors dated April 18, 2023	<ol style="list-style-type: none"> 1. Distribution of 2022 earnings 2. 2023 Business Plan 3. Assessment of the independence and competency of assuring CPAs engaged by the Company and remuneration payable for their appointment in 2023 4. Adjustment to the organizational structure 5. Appointment of new managerial officers 6. Lifting the non-competition restrictions on the General Manager 7. Additional payment to subsidiary Jingfuxiang Construction Co., Ltd. for undertaking Plot No. 181 and 182 in Yongxing 8. Additional payment to subsidiary Jingfuxiang Construction Co., Ltd. for undertaking Plot No. 528 in Liujiading 9. Proposal for revising part of the Code of Practice for Corporate Governance 10. Proposal for developing the SOP for Financial Transactions Between Related Parties 11. Proposal for revising part of the Rules of Procedure for Shareholders' Meetings 12. Proposal for amending the matters related to the 2023 Annual General Meeting
The 19th meeting of the 13th Board of Directors dated May 11, 2023	<ol style="list-style-type: none"> 1. Consolidated financial statements for Q1 2023 2. Proposal for revising the Approval Authority Table 3. Proposal for applying for a credit extension from a financial institution
The 20th meeting of the 13th Board of Directors dated June 5, 2023	<ol style="list-style-type: none"> 1. Proposal for revising the Approval Authority Table 2. Proposal for the Engineering Department subcontracting to subsidiary Jingfuxiang Construction Co., Ltd.
The 21st meeting of the 13th Board of Directors dated August 10, 2023	<ol style="list-style-type: none"> 1. Proposal for determining the base date for distribution of earnings and payment of cash dividends 2. Distribution of remuneration to directors and employees for 2022 3. Change of the General Manager 4. Consolidated financial statements for Q2 2023 5. Proposal for revising the SOP for Significant Internal Information and Insider Trading Prevention 6. Proposal for entering into the MOU with Pleasant Hotels International Inc. 7. Proposal for investing in securities 8. Proposal for issuing the 1st secured ordinary corporate bond in 2023 by the Company 9. Proposal for applying for financing from a financial institution 10. Adjustment of the accounting supervisor

Meeting Date	Significant Resolutions and Results
The 22nd meeting of the 13th Board of Directors dated September 21, 2023	<ol style="list-style-type: none"> 1. Proposal for authorizing the Chairman to purchase real Property for construction or the amount of its right-of-use assets 2. Proposal for donating to Sanfar Education Foundation 3. 2024 Work Plan of the Remuneration Committee 4. Appointment of managerial officers 5. Ratification of the audit supervisor
The 23rd meeting of the 13th Board of Directors dated November 10, 2023	<ol style="list-style-type: none"> 1. Consolidated financial statements for Q3 2023 2. 2024 Audit Plan 3. Proposal for reviewing the charter of all committees under the Board of Directors 4. Proposal for reviewing the continuing education of directors in 2023 and the 2024 continuing education plan 5. Remuneration policy, system, rates and structure for directors and managerial officers in 2023
The 24th meeting of the 13th Board of Directors dated December 26, 2023	<ol style="list-style-type: none"> 1. 2024 budget 2. Appraisal of the performance of managerial officers in 2023 3. Proposal for paying year-end bonuses to managerial officers for 2023 4. Full revision of the internal control system 5. Proposal for fully revising the accounting system
The 25th meeting of the 13th Board of Directors dated February 20, 2024	<ol style="list-style-type: none"> 1. Proposal for reviewing the qualifications of all directors and the convener and members of all committees 2. Appraisal of the performance of the Board of Directors and functional committees in 2023 3. Assessment of the independence and competency of assuring CPAs engaged by the Company in 2023 4. Distribution of remuneration to directors and employees for 2023 5. 2023 Annual Report and Financial Statements 6. Proposal for revising part of the Articles of Association 7. Full re-election of directors 8. Date, venue and cause of the 2024 Annual General Meeting, as well as acceptance of nominations from shareholders representing at least 1% shares and proposal period 9. 2023 Internal Control System Statement 10. Proposal for revising part of the Charter of the Audit Committee and the Rules of Procedure for Shareholders' Meetings 11. Proposal for revising part of the Supervision and Management of Subsidiaries 12. Proposal for revising the Approval Authority Table 13. Proposal for issuing the 1st secured ordinary corporate bond in 2024 by the Company 14. Appointment of the General Manager and Remuneration for His Appointment
The 26th meeting of the 13th Board of Directors dated April 10,	<ol style="list-style-type: none"> 1. Distribution of 2023 earnings 2. Distribution of cash from capital surplus 3. Review and nomination of candidates for directors (including independent directors) 4. Lifting the non-competition restrictions on directors and their representatives 5. Proposal for issuing 2024 restricted stock awards 6. Proposal for amending the cause of the 2023 Annual General Meeting 7. 2024 Business Plan

Meeting Date	Significant Resolutions and Results
2024	8. Proposal for applying for working capital from a financial institution 9. Proposal for making the Code of Practice for Sustainable Development

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion had been recorded or prepared as a written declaration, disclose the principal content thereof: None

(XIII) Summary of the resignation and removal of the Company's chairman, general manager, chief accountant, treasurer, internal audit supervisor, Corporate Governance Officer and R&D supervisor in the most recent year and up to the date of the annual report:

As of March 31, 2024

Job title	Name	Date of taking office	Date of dismissal	Reasons for resignation or dismissal
General Manager	Kuntai Huang	2023.5.01	2023.6.30	Resignation
Acting General Manager	Liu Shu-Hung	2015.8.10	2024.2.29	Resignation

V. INFORMATION ON CPA AUDIT FEES

(I) Audit fees paid to the CPA, to the accounting firm of the CPA, and any affiliated enterprise of such accounting firm, the amounts of both audit and non-audit fees and the details of the non-audit services:

Unit: NT\$ Thousand

Accounting firm	CPAs Name	CPA's Audit Period	Audit fees	Non-audit fees (Note 1)	Total	Note
KPMG	Hung Shiau Fang, Xinting Huang	January 1, 2023 December 31, 2023	1,850	984	2,834	None

Note 1: NT\$350 thousand for tax certification, NT\$9 thousand for business registration, NT\$200 thousand for English finance, NT\$45 thousand for the transfer pricing report, NT\$200 thousand for the greenhouse gas assurance report, and NT\$180 thousand for the sustainability report.

- When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None
- If audit fees decreased by more than 10% compared with the previous year,

disclose the amount, ratio and cause of such decrease: No.

VI. INFORMATION OF CHANGED CPAS: NOT APPLICABLE

VII. THE CHAIRMAN, GENERAL MANAGER, OR THE CFO, WHO HAS WORKED FOR THE ACCOUNTING FIRM TO WHICH CPAS BELONG OR THE AFFILIATED ENTERPRISES IN THE PAST YEAR: NONE.

VIII. CHANGES IN SHARES TRADING AND PLEDGING OF DIRECTORS, MANAGERIAL OFFICERS AND SHAREHOLDERS HOLDING MORE THAN 10% SHARES DURING THE MOST RECENT FISCAL YEAR OR THE CURRENT FISCAL YEAR UP TO THE DATE OF THE ANNUAL REPORT

(I) Changes in shares held by directors, managerial officers and shareholders holding at least 10% shares: Unit: share

Job title	Name	2023		2024, as of March 30	
		Number of Shares Owned Increase/decrease in	Number of shares pledged Increase/decrease in	Number of Shares Owned Increase/decrease in	Number of shares pledged Increase/decrease in
Chairman Representative	Shangshan Industrial Co., Ltd.	0	0	0	0
	Dingsheng Zhong	2,090,134	0	0	0
Director Representative	Shangshan Industrial Co., Ltd.	0	0	0	0
	Mingshen Gao	0	0	0	0
Director Representative	Shangshan Industrial Co., Ltd.	0	0	0	0
	Dingshin Zhong	1,695,240	0	0	0
Director	Cheng-nan Huang	0	0	0	0
Independent Director	Chin-Chang Wu	0	0	0	0
Independent Director	Hsu-hui Hsu	0	0	0	0
Independent Director	Yanfend Wu	0	0	0	0
Acting General Manager	Liu Shu-Hung	0	0	0	0
General Manager	Tiquan Yang (Note 1)	0	0	0	0
Vice General Manager of Planning Department	Hu Ding Hua	0	0	0	0

Job title	Name	2023		2024, as of March 30	
		Number of Shares Owned Increase/decrease in	Number of shares pledged Increase/decrease in	Number of Shares Owned Increase/decrease in	Number of shares pledged Increase/decrease in
Vice General Manager of Sales Department	Huang Li Chen	(2,000)	0	0	0
Deputy General Manager of Engineering	Chiang Fu-Yuan (Note 2)	0	0	0	0
Head of Corporate Governance	Tsai Wen-Ling (Note 3)	0	0	0	0
Manager of Accounting Department	Huijun Wang (Note 4)	0	0	0	0
Major shareholders holding 10% of the Company's shares	Cheng Xin Investment Co., Ltd.	0	0	0	0

Note 1: On March 1, 2024, he took office as General Manager

Note 2: He took office on September 21, 2023 and resigned on February 9, 2023.

Note 3: Due to position adjustment, Tsai Wen-Ling was appointed the head of corporate governance in October 2022 and concurrently served as the accounting supervisor on August 10, 2023.

Note 4: The Chief Accountant Huijun Wang was appointed on 6 May 2022. Her position was adjusted on August 10, 2023.

(II) Shares trading information

Any transfer of equity interests by a director, managerial officer, or top shareholders: not applicable during the most recent fiscal year or the current fiscal year up to the date of the annual report.

(III) Shares pledged information

Any pledge in equity interests by a director, managerial officer, or top shareholders: not applicable during the most recent fiscal year or the current fiscal year up to the date of the annual report.

IX. INFORMATION ON ANY RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN THE SECOND DEGREE BETWEEN THE TOP TEN SHAREHOLDERS BY SHAREHOLDING RATIO.

(I) Information on the relationships between the top ten shareholders by shareholding ratio

Date: March 30, 2024

NAME	BY SHAREHOLDERS THEMSELVES NUMBER OF SHARES HELD		SPOUSE/MINOR'S SHAREHOLDING NUMBER OF SHARES HELD		SHAREHOLDING BY NOMINEE ARRANGEMENT		NAME OF A RELATED PARTY, SPOUSE OR SECOND-GRADE RELATIVE, AND RELATIONSHIPS AMONG TOP TEN SHAREHOLDERS		NOTE
	Number of shares	Share holding Percentage (%)	Number of shares	Percentage of Share holding (%)	Number of shares	Percentage of Share holding (%)	Name (or the name)	Relations	
Cheng Xin Investment Co., Ltd. Representative: Chun-Jung Chung	49,482,844	15.15	-	-	-	-	Chun-Jung Chung	Responsible person	
	19,628,464	6.01	106,127	0.03	-	-	Yang Hsien-Ling	spouse	
Chinchi Investment Company LTD Representative: Hsienling Yang	27,263,263	8.35	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,628,464	6.01	-	-	Chun-Jung Chung	spouse	
Chiyi Investment Company LTD Representative: Hsienling Yang	20,657,313	6.33	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,628,464	6.01	-	-	Chun-Jung Chung	spouse	
Shangfeng Investment Company LTD	16,374,290	5.01	-	-	-	-	-	-	
Chun-Jung Chung	19,628,464	6.01	106,127	0.03	-	-	Yang Hsien-Ling	spouse	
UBS Taipei Branch entrusted with	19,000,000	5.82	-	-	-	-	-	-	

the Trust Property Account of Hsienling Yang									
Changyi Investment Company LTD Representative: Dingsheng Zhong	17,478,869	5.35	-	-	-	-	Dingsheng Zhong	Responsible person	
	5,922,671	1.81	-	-	1,301,250	0.40	Chun-Jung Chung Yang Hsien-Ling	Father and the children Mother and the children	
Chiyu Investment Company LTD	15,534,086	4.76	-	-	-	-	-	-	
Sanfar Property Limited Representative: Hsienling Yang	13,183,004	4.04	-	-	-	-	Yang Hsien-Ling	Responsible person	
	106,127	0.03	19,628,464	6.01	-	-	Chun-Jung Chung	spouse	
Zenfar Architecture Co., Ltd. Representative: Chen Chung Yu	6,839,300	2.09	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

X. THE TOTAL NUMBER OF SHARES AND TOTAL EQUITY STAKE HELD IN ANY SINGLE ENTERPRISE BY THE COMPANY, ITS DIRECTORS AND SUPERVISORS, MANAGERIAL OFFICERS, AND ANY COMPANIES CONTROLLED EITHER DIRECTLY OR INDIRECTLY BY THE COMPANY.

FOUR. CAPITAL OVERVIEW

I. CAPITAL AND SHARES

(I) Sources of Capital

1. Formation of capital Unit: Thousands of shares/Thousands of NT\$

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
September 1993	10 NTD	500	5,000	500	5,000	Capital of establishment 5,000	-	-
June 1998	10 NTD	10,000	100,000	10,000	100,000	Capital increased in cash 95,000	-	-
August 1999	25 dollars	13,500	135,000	13,500	135,000	Capital increased in cash 35,000	-	-
December 2000	10 NTD	16,323	163,230	16,323	163,230	Surplus, Capital Surplus, Remunerations to Employees Transferred to Capital 28,320	-	-

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
August 2001	10 NTD	23,000	230,000	18,000	180,000	Surplus, Capital increased out of earnings 16,770	—	—
August 2002	10 NTD	23,000	230,000	19,000	190,000	Surplus, Capital increased out of earnings 10,000	—	2002.7.5 Tai Cai Shang Zheng Yi Zi No. 0910137083
September 2003	10 NTD	23,000	230,000	20,000	200,000	Surplus, Capital increased out of earnings 10,000	—	2003.8.6 Tai Cai Shang Zheng Yi Zi No. 0920135592
October 2004	10 NTD	26,000	260,000	21,000	210,000	Surplus, Capital increased out of earnings 10,000	—	2004.9.3 Jing Guan Zheng Yi Zi No. 0930138714
March 2005	13.6 dollars	26,000	260,000	23,626	236,260	Capital increased in cash 26,260	—	2005.1.11 Jing Guan Zheng Yi Zi No. 0930160465
September 2005	10 NTD	27,400	274,000	24,358	243,584	Surplus, Capital increased out of earnings 7,324	—	2005.8.15 Jing Guan Zheng Yi Zi No. 0940133629
August 2007	10 NTD	60,000	600,000	25,576	255,763	Surplus, Capital increased out of earnings 12,179	—	2007.7.20 Jing Guan Zheng Yi Zi No. 0960038254
March 2008	8.2 dollars	60,000	600,000	41,680	416,800	PE 161,037	—	2008.4.29 Ri Fu chan Ye Shang Zi No. 09782959010
October 2009	8.32 dollars	100,000	1,000,000	70,000	700,000	Private placement 283,200	—	2009.11.13 Ri Jing Shou Shang Zi No. 09801263750
November, 2010	14 dollars	200,000	2,000,000	100,000	1,000,000	Capital increased in cash 300,000	—	2010.9.14 Jing Guan Zheng Fa Zi No. 0990044984
July, 2011	13 dollars	250,000	2,500,000	160,000	1,600,000	Capital increased in cash 600,000	—	2011.4.2 Jing Guan Zheng Fa Zi No. 1000012862
July, 2012	11.5 dollars	250,000	2,500,000	200,000	2,000,000	Capital increased in cash 400,000	—	2012.5.16 Jing Guan Zheng Fa Zi No. 10100183791
April, 2013	14.85 dollars	250,000	2,500,000	202,404	2,024,040	The first domestic warrant convertible bonds convert to common shares.	—	2012.5.16 Jing Guan Zheng Fa Zi No. 10100183791
April, 2014	13.75 dollars	250,000	2,500,000	204,728	2,047,288	The first domestic warrant convertible bonds convert to common shares.	—	2012.5.16 Jing Guan Zheng Fa Zi No. 10100183791
December, 2014	12.15 dollars	300,000	3,000,000	205,824	2,058,242	The first domestic warrant convertible bonds convert to common shares.	—	Ruling number 0990044984 issued by Financial Supervisory Commission on May 16, 2012 Ruling Number 10100183791
						Retire treasury stocks after acquisition	—	2014.7.28 Jing Guan Zheng Fa Zi No. 1030029445
March, 2015	12.15 dollars	300,000	3,000,000	206,202	2,062,028	The first domestic warrant convertible bonds convert to common shares.	—	2015.3.19 Jing Shou Shang Zi No. 10401049860

Year month	Price of Issuance Price	Authorized Common stock		Paid-in Common stock		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by assets other than cash	Others
July, 2015	14.85 dollars	300,000	3,000,000	266,143	2,661,425	The first domestic warrant convertible bonds convert to common shares.	—	2012.5.16 Jing Guan Zheng Fa Zi No. 10100183791
	10 NTD					Earnings transferred to common stock		2015.7.21 Jing Guan Zheng Fa Zi No. 1040027249
December, 2015	10 NTD	300,000	3,000,000	264,230	2,642,295	Retire treasury stock	—	2015.1.6 Shou Shang Zi No. 10401266370
June, 2016	10 NTD	300,000	3,000,000	261,527	2,615,265	Retire treasury stock	—	2016.6.3 Jing Shou Shang Zi No. 10501118680
September 2018	10 NTD	300,000	3,000,000	281,140	2,811,409	Earnings transferred to common stock	—	2017.9.26 Jing Shou Shang Zi No. 10701121410
September 2019	10 NTD	380,000	3,800,000	300,820	3,008,208	Earnings transferred to common stock	—	2019.9.18 Jing Shou Shang Zi No. 10801125600
January, 2020	10 NTD	380,000	3,800,000	321,004	3,210,040	Retire treasury stock	-	2021.1.6 Jing Shou Shang Zi No. 10901237040
	10 NTD					Earnings transferred to common stock	-	2021.1.6 Jing Shou Shang Zi No. 10901237040
October 2021	10 NTD	450,000	4,500,000	326,554	3,265,541	Earnings transferred to common stock	-	2021.10.13 Jing Shou Shang Zi No. 11001186940

2. Type of shares

Unit: Share

Shares Category	Approved Capital Stock			Note
	Outstanding shares	Non-issued shares	Total	
Common shares	326,554,150	123,445,850	450,000,000	Initial public offering

Note: The Company made the resolution on July 27, 2021 at the shareholders' meeting to amend the Company's total capital to be NTD\$4.5 billion.

3. Related information of Shelf Registration: Not applicable

(II) Shareholder structure

As of March 30, 2024

Shareholding Structure Number	Government Institution	Financial Institution	Other juridical person	Individual	FINI and Foreigners	Total
Number of people	0	0	64	11907	48	12,019
Number of Shares Owned	0	0	207,561,458	105,263,950	13,728,742	326,554,150
Percentage of ownership of shares	0%	0%	63.56	32.23	4.21%	100.00%

(III) Distribution of Shareholdings

1. Ordinary shares

As of March 30, 2024

Classification of shareholding	Number of Shareholders	Number of Shares Owned	Percentage of ownership of shares
1-999	8,516	589,829	0.18%
1,000-5000	2,118	4,579,940	1.40%
5,001-10000	503	3,699,798	1.13%
10,001-15000	209	2,639,263	0.81%
15,001-20000	110	1,977,531	0.61%
20,001-30000	143	3,567,863	1.09%
30,001-40000	92	3,266,019	1.00%
40,001-50000	61	2,748,219	0.84%
50,001-100000	101	7,198,443	2.20%
100,001-200000	73	10,183,546	3.12%
200,001-400000	35	9,708,195	2.97%
400,001-600000	16	7,843,688	2.40%
600,001-800000	6	3,974,765	1.22%
800,001-1000000	6	5,413,053	1.66%
1,000,001-9,999,999,999	30	259,163,998	79.37%
Total	12,019	326,554,150	100.00%

2. Preferred shares: None

(IV) List of Major Shareholders (the total share proportion hold up to 5% or top ten shareholders)

March 30, 2024

Names of Major Shareholders	Share	Number of Shares Owned	Percentage of ownership of shares
Cheng Xin Investment Co., Ltd.		49,482,844	15.15%
Chinchi Investment Company LTD		27,263,263	8.35%
Chiyi Investment Company LTD		20,657,313	6.33%
Chun-Jung Chung		19,628,464	6.01%
UBS Taipei Branch entrusted with the Trust Property Account of Hsienling Yang		19,000,000	5.82%
Changyi Investment Company LTD		17,478,869	5.35%
Shangfeng Investment Company LTD		16,374,290	5.01%

(V) Market price per share, net value, Earnings and dividends for the last two years

Unit: NTD: Thousand shares

Item	Year	2023	2022	The current fiscal year until March 31, 2024 (Note 9)

Item		Year			
		2023	2022	The current fiscal year until March 31, 2024 (Note 9)	
Market price per share (Note 1)	Maximum	21.65	15.15	26.10	
	Minimum	11.75	11.2	22.60	
	Average	14.92	12.99	24.47	
Net value per share (Note 2)	Before distribution	19.84	19.77	20.32	
	After distribution	Note 8	19.34	-	
Earnings per share	Weighted average share numbers	326,554	326,554	326,554	
	Earnings per share (Note 3)	0.27	0.43	0.12	
Dividend per share	Cash dividend		0.24	0.43	
	Stock Dividend	Retained Earning	-	-	-
		Additional paid in capital dividend	Note 8	-	-
	Accumulated unpaid dividend (Note 4)		-	-	-
Return on investment analysis	Price-to-earning ratio (Note 5)		55.26	30.21	-
	Ratio of dividend (Note 6)		Note 8	30.21	-
	cash dividend yield (Note 7)		Note 8	3.3%	-

Note 1: List the highest and lowest market prices of common stocks each year, calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of outstanding shares at the end of the year and the distribution based on the resolution of the shareholders meeting in the following year.

Note 3: If Retroactive Adjustment is required due to circumstances such as Stock Dividends Appropriation, the earnings per share before and after adjustments should be shown.

Note 4: If the equity securities issuance conditions stipulate that the unpaid dividends in the current year could be paid on the year when there is a surplus, the accumulated unpaid dividend of the current year shall be disclosed separately.

Note 5: Price-to-earning Ratio= cash dividend per share/ Earnings per share

Note 6: Ratio of dividend= Average closing price per share for the year/cash dividend per share.

Note 7: cash dividend yield = cash dividend per share/ average closing price per share for the year.

Note 8: Would be finalized after the resolution of the shareholders meeting

Note 9: BVPS and earnings per share are as of the date of the annual report. Data for the latest quarter have not been audited by CPAs. For other fields, data for the year as of the date of the annual report are provided.

(VI) Dividend policy and the execution

1. The Company's dividend policy

Article 23-1 of the dividend policy in the Articles of Association: Any surplus of the Company after annual final accounting will be distributed in the following order:

(1) To pay the tax (2) To cover the losses (3) Stipulate 10% of the earnings to be legal reserve. However, this limit is not applicable when the legal reserve has reached the paid-in capital. (4) Set aside or reverse special reserve in accordance with applicable laws and regulations or operational needs. (5) If there is still balance, it will be combined with the accumulated undistributed surplus of the previous year, and the board of directors shall resolve to retain or distribute the dividends to shareholders by taking the capital situation and economic development of the current year into account, and submit it to the shareholders meeting for approval.

In order to pursue sustainable and stable business development, the company considers capital needs and long-term financial planning, formulate dividend policy, and comprehensively considers retained earnings and future profitability to determine the amount that can be distributed each year. There are two ways of Dividends appropriation, stock dividends and cash dividends. The proportion of cash dividends is not less than 10% of the total dividends of the year. However, when the cash dividend per share is less than 0.5 dollars, the dividend could be paid by stock.

2. Distribution of dividends proposed at the general meeting

It is proposed to distribute to shareholders cash dividends of NT\$78,373,000 (a cash dividend of NT\$0.24 for each share held based on the number of outstanding shares as of December 31, 2023). Cash dividends are paid up to the nearest dollar (rounded down to NT\$1.0) and the residue will be calculated as the Company's other income. Should the cash distribution of retained earnings and capital surplus be adjusted due to the amendment of laws or regulations, a request by competent authorities, or any change of the numbers of outstanding shares, subject to the approved distribution, it is proposed at the General Shareholders' Meeting to authorize the Chairman of the Board of Directors with full power to adjust the distribution ratio.

3. The Company proposes to allocate NT\$0.46 per share from the share premium in respect of the issuance of shares above the par value. The total amount to be distributed is NT\$150,215,000, rounded down to NT\$1. Odd amounts will be totaled and then included in other income.
4. In case of a significant change in the dividend policy, it should be clarified: Not applicable.

(VII) Impact on the proposed stock dividends appropriation in terms of operating results, earnings per share: Nil.

(VIII) Compensation of employees and directors

1. Remuneration of the board of directors and employee compensation stipulated in Acer's Articles of Incorporation.

According to Article 23 of the Articles of Incorporation, the profit before tax of the

current fiscal year does not include the remuneration for the board of directors and employee compensation. If there is a balance after covering the losses, the Company shall set aside not more than 5% of its annual profit to directors as compensation and not less than 1% to employees as profit sharing bonus. The employees' compensation in the previous section may be distributed in the form of either cash or stock bonus. It may be distributed to the employees of subsidiaries of this Company. Qualification requirements of the employees who are entitled to receive the employees' compensation may be specified by the Board of Directors. The decision of paying employee remuneration in the form of stock shares or cash is to be resolved in the board meeting with the attendance of two-thirds of the shareholders and with the consent of the majority of the directors present; also, it must be reported to the shareholders' meeting.

2. The standard of accruing employee compensation and remuneration of the Board of Directors and Supervisors, the standard of distributing employees' compensation in the form of stock bonus, the accounting treatment of the difference between the actual distribution amount and the accrued amount

After the net profit before tax for 2023 is used to make up for losses, if there is any remaining balance, then operating expenses for 2023 are recognized based on the remaining balance times the percentage specified in the Articles of Association. Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements are made and ratified, the difference should be treated as changes in accounting estimates and adjusted in the following year.

3. Distribution of remuneration for the Board of Directors and employee compensation:

- (1) The Board of Directors proposed Distribution of Remuneration:

It is proposed to distribute directors' remuneration for 2023 by cash at NT\$919,140 and employees' remuneration for 2023 by cash at NT\$2,757,419, equal to those amounts recognized for 2023.

- (2) The proportion that the amount of employees' compensation distributed in stock bonus to the net income stated in this year financial statement or individual financial reports, and the total amount employee compensation: None.

4. The actual distribution of the remunerations to employees, Directors and Supervisors in 2018(including distributed shares, amount and price of shares.) Should there be any differences between the actual distribution amount and the accrued amount after the annual financial statements is made and ratified, the revealing differences, causes and treatment.

(1) Actual distribution for 2022:

Compensation to Directors: NTD 1,422,761 dollars Compensation to Employees:
NTD 1,422,761 dollars

(2) Employee bonuses and directors' and supervisors' remuneration actually distributed by the Company from its 2022 earnings are consistent with the proposed distribution approved by the Board of Directors.

(IX) Repurchase the Treasury Stock:

1. Done or not: no.
2. Underway: Nil.

II. Types of corporate bonds

(I) Issuance of Corporate Bonds

Types of corporate bonds	Domestic 2018 Secured corporate bonds for the first time	Domestic 2021 Secured corporate bonds for the first time	Domestic 2021 Secured corporate bonds for the second time	Domestic 2022 Secured corporate bonds for the first time
Issue Date	2019/1/7	2021/12/24	2022/1/10	2022/9/14
Face Value	NTD one million	NTD one million	NTD one million	NTD one million
Location of Issuance and Transaction	Not applicable	Not applicable	Not applicable	Not applicable
Issuing Price	Fully issued according to the par value	Fully issued according to the par value	Fully issued according to the par value	Fully issued according to the par value
Total Amount	NTD One point two billion	NTD 600 million	NTD one billion	NTD one billion
Interest Rate	Coupon rate: 0.96%	Coupon rate: 0.67%	Coupon rate: 0.68%	Coupon rate: 1.7%
Period	5 years Maturity: January 7, 2024	5 years Maturity: December 24, 2026	5 years Maturity: January 10, 2027	5 years Maturity: September 14, 2027
Assurance Organization	Taiwan Business Bank Company Limited by Shares	Agriculture Bank of Taiwan Company Limited by Shares	Hua Nan Bank Company Limited by Shares	Agriculture Bank of Taiwan Company Limited by Shares
Entrustee	Land Bank of Taiwan Company Limited by Shares	Land Bank of Taiwan Company Limited by Shares	Land Bank of Taiwan Company Limited by Shares	Land Bank of Taiwan Company Limited by Shares
Underwriter	Hua Nan Securities Company Limited by Shares	SinoPac Securities Company Limited by Shares	Hua Nan Securities Company Limited by Shares	SinoPac Securities Company Limited by Shares
Certified lawyers	THY Taiwan International Law Offices Attorney, Meiling Yang	Far East Law Offices-Attorney, Yawen Chiu	Far East Law Offices-Attorney, Yawen Chiu	Far East Law Offices-Attorney, Yawen Chiu
Certified Public Accountant	KPMG Accounting firm Tsung-che Chen, CPA Shuying Chang, CPA	KPMG Accounting firm Hung Shiau Fang, CPA Xinting Huang, CPA	KPMG Accounting firm Hung Shiau Fang, CPA Xinting Huang, CPA	KPMG Accounting firm Hung Shiau Fang, CPA Xinting Huang, CPA
Repayment	This corporate bond matures One-time repayment of principal	This corporate bond matures One-time repayment of principal	This corporate bond matures One-time repayment of principal	This corporate bond matures One-time repayment of principal
Outstanding	NTD 1.2 billion	NTD 600 million	NTD 1 billion	NTD 1 billion
Redemption or early redemption clause Repayment Clause	Not applicable	Not applicable	Not applicable	Not applicable
Restrictive clauses	None	None	None	None
Name of the credit rating company, rating date, the rating results of corporate bonds	Taiwan Ratings 2018/2/7 twAA-	Taiwan Ratings 2021/6/2 twAAA	Taiwan Ratings 2021/6/24 twAA+	Taiwan Ratings 2022/4/27 twAAA
Other rights of bondholders	As of the date of this annual report, amount of converted (exchanged or warrant) common shares, ADRs or other securities. Not applicable	Not applicable	Not applicable	Not applicable

Types of corporate bonds		Domestic 2018 Secured corporate bonds for the first time	Domestic 2021 Secured corporate bonds for the first time	Domestic 2021 Secured corporate bonds for the second time	Domestic 2022 Secured corporate bonds for the first time
	Issuance and Conversion (exchange or subscription) rules	See the Company's Regulations governing the issuance of secured corporate bond on the first time in 2018.	See the Company's Regulations governing the issuance of secured corporate bond on the first time in 2021.	See the Company's Regulations governing the issuance of secured corporate bond on the second time in 2021.	See the Company's Regulations governing the issuance of secured corporate bond on the second time in 2022.
Dilution effect on existing shareholder equity, made by issuance and conversion, exchange or subscription, conditions of issuance.		Not applicable	Not applicable	Not applicable	Not applicable
Name of the institution that holds the subject matter for exchange in escrow		Not applicable	Not applicable	Not applicable	Not applicable

(2) Convertible corporate bonds: None.

III. PREFERRED STOCK: NONE.

IV. DEPOSITORY RECEIPT: NONE.

V. EMPLOYEE STOCK OPTION CERTIFICATE: NONE.

VI. RESTRICTED STOCK AWARDS: NONE.

VII. ISSUANCE OF NEW SHARES DUE TO MERGER OR ACQUISITION OF SHARES OF ANOTHER COMPANY:

- (1) Merger: No merger during the most recent fiscal year or the current fiscal year up to the date of the annual report.
- (2) Issuance of new shares due to acquisition of shares of another company: None.
- (3) If the board of directors has resolved to issue new shares through merger or acquisition of shares of other companies in the most recent year and as of the date of printing of the annual report, the implementation status and basic information of the merged or transferred companies should be disclosed: None.

VIII. CAPITAL PROJECTION AND IMPLEMENTATION:

(1) Capital projection:

As of the quarterly period preceding the printing date of the annual report, if the previous issuance or private placement of securities has not yet been completed or has been completed within the last three years and the benefits of the plan have not yet been realized, details of the previous issuance or private placement of securities should be provided, including the contents of the previous change plans, the source and use of funds, the reasons for the change, the benefits before and after the change, and the date the change plan was submitted to the shareholders' meeting, and should be published on the date of entry into the information reporting website designated by the Company: None.

(2) Implementation:

For each of the uses of the plans in the preceding paragraph, analyze, on a quarterly basis, the status of implementation and comparison with the estimated benefits as of

the quarter prior to the date of printing of the annual report, and if the implementation progress or benefits do not meet the estimated targets, specify the reasons, the impact on shareholders' equity, and improvement plans: None.

FIVE. OPERATIONAL OVERVIEW

I. SCOPE OF BUSINESS

(I) Business activities:

1. Scope of business: the company's major lines of business and the relative weight of each: Construction of 84.85% and others of 15.15%.

2. Projects currently operated by the Company:

In 2023, the Company mainly focused on selling completed houses. In 2024, apart from completed MAX Fengjing sales at Qiyan, Beitou District, Taipei, the Sanfar Dream Generation project at Yongxing, Tainan will be completed this year; the Sanfar Chief Courtyard project at Cheng-Deh, Kaohsiung is expected to be completed in Q2 2025 as scheduled. The Sanfar Bridge project at Liujiading, Tainan continues to be pre-sold. Pre-sale projects planned for this year include: the project at Shinzuan, Tainan and the project at Sub-city Center No. 18, Xinzhuang.

3. New products planned for development:

Projects currently planned by the Company include: projects at Shinbon & Wukuaicuo, Kaohsiung.

(II) Overview of the industry:

1. Current status and development of the industry

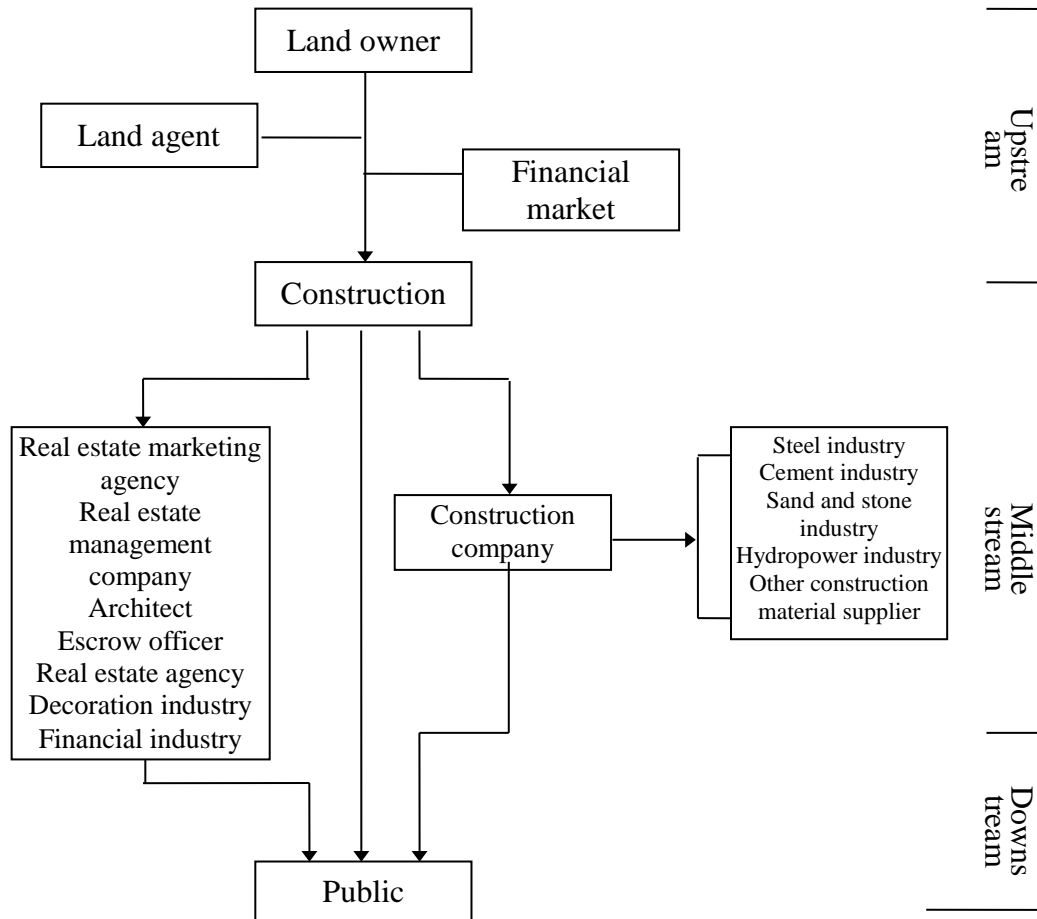
In order to curb inflation, Fed adopted a policy of raising interest rates, which caused turmoil in the global financial market, and the domestic central bank also adopted a policy for gradual increase in interest rates, expected to affect consumers' confidence in buying houses. In the past two years, coinciding with the local election and presidential election at the end of the year, the government has constantly launched policies aimed at cracking down on housing speculation, such as the strict prohibition of resale of pre-sold housing, restrictions on financing civil construction by constructors and other policies, we should hold a prudent attitude to the domestic real estate market, since the second quarter of 2022, the transaction volume of domestic real estate market has shrunk back to rigid demand performance.

Looking forward to 2023, in view of the widening gap between buyers and sellers in terms of price perception, insufficient consumer confidence, unstable international political conditions, government's policies aimed at cracking down on housing speculation, coupled with various factors such as the amendments to the Equalization of Land Rights Act, the pressure of the depreciation of the New Taiwan dollar, and the tense cross-strait geopolitical relations, the the transaction volume in the short-term housing market will shrink due to affect from the decline

in consumer confidence, however, as the existing housing market is supported by rigid demand, real estate is characteristic of preserving value and resisting inflation, it is not easy for house prices to fall. Domestic transactions in the real estate market have shifted from price and volume to volume contraction, and the probability of price stabilization is high.

2. Connection among the Upstream, Middle-stream and Downstream Business

The construction industry is connected with many businesses and the construction companies are responsible for negotiation and integration in the system. Most construction companies acquire land through agents who deal with landowners and the cost of acquiring land is the prime cost of the construction industry; The construction companies are the middle stream (where we are) and responsible for the construction and supply of raw materials for construction (such as iron and steel, and cement) as well as selling (such as real estate marketing agencies and real estate management companies); The downstream refers to the people with the intention of purchasing, including individual investment or self-occupation or business offices, not a particular person.



3. Development trend of products

As land is becoming scarcer and difficult to obtain, future land can be developed in diversification, such as joint construction with landlords, development of surface rights, participation in urban renewal, etc., to obtain land for construction and development; The source of customers in the real estate market have rigid demand; With the diversification of buyers' demand for regional residence or commercial offices, the choice of future projects will be based on convenient transportation, and convergence of markets, schools and parks. The Company will comprehensively take land development, commercial property, planning and other comprehensive services into consideration to achieve diversified and refined product development.

4. Competitors:

(1) Major competitors:

Although there are many listed and unlisted construction companies in Taiwan, since the important factors of location, quality, reputation and price are the main concerns of customers in purchase of real estate, and the planning and strategy of each project will be adjusted with the overall environment and market, and product positioning is made based on the characteristics of customers, making the real estate industry unlike other industries with major competitors, therefore, no significant impact has been made on the Company in despite of many peers.

(2) Segmentation:

The Company understands the risk of offering a single product. Therefore we will adjust strategies in response to the industrial change and market needs instead of maintaining the same strategy. Even more, we plan suitable products and make correct positioning based on the project location and market demand, and segment the market based on the characteristics of local customers in order to expand business and range with a variety of products.

Our future development strategy will be formulated based on the following goals to pursue sustainable growth.

- A. Cross-industry alliance: It is possible for us to form an alliance with peers to jointly develop land and promote sales, so as to achieve product optimization and product positioning in market demand; In combination with the Company's audio-visual business, and cooperate with the hotel industry to build residences with cultural creativity and fine hotel service.
- B. Cross-region management: Focus on the development of the northern and southern Taiwan markets while expanding business in the urban area of central Taiwan.
- C. Sustainable development: Assign a professional management team and provide them with full authority to ensure the interests of shareholders.

(III) Technology and R&D Overview

The construction business of the Company does not have the department responsible for R&D of production techniques or product features. However, in respect of project management, appropriate construction techniques will be applied to control quality and costs to reduce the loss of building materials.

(IV) Long-term and short-term business development projects

1. Short-term business development project:

- (1) Taipei City is the hot spot for construction companies because it serves as the real estate index, and will continue to actively participate in development. The Company continues to be active selling completed houses. For example, it is receiving payments for MAX Fengjing at Qiyang, Taipei City, with the target of achieving zero stock, and increasingly activating store assets for stable cash flows. In addition, the commercial office building at Sub-city Center No. 18, New Taipei is under planning and design and obtained the construction permit in Q4 2020.
 - (2) The Chief Courtyard project at Cheng-Deh, Kaohsiung is under structural construction and now pre-sold; the Sanfar Dream Generation project at Yongxing, Tainan is now being handed over and receiving payments; the project at Liujia, Tainan is under structural construction, now pre-sold and expected to be handed over and receiving payments; the project at Shinzuan, Tainan has obtained the construction permit and is expected to be pre-sold in Q2 2024.
2. Long-term development plan:
- (1) People-oriented, make every building with heart; Provide quality living and working environment.
 - (2) Develop and innovate to ensure construction quality and promote green buildings.
 - (3) Manage the Company with honest and cultivate talents for the society, and create a wide range of jobs.
 - (4) Cross-industry alliance: Work with recreation or hotel industries to build houses with cultural creativity and fine hotel service.
 - (5) Focus on the development of the northern and southern Taiwan markets, cross-regional operation and dispersion of single regional risks.
 - (6) Actively evaluate commercial properties in Japan and the United States and plan overseas investment.

II. MARKET OVERVIEW

(I) Market analysis

1. Major selling region:

Sanfar conducts business in Taiwan only, distributed in Taipei City, New Taipei City, Tainan and Kaohsiung metropolitan areas, no exporting in recent years.

2. Market share

Currently, we have projects in Xinzhuang Fuduxin 235, Wu Kuai Cuo of Kaohsiung

City, Xingbang section, and Xing Zuan section of Tainan City. We go through a complete market survey carefully before building a project instead of occupying a large share in the market by volumes, focusing on the planning and design of market demand and the construction quality. Since we highly focus on construction quality and have a great reputation, the gross margin remains stable despite the small market share.

3. Future outlook of supply and demand as well as growth

(1) Supply and demand

According to data from the National Land Management Agency, MOI, the total number of construction permits for residential projects issued in 2023 decreased by 34,405 units or 19% compared with 2022. This shows that developers were conservative about the future real estate boom, and future supply will depend on market demand.

(2) Demand

According to the Central Bank of the Republic of China, mortgage rates for new housing loans offered by the country's five largest banks (Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank and First Commercial Bank) have risen from historical lows to 2.073%.

Table of new housing loans offered by the five largest banks (Bank of Taiwan, Taiwan Cooperative Bank, Land Bank of Taiwan, Hua Nan Commercial Bank and First Commercial Bank) and mortgage rates:

Unit: New Taiwan Dollars, interest rates (percent per annum)

Year/Month	112/ 01	112/ 02	112/ 03	112/ 04	112/ 05	112/ 06	112/ 07	112/ 08	112/ 09
Amount	36,954	46,265	58,375	46,814	62,481	57,767	56,424	63,201	71,015
Interest rate (%)	1.953	1.980	1.985	2.080	2.101	2.098	2.098	2.091	2.076

Unit: New Taiwan Dollars, interest rates (percent per annum)

Year/Month	112/ 10	112/ 11	112/ 12	113/ 1
Amount	78,774	89,562	98,955	93,195
Interest rate (%)	2.077	2.071	2.079	2.073

According to statistics, in 2023, the total number of buildings transferred in six cities was 236,363 units, down 3% year on year; to be specific, the growth was -6.6% in Taipei, -0.3% in New Taipei, -7.3% in Taoyuan, -5.9% in Taichung, 8.1% in Tainan, and -2.3% in Kaohsiung. The number throughout Taiwan was 306,971 buildings, down 3.5% from 2022, a new low in the past four years. This was mainly because the real estate market saw many impacts. In H1 2023, there were interest rate hikes, the fifth credit control, and the Equalization of Land Rights Act. However, In H2, after the government launched the New Qing'an Loan, self-occupation buyers entered the market, pushing the overall transfer volume to stabilize in Q4.

Occupancy permit for house in last 3 years						
Year	2023		2022		2020	
Area	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)
Total	117,723	16,982,493	111,352	16,410,481	104,149	15,422,986
New Taipei City	18,599	2,382,479	16,518	2,152,212	18,224	2,380,311
Taipei City	5,515	773,698	6,132	888,440	4,544	684,310
Taoyuan City	19,048	2,780,094	16,864	2,447,757	15,314	2,138,696
Taichung City	21,366	3,281,687	21,933	3,308,236	15,738	2,569,592
Tainan City	8,341	1,150,183	8,572	1,363,315	12,965	1,926,360
Kaohsiung City	16,439	2,373,014	15,076	2,149,155	10,227	1,412,783
Taiwan Province	27,850	4,170,775	25,863	4,051,895	26,615	4,252,890

Occupancy permit for house in last 3 years						
Year	2023		2022		2020	
Area	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)	Housing unit	Total floor area (m ²)
Total	145,553	19,340,949	179,958	24,983,163	169,651	24,647,373
New Taipei City	26,179	3,007,985	29,606	3,611,837	23,916	3,343,021
Taipei City	12,240	1,636,982	10,666	1,417,522	11,304	1,548,924
Taoyuan City	18,820	2,437,917	26,702	3,807,191	23,316	3,370,089
Taichung City	24,662	3,752,623	33,647	5,100,552	32,484	5,215,221
Tainan City	8,837	1,170,897	19,888	2,824,111	18,564	2,646,124
Kaohsiung City	17,853	2,299,828	18,989	2,378,883	18,018	2,401,666
Taiwan Province	35,819	4,898,758	39,651	5,737,231	41,470	6,051,793

Transactions and transfers in the last 3 years						
Year	2023		2022		2020	
Area	Building unit	Area (m ²)	Building unit	Area (m ²)	Building unit	Area (m ²)
Sum	306,971	30,133,809	318,101	33,051,013	348,194	37,613,519
New Taipei City	47,693	4,815,534	60,184	5,054,744	68,295	5,979,746

Taipei City	26,735	2,141,192	28,611	2,283,217	30,901	2,581,005
Taoyuan City	40,706	3,917,009	43,935	4,386,084	46,831	4,978,925
Taichung City	47,693	4,615,756	50,695	5,025,219	49,990	5,313,910
Tainan City	24,948	2,714,645	23,091	2,859,444	26,752	3,758,124
Kaohsiung City	36,266	3,563,541	37,117	3,901,107	44,897	4,875,834
Taiwan Province	70,614	8,308,373	73,900	9,484,538	79,700	10,054,348

4. Competitive niche

(1) Sharp land development strategy

Our management team has a sharp sense of land development. A thorough and careful market analysis will be done before purchase. Later the team will build a development project based on the prospects and humanistic quality after acquiring the land. Currently, most properties are located in Taipei, Tainan and Kaohsiung metropolitan areas in response to the booming development.

(2) Full grasp of market demands and rigorous planning

The Company keeps abreast of the public's preferences and trends in houses and office spaces. By arranging the Sales Department and agency sales companies to collect the psychology, functions, budget and square footage preferences of home buyers and users, the Company can know the market demand. After discussions, the Planning Department and architects will design houses that suit the need of the new generation in the future in line with the Company's design philosophy.

(3) Good control of construction quality, process and cost

Jing Fu Xiang Construction, our subsidiary, can effectively control the construction, improve the construction quality and keep the process on track.

(4) Experienced and professional management team

Our team has more than 20 years of experience in construction and pursues professional perfection from selecting land, planning, designing to constructing. We integrate architectural aesthetics and lifestyle, highly value practical work, carefully select construction materials, attend to details and fully understand customers' requirements of buildings and structures in order to provide a safe and comfortable house. Sanfar has won many National Golden Awards for Architecture, building a great reputation and winning customer's trust and recognition.

(5) Stable fund plan and great financial structure

The Company always values its commitment to customers, so it places great emphasis on capital and financial stability. Normally, dedicated personnel are provided to plan for its financial revenue and expenditure control and future capital needs, and through its profits and fund raising, adjust the sources of long-term stable funds to further improve and maintain a good financial structure.

5. Advantage, disadvantage and responsive strategy for future prospect

(1) Advantage

- A. As ESG policy gradually takes shape and becomes a future trend, there are great development potentials and opportunities in commercial or residential development.
- B. The urban land adjustment continues and the extension of High Speed Rail, MRT, expressways and other traffic constructions promote regional growth due to the benefits of the diffusion effect.
- C. In recent years, people have higher expectations of living space due to better life quality on the rise; therefore, people are more willing to change houses that support the housing market needs.
- D. As the traditional thinking of “wealth comes with land” and “marry and settle down” is generally rooted in people’s mind, coupled with the concept of interest rate hike and asset preservation, there is an opportunity to boost the willingness of potential consumers to buy a house.

(2) Disadvantage

- A. The cycle of global interest rate hikes has reached a relatively high level in recent years, however, the US CPI maintains a relatively high level and has not reached the Fed's target value, resulting in a significant lack of consumer confidence in the market and a strong wait-and-see mentality.
- B. The commodity price fluctuates due to international turbulence and volatility of raw materials, leading to the price rise of household goods and suggesting the risk of stagflation.
- C. The number of newly-built vacant houses is relatively high, creating clearance pressure. The risk of interest rate gradually emerges, increasing the capital costs and holding risks.
- D. In recent years, there is a serious shortage of work in the south, resulting in the risks of prolonging the progress on the project and increasing the construction costs.
- E. The Central Bank has introduced a policy aimed at limiting land and construction financing, and the reserve ratio of its own funds has been relatively increased; The Amendments to the Equalization of Land Rights

Act have aggravated consumers' willingness to purchase pre-sale houses, and the policies aimed at cracking down on housing speculation have been continuously released, affecting the confidence of homebuyers.

F. Difficulty in acquiring properties in prime location.

(3) Responsive strategy

A. Carefully select the location of the projects, pay attention to the quality of construction, and strengthen the management of the progress on projects to shorten the construction period.

B. Product diversification, customer segmentation; Improve brand reputation to create higher value-added in order to increase profits

C. Develop raw land and reduce vacant houses.

D. Manage in diversified fields and merger with other industries.

(II) Purpose and process of major products

1. Purpose of major products

The construction business of the Company deals with housing and building development for residential or commercial use.

2. Process of major products

It takes about 3~4 years for the Company to go through the long process of constructing and completing buildings, covering land purchase analysis, design and development, application for the construction permit, commissioned construction, project completion, application for the occupancy permit, completion and delivery, and after-sales service.

(III) Supply of raw materials:

The main raw materials of the Company's construction business are land and construction projects, and the land is mostly purchased from landowners as natural or legal persons without shortage of supply; Most of the construction projects are undertaken by the subsidiary Jing Fu Xiang Construction, so as to effectively grasp the progress and quality of the project from the contract award to acceptance. There is no difficulty or shortage in supply.

(IV) Customer who accounts for 10% or above of net purchase (sales) in these 2 years, the amount and proportion, and description of changes.

1. Major supplier in these 2 years

Unit: NT\$ Thousand

Item	2023				2022			
	Name	Amount	As a percentage of the annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Net purchase (%)	Relationship with the issuer
1	Supplier A	160,476	11%	None	Supplier A	142,329	10%	None
2	Others	1,294,341	89%	None	Others	1,314,368	90%	None
Sum	Net purchase	1,454,817			Net purchase	1,456,697	100%	

Reasons for the increase or decrease of changes: The Company's business projects are mainly entrusted to the construction plant, the amount of contract purchase changes with the progress on the project, and the construction project is mainly based on the location of each project, and the transaction target is not specific.

2. Major customers in these 2 years

Unit: NT\$ Thousand

Item	2023				2022			
	Name	Amount	Percentage of net sales for the whole year (%)	Relationship with the issuer	Name	Amount	As a percentage of annual net sales (%)	Relationship with the issuer
1	Customer A	119,888	12%	Other related	Customer A	263,376	12%	Other related
2	Others	843,233	88%	None	Others	2,010,328	88%	None
Sum	Net sales	963,121	100%		Net sales	2,273,704	100%	

Reasons for increase or decrease: Due to the characteristics of the industry, the Company has no fixed sales targets accounting for more than 10% of the sales in the past two years.

(V) Production and value in these 2 years

Unit: NT\$ Thousand

Production and value Main products	Year		2023			2022		
	Capacity	Output	Value	Capacity	Output	Value		
Real estate (note)	-	0 households	691,201	-	173 households	1,879,576		
Product	-		5,222	-	-	7,135		
Others	-		-	-	-	-		
Total	-	0 households	696,423	-	173 households	1,886,711		

Note: The output of real estate is calculated based on the number of completed projects in the current year; The output value of real estate is calculated based on the total operating costs of the year.

(VI) Sales volume in these 2 years

Unit: Expressed in thousands of New Taiwan Dollars

Sales volume Main products	Year		2023		2022	
	Sales volume	Sales amount	Sales volume	Sales amount		
Real estate (note)	35 households	937,057	213 households	2,241,046		
Product	-	26,064	-	32,658		
Others	-	-	-	-		
Total	35 households	963,121	213 households	2,273,704		

Note: The sales volume of real estate is calculated based on the number of households transferred in the year; The sales amount of real estate is calculated based on the operating income of the year

III. HEAD COUNT, AVERAGE SENIORITY, AVERAGE AGE AND EDUCATIONAL BACKGROUND OF EMPLOYEES IN RECENT TWO YEARS AND AS OF THE DATE OF THE ANNUAL REPORT

Item		Year		
		2022	2023	2024, as of March 31
Number of employees Number of people	Engineering staff	34	33	11
	Other staff	81	64	79
	Total	115	97	90
Average age		44.04	43.7	42.4
Average seniority		4.81	4.44	4.44

Educational qualification distribution ratio	Doctor	0	1	0
	Master	19	11	10
	Junior college	92	81	76
	Senior middle school	4	4	4
	Below senior middle school	0	0	0

IV. ENVIRONMENTAL PROTECTION EXPENDITURE

(I) The total amount of losses suffered by and fines imposed on the Company as a result of environmental pollution in the most recent year and up to the date of the annual report.

The Company's specializes in the development and sales of real estate. Construction projects are undertaken by contractors. Environmental maintenance and disposal of wastes during construction are the responsibility of contractors. The Company supervises them in this respect. In the past year and as of the date of the annual report, it has not suffered losses or been punished due to environmental pollution. In addition, the Company pays air pollution control fees every year at the commencement and completion of each project site as required. In 2022, the Company paid NT\$218,929 in total for this.

(II) Future countermeasures

The Company's measures to prevent pollution include 1. General pollution prevention measures: clean and sprinkle roads with water to prevent dust, provide construction scaffolding with dust screen to avoid falling objects and dust, and classify household garbage. 2. Relevant engineering pollution prevention measures: the boundary fence of the project land is heightened and the dust cover net is installed to reduce dust pollution. 3. Clean the inlets and outlets of construction site and construction facilities: set up grit tanks, and the wastewater cleaned by entering and exiting vehicles is precipitated by grit tanks, and the sedimented wastewater can be recycled. 4. Prevention measures for vehicle dust: cover the surface with steel plates or concrete on the ground that may cause dust, clean soil pollution on the ground, and sprinkle water regularly and quantitatively.

(III) The estimated major environmental expenditures for the coming year: None.

V. LABOR RELATIONS:

(I) Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of

employees.

Both Sanfar and our subsidiary have great labor relations. We offer the following welfare programs, more than government regulations.

1. Employee benefits

(1) Sanfar values employee benefits and establishes Employee Benefits Committee in accordance with the law. The Company and employees appropriate funds for employee benefits. All staff can enjoy benefits, which are described as below:

- A. Dragon Boat Festival/Mid-Autumn Festival/birthday/maternity gifts to employees and visits to hospitalized employees
- B. Regular health examination and group insurance
- C. Employee stock ownership trust
- D. Overseas travel allowance for employees
- E. Department dinners, afternoon tea, and healthy meal boxes to employees
- F. Wedding and funeral allowances, family day activities

(2) Employee salaries and rewards

A. Performance appraisal system

The Company conducts employee performance appraisal every six months based on the work objectives of the management, departments and the personal KPIs, combined with the operation management policy, while taking ISO9001, ESG related indicators into consideration, we will distribute bonuses and encourage outstanding employees for the achievement of substantive operating results.

B. Employee salary structure

The Company will audit the salary based on factors such as the employee's past experience, ability and position.

C. Remuneration to employees

According to Article 23 of the Articles of Incorporation, the profit before tax of the current fiscal year does not include the remuneration of the board of directors and employee compensation. If there is a balance after covering the losses, the Company shall set aside not less than 1% of its annual profit to employees as compensation and report to the Board of Directors for resolution.

2. Further education and On-the-job training

Offer different education and training courses for employees at different levels and operational nature, regularly organize internal training, and subsidize the costs of professional training courses related to work, so as to strengthen personal professional knowledge and skills and assist employees in learning and development

in their respective professional fields.

(1) Periodical training: The employee on-the-job training is scheduled on the monthly basis to improve the employee quality, including:

- A. New employee orientation: Help understand the company culture and the internal control process.
- B. Competency training: Improve employees' competency.
- C. Management training: Cultivate the management skills.

(2) Irregular training: The Management Department plans various themes to allow employees to receive more knowledge after work and improve their professionalism and efficiency.

3. Retirement scheme and execution

All of the Company's employees are to be retired under the new system in accordance with Chapter 6 of the Labor Standards Act and will pay 6% of their monthly salaries to their personal pension accounts opened with the Bureau of Labor Insurance under the new Labor Pension Act.

(1) A worker may apply for voluntary retirement under any of the following conditions:

- A. Where the worker attains the age of fifty-five and has worked for fifteen years.
- B. Where the worker has worked for more than twenty-five years.
- C. Where the worker attains the age of sixty and has worked for ten years.

(2) An employer shall not force a worker to retire unless any of the following situations has occurred:

- A. Where the worker attains the age of sixty-five.
- B. Lump sum: Collect the principals and proceeds at one time.

4. The status of labor-management agreements and measures for preserving employees' rights and interests.

In order to protect the rights and interests of employees, provide diversified communication channels for employees to reflect work-related suggestions and opinions, and maintain a good interactive relationship between each department head and subordinates through formal and informal communication such as E-mail, education and training in accordance with relevant laws and regulations.

Communication Channels	Contents
The Legal Team provides advisory services	If employees have legal problems arising from the execution of the Company's business, they can request consultation from the legal team
Complaint Channels for Sexual	The Company has set up a complaint channel for sexual harassment in the workplace, which is revealed visibly in the workplace

Harassment	Tel.: 02-2570-9988 Complaint email: hr@sanfar.com.tw
Chairman's mailbox	Employees can directly report their opinions and suggestions to the chairman via Email
General Assembly	Report on important matters of the Company in recent months, share new knowledge, and communicate with employees
Performance appraisal	Regularly conduct performance appraisals and give evaluations and reclaim employees' opinions

5. Workplace and safety measures

In addition to providing reasonable remuneration and benefits to employees, the Company also pays attention to the occupational safety of employees.

- (1) If any employee gets injured in a traffic accident on the way to and from work or on business travel, emergency care and corresponding safeguard measures will be provided, and the employee is allowed to take work-related injury leave to rest and recuperate with peace of mind. To prepare for possible work-related injuries in the future, the Company has developed the regulation for work-related injuries to help employees focus on work.
- (2) If any employee gets injured at work, conduct a complete review and improvement, strengthen education and training on safety of workplace, improve self-management and self-protection; establish the "Safety and Health Guidelines," with a "labor safety and health manager" appointed for each site to ensure labor safety.
- (3) The office building holds fire drills from time to time and sets up a security access control system to ensure the safety of employees. Clean and disinfect the office environment at regular intervals to maintain a clean environment.
- (4) Our subsidiary, Jing Fu Xiang Construction has established "Safety and Health Guidelines," and the "labor safety and health manager" is appointed for each site to ensure labor safety.

- (II) Explain any loss sustained by the Company as a result of labor disputes in the most recent year and up to the date of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect; As of the date of the annual report, the Company has not suffered other losses due to labor disputes.

VI. CYBER SECURITY MANAGEMENT

- (1) Describe the cyber security risk management framework, cyber security policy, specific management plan and resources invested in cyber security management

1. Risk Management Framework of Information Security

The Company puts the general manager's office/information team in charge of information security, including planning, formulating cyber security policies and promoting the related affairs, and at the same time advocating the importance of information security to employees to enhance their information security awareness. The Auditing Office of the Company is responsible for the supervision and audit of information security at regular intervals, immediately requires the inspected unit to propose an improvement plan if any deficiencies are found, and periodically tracks down the improvement results to ensure the effectiveness of corporate information security, and reports the implementation status to the Board of Directors every year.

2. Information Security Policy

- (1) Establish a secure and stable network architecture
- (2) Maintain the sustainable operation of information systems
- (3) Ensure the confidentiality and integrity of systems and data
- (4) Information personnel participate in training courses related to information security
- (5) Regularly handle cyber security publicity and education training

3. Specific management plan for information security

- (1) Information room security management
- (2) Network security management
- (3) Internal control and process management
- (4) Virus protection and management
- (5) Cyber security advocacy and education training

4. Measures for Risk Management

(1) System backup

Prepare a full backup plan for difference in machine and places;

Establish a high availability real-time backup mechanism for daily important information and services to ensure the security of systems and data and provide uninterrupted information services

(2) Disaster recovery drills

Conduct disaster recovery testing and drills through backup virtual server host, and select systems and databases to restore

After the original date reference point, restore the backup media to the backup virtual server host, and then the user will confirm the accuracy of the restored data to ensure the accuracy and effectiveness of the backup media.

(3) Implementation

At present, the Company has not run into major cyber security incidents that cause business damage, and will continue to implement the objectives of cyber security management policy and continue to make improvements.

(II) Explain any loss sustained by the Company as a result of major cyber security incidents, potential impact and countermeasures in the most recent year and up to the date of the annual report. If the loss cannot be reasonably estimated, make a statement to that effect: None.

VII. IMPORTANT CONTRACTS

(I) The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of the annual report, or expired in the most recent fiscal year.

Contract nature	Contracting parties	The commencement dates and expiration dates	Major content	Restrictive clauses
Guarantee of corporate bonds	Agriculture Bank of Taiwan	12/24/2021~ 12/24/2026	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds Consignment contract	Land Bank of Taiwan	12/24/2021~ 12/24/2026	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds	Hua Nan Bank	01/10/2022~ 01/10/2027	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds Consignment contract	Land Bank of Taiwan	01/10/2022~ 01/10/2027	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds	Agriculture Bank of Taiwan	09/14/2022~ 09/14/2027	Contract of issuance of guaranteed bonds	None
Guarantee of corporate bonds Consignment contract	Land Bank of Taiwan	09/14/2022~ 09/14/2027	Contract of issuance of guaranteed bonds	None

SIX. FINANCIAL SUMMARY

I. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME FOR THE PAST 5 FISCAL YEARS, SHOWING THE NAME OF THE CERTIFIED PUBLIC ACCOUNTANT AND THE AUDITOR'S OPINION GIVEN THEREBY.

(I) The condensed balance sheet and consolidated income statement

1. Condensed balance sheets - IFRSs (Consolidated)

Unit: NT\$ Thousand

Year		Financial information for the past five years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		11,044,529	10,275,004	14,489,764	14,326,868	14,632,637
Property, Plant and Equipment		79,222	78,500	78,277	77,068	75,820
Intangible assets		15,707	17,658	16,679	15,507	15,351
Other assets (Note 2)		436,286	507,199	720,829	1,060,962	1,016,901
Total assets		11,575,744	10,878,361	15,305,549	15,480,405	15,740,709
Current liabilities	Before appropriation	2,667,074	2,131,427	6,957,224	5,226,107	6,659,808
	After allocation	3,058,141	2,380,230	7,179,281	5,365,784	Note 2
Noncurrent liabilities		2,200,328	2,206,591	1,803,754	3,798,407	2,602,031
Total liabilities	Before appropriation	4,867,402	4,338,018	8,760,978	9,024,514	9,261,839
	After allocation	5,258,469	4,586,821	8,983,035	9,164,191	Note 2
Equity attributable to shareholders of the Company		6,708,342	6,540,343	6,544,571	6,455,891	6,478,870
Capital stock		3,008,209	3,309,030	3,265,542	3,265,542	3,265,542
Additional paid-in capital		286,998	196,752	185,955	185,955	185,955
Retained earnings	Before appropriation	3,402,335	3,194,165	3,031,694	2,949,314	2,898,493
	- After allocation	3,011,268	2,945,362	2,809,637	2,809,637	Note 2
Other equity		10,800	18,720	61,380	55,080	128,880
Treasury stock		-	-178,324	-	-	-

Non-controlling interests		-	-	-	-	-
Total equity	Before appropriation	6,708,342	6,540,343	6,544,571	6,455,891	6,478,870
	After allocation	6,317,275	6,291,540	6,322,514	6,316,214	Note 2
Note 1: The financial information for each year has been audited and certified by CPAs.						
Note 2: The 2023 earnings distribution statement is to be approved by the shareholders' meeting.						

2. Condensed balance sheets-IFRSs (Consolidated)

Unit: NT\$ Thousand

Item \ Year	Financial information for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Revenue	5,079,135	1,491,772	1,715,968	2,273,704	963,121
Gross profit	2,012,706	436,056	418,717	386,993	266,698
Operating profit and loss	1,588,910	209,575	220,888	175,148	115,475
Non-operating income and expense	-9,420	11,177	-5,768	-29,881	-21,361
Net income before tax	1,579,490	220,752	215,120	145,267	94,114
Continue operations Net income for the period	1,588,304	182,975	222,278	139,677	88,856
Loss of the discounted unit	-	-	-	-	-
Net income (loss)	1,588,304	182,975	222,278	139,677	88,856
Other comprehensive income for the period (Net income after tax)	10,993	7,842	42,660	-6,300	73,800
Total comprehensive profit and loss – current	1,599,297	190,817	264,938	133,377	162,656
Net profit attributable to owners of the parent company	1,588,304	182,975	222,278	139,677	88,856
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive profit and loss attributable to the shareholders of the parent company	1,599,297	190,817	264,938	133,377	162,656

Total comprehensive profit and loss attributable to the non-controlling interests	-	-	-	-	-
Earnings per share	4.80	0.53	0.68	0.43	0.27
Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.					

3. Condensed balance sheets-IFRSs (Individual)

Unit: NT\$ Thousand

Year		Financial information for the past five years (Note 1)				
		2019	2020	2021	2022	2023
Item						
Current assets		10,884,320	10,018,997	14,304,635	13,937,548	14,251,607
Property, plant and equipment		77,746	77,022	76,501	75,789	74,726
Intangible assets		163	892	716	339	181
Other assets (Note 2)		594,218	667,015	886,708	1,380,968	1,319,846
Total assets		11,556,447	10,763,926	15,268,560	15,394,644	15,646,360
Current liabilities	Before appropriation	2,649,587	2,024,333	6,924,207	5,141,751	6,566,847
	After allocation	3,040,654	2,273,136	7,146,264	5,281,428	Note 2
Noncurrent liabilities		2,198,518	2,199,250	1,799,782	3,797,002	2,600,643
Total liabilities	Before appropriation	4,848,105	4,223,583	8,723,989	8,938,753	9,167,490
	After allocation	5,239,172	4,472,386	8,946,046	9,078,430	Note 2
Equity attributable to shareholders of the Company		6,708,342	6,540,343	6,544,571	6,455,891	6,478,870
Capital stock		3,008,209	3,309,030	3,265,542	3,265,542	3,265,542
Additional paid-in capital		286,998	196,752	185,955	185,955	185,955
Retained earnings	Before appropriation	3,402,335	3,194,165	3,031,694	2,949,314	2,898,493
	After allocation	3,011,268	2,945,362	2,809,637	2,809,637	Note 2
Other equity		10,800	18,720	61,380	55,080	128,880
Treasury stock		-	-178,324	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before appropriation	6,708,342	6,540,343	6,544,571	6,455,891	6,478,870
	After allocation	6,317,275	6,291,540	6,322,514	6,316,214	Note 2

Note 1: The financial information for each year has been audited and certified by CPAs.

Note 2: The 2023 earnings distribution statement is to be approved by the shareholders' meeting.

4. Condensed balance sheets - IFRSs (Individual)

Unit: NT\$ Thousand

Item \ Year	Financial data for the last five years				
	2019	2020	2021	2022	2023
Revenue	5,013,181	1,491,772	1,715,968	2,273,704	963,121
Gross profit	1,904,484	436,056	418,717	386,993	266,698
Operating profit and loss	1,525,205	209,575	220,888	175,148	115,475
Non-operating income and expense	53,962	11,177	-5,768	-29,881	-21,361
Net income before tax	1,579,167	220,752	215,120	145,267	94,114
Continue operations Net income for the period	1,588,304	182,975	222,278	139,677	88,856
Loss of the discounted unit	—	-	-	-	-
Net income (loss)	1,588,304	182,975	222,278	139,677	88,856
Other comprehensive income for the period (Net income after tax)	10,993	7,842	42,660	-6,300	73,800
Total comprehensive profit and loss – current	1,599,297	190,817	264,938	133,377	162,656
Net profit attributable to owners of the parent company	1,588,304	182,975	222,278	139,677	88,856
Net income attributable to non-controlling interests	—	-	-	-	-
Total comprehensive profit and loss attributable to the shareholders of the parent company	1,599,297	190,817	264,938	133,377	162,656

Total comprehensive profit and loss attributable to the non-controlling interests	-	-	-	-	-
Earnings per share	4.80	0.53	0.68	0.43	0.27
Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.					

(II) Names of CPAs for the Last Five Years

Year	Name of CPA	Verification Opinions
108	Jacky Chen, Shu-Yin Chang	No Qualified Opinion
109	Jacky Chen, Shu-Yin Chang	No Qualified Opinion
110	Hung Shiau Fang, Xinting Huang	No Qualified Opinions See emphasis paragraph
111	Hung Shiau Fang, Xinting Huang	No Qualified Opinions See emphasis paragraph
112	Hung Shiau Fang, Xinting Huang	No Qualified Opinions See emphasis paragraph

II. FINANCIAL ANALYSIS FOR THE LAST FIVE YEARS

(I) Financial Analysis-International Financial Reporting Standards
(Consolidated)

Year (Note 1)		Financial analysis of the last five year				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	42	40	57	58	59
	Long-term funds as a percentage of property, plant and equipment	11,245	11,143	10,665	13,305	11,977
Solvency %	Current ratio	414	482	208	274	220
	Quick ratio	134	133	38	55	38
	Times Interest Earned Ratio	1518	316	286	187	149

Operating ability	Account Receivable Turnover (times)	21	15	27	53	45
	Days Sales in Account Receivable	17	24	13	7	8
	Inventory Turnover (times)	0	0	0	0	0
	Account Payable Turnover (times)	7	5	5	6	2
	Average Days in Sales	1,043	2,607	2,607	2,281	6,083
	Property, plant and equipment turnover (times)	64	19	22	29	13
	Total Assets Turnover (times)	0	0	0	0	0
Profit ability	Return on assets (%)	14	2	2	2	2
	Return on equity (%)	27	3	3	2	1
	Net income before tax as a percentage of paid-in capital (%) (Note 7)	53	7	7	4	3
	Net profit margin (%)	31	12	13	6	9
	Earnings per share (NTD)	4.80	0.53	0.68	0.43	0.27
Cash flows	Cash flow ratio (%)	143	7	Note 7	7	Note 7
	Cash flow adequacy ratio (%)	262	171	Note 8	5	Note 8
	Cash reinvestment ratio (%)	42	0	Note 8	2	Note 8
Leverage	Operation Balance	1	1	1.46	1.59	1.94
	Degree of financial leverage	1	2	2.1	19.69	-1.48

Please explain the reasons for the changes in financial ratios in the last two years. (Items with a change for less than 20% are exempted from the requirement of performing an analysis)

1. Current ratio and quick ratio (%): Mainly due to increased current liabilities.
2. Interest coverage ratio: Mainly due to the increased interest expenses.
3. Payables turnover: Mainly due to decreased cost of goods sold.
4. Days sales outstanding: Mainly due to decreased inventory turnover.
5. Property, plant and equipment turnover (times): Mainly due to decreased net sales.
6. Return on equity, net income before tax as a percentage of paid-in capital, net profit margin and earnings per share: Mainly due to decreased net profit.
7. Operating leverage: Mainly due to decreased variable costs and expenses for the period.
8. Financial leverage: Mainly due to decreased operating profit for the period.

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: Calculation formulas for various financial analysis are as follows:

1. Financial Structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

- (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
- (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) =

net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.

(5) Average number of sales days = 365 / inventory turnover rate.

(6) Real estate, plant and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.

(7) Turnover rate for total assets = net sales / total average assets.

4 Profitability

(1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss / average total equity.

(3) Net profit rate = after-tax profit and loss / net sales.

(4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares.

5. Cash Flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.

(3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Balance:

Operation balance = (net revenue - operating variable cost and expense) / operating profit (Note 6).

Financial balance = operating profit / (operating profit - interest expense).

Note 3: Please pay special attention to the following matters when assessing the aforesaid formula of the earnings per share.

(1) The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.

(2) In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.

(3) In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-months, and the capital increase issuance period need not be considered.

4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 4: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow from capital investment.

3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.

4. Cash dividends shall include cash dividends on ordinary shares and special shares.

5. Gross real estate, plant, and equipment refers to the total amount of real estate, plant, and equipment prior to the deduction of accumulated depreciation.

Note 5: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 6: If the Company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid

paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

Note 7: Since operating activities are net cash outflows, the relevant ratio is not calculated.

Note 8: Since the numerator of the calculation formula is negative, it is not calculated.

(II) Financial analysis - International Financial Reporting Standards (unconsolidated)

Year (Note 1) Analysis item (Note 2)		Financial analysis of the last five year				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt ratio	42	39	57	58	59
	Long-term funds as a percentage of property, plant and equipment	11,456	11,347	10,907	13,528	12,150
Solvency %	Current ratio	411	495	207	271	217
	Quick ratio	131	133	35	49	35
	Times Interest Earned Ratio	1518	314	284	184	146
Operating ability	Account Receivable Turnover (times)	21	20	38,876	30,426	629
	Days Sales in Account Receivable	17	18	0	0	1
	Inventory Turnover (times)	0	0	0	0	0
	Account Payable Turnover (times)	6	6	5	5	2
	Average Days in Sales	1,043	2,808	3,318	2,607	7,300
	PPE turnover (times)	64	17	19	26	26
	Total Assets Turnover (times)	0	0	0	0	0
Profitability	Return on assets (%)	14	2	2	2	2
	Return on owner's equity (%)	27	3	3	3	1
	Net income before tax as a percentage of paid-in capital (%)	53	7	6	4	3
	Net profit margin (%)	32	14	15	7	11
	Earnings per share (NTD)	4.80	0.53	0.68	0.43	0.27
Cash flows	Cash flow ratio (%)	142	10	Note 7	8	Note 7
	Cash flow adequacy ratio (%)	240	161	Note 8	4	Note 8
	Cash reinvestment ratio (%)	42	0	Note 8	2	Note 8
Degree of leverage	Degree of operating leverage	1	1	1.39	1.51	1.82
	Financial Balance	1	2	2.17	-9.88	-1.3

Please explain the reasons for the changes in financial ratios in the last two years. (Items with a change for less than 20% are exempted from the requirement of performing an analysis)

1. Current ratio and quick ratio (%): Mainly due to increased current liabilities.
2. Interest coverage ratio: Mainly due to the increased interest expenses.
3. Receivables turnover: Mainly due to decreased net sales.
4. Payables turnover: Mainly due to decreased cost of goods sold.
5. Days sales outstanding: Mainly due to decreased inventory turnover.
6. Return on equity, net income before tax as a percentage of paid-in capital, net profit margin and earnings per share: Mainly due to decreased net profit.
7. Operating leverage: Mainly due to decreased variable costs and expenses for the period.
8. Financial leverage: Mainly due to decreased operating profit for the period.

Note 1: The financial data of every year have been audited and attested or reviewed by a CPA.

Note 2: Calculation formulas for various financial analysis are as follows:

1. Financial Structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) Ratio of long-term funds to real estate, plant, and equipment = (total equity + non-current liabilities) / net amount for property and plant.

2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest protection multiples = net profit before income tax and interest expense / interest expense in the current period.

3. Management Capacity

- (1) Turnover rate for accounts receivable (including accounts receivable and bills receivable due to businesses) = net sales / average balance of accounts receivable (including accounts receivable and bills receivable due to businesses) for each period.
- (2) Average number of days for cash collection = 365 / turnover rate for accounts receivable.
- (3) Inventory turnover rate = cost of goods sold / average inventory value.
- (4) Turnover rate for accounts payable (including accounts payable and bills payable due to businesses) = net sales / average balance of accounts payable (including accounts payable and bills payable due to businesses) for each period.
- (5) Average number of sales days = 365 / inventory turnover rate.
- (6) Real estate, plant and equipment turnover rate = net sales / average net amount for real estate, plant, and equipment.
- (7) Turnover rate for total assets = net sales / total average assets.

4 Profitability

- (1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss / average total equity.
- (3) Net profit rate = after-tax profit and loss / net sales.
- (4) Earnings per share = (profit and loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash Flow

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = (net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash re-investment ratio = (net cash flow from operating activity - cash dividend) / (total fixed assets + long-term investment + other assets + working capital). (Note 5)

6. Balance:

- Operation balance = (net revenue - operating variable cost and expense) / operating profit (Note 6).
Financial balance = operating profit / (operating profit- interest expense).

Note 3: Please pay special attention to the following matters when assessing the aforesaid formula of the earnings per share.

- (1) The basis should be the weighted average number of common shares instead of the number of outstanding shares at the end of the year.
- (2) In case of cash capital increase or treasury stock trading, consider the circulation period and calculate the weighted average number of shares.
- (3) In case of surplus transfer to capital increase or capital reserve transfer to the capital increase, retrospective adjustments should be made according to the ratio of capital increase when calculating earnings per share for the previous year and the previous six-months, and the capital increase issuance period need not be considered.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (whether issued or not) shall be deducted from the after-tax net profit, or the net loss after-tax should be increased. If the special stock is non-cumulative and if there is after-tax net profit, the dividend of the special stock shall be deducted from the after-tax net profit. No adjustment is necessary if there is a loss.

Note 4: Please pay special attention to the following matters when assessing the cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow from capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory is decreased at the end of the year, it shall be calculated as zero.
4. Cash dividends shall include cash dividends on ordinary shares and special shares.
5. Gross real estate, plant, and equipment refers to the total amount of real estate, plant, and equipment prior to the deduction of accumulated depreciation.

Note 5: The issuer shall classify the various operating costs and expenses as fixed or variable according to their nature. If estimates or subjective judgments are involved, pay attention to reasonableness and maintain consistency.

Note 6: If the Company's stock has no denomination or the denomination per share is not NT\$10, the aforesaid paid-in capital ratio calculation shall be calculated based on the equity ratio attributable to the balance sheet of the parent company owner.

Note 7: Net cash from operating activities is considered as outflow and shall not be calculated.

Note 8: Since the numerator of the calculation formula is negative, it is not calculated.

III. Audit Committee Review Report on the Latest Financial Report

Sanfar Property Limited

Audit Committee Report

The Board of Directors prepared the Company's Annual Report, financial statements and earnings distribution statement for the year ended December 31, 2023. The financial statements have been audited by CPAs Yilian Han and Xinting Huang from KPMG, who issued an auditor's report. The aforesaid financial statements, and business reports have been audited by the Audit Committee, and no discrepancy was found. A report is prepared and submitted for examination pursuant to Article 14 of the Securities and Exchange Act and Article 219 of the Company Act.

Best Regards

2024 Annual General Meeting of Sanfar Property Limited

Convener of the Audit Committee: Chin-Chang Wu

April 10, 2024

- VI. Financial statements for the past year, including the auditor's report, two-year comparative balance sheets, comprehensive income statements, statements of changes in equity and cash flow statements, and notes or schedules: see pages 178~240.
- V. Unconsolidated financial statements for the past year that have been audited and certified by CPAs: see pages 241~303
- VI. In case of financial difficulties for the Company and its affiliates in the past year and as of the date of the annual report, please indicate its impact on the Company's financial status: None.

SEVEN. REVIEW AND ANALYSIS OF FINANCIAL POSITION AND BUSINESS PERFORMANCE, AND RISK MANAGEMENT ISSUES

1. FINANCIAL STATUS

The main reasons for the major changes in assets, liabilities and equity in the last two years and their impacts, if significant impact is imposed, explain the future response plan

Comparative analysis of financial position

Unit: NT\$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	14,632,637	14,326,868	305,769	2.13%
Non-current assets	1,108,072	1,153,537	-45,465	-3.94%
Total assets	15,740,709	15,480,405	260,304	1.68%
Current liabilities	6,659,808	5,226,107	1,433,701	27.43%
Noncurrent liabilities	2,602,031	3,798,407	-1,196,376	-31.50%
Total liabilities	9,261,839	9,024,514	237,325	2.63%
Capital stock	3,265,542	3,265,542	0	0.00%
Additional paid-in capital	185,955	185,955	0	0.00%
Retained earnings	2,898,493	2,949,314	-50,821	-1.72%
Other equity	128,880	55,080	73,800	133.99%
Treasury stock	0	0	0	0.00%
Total shareholders' equity	6,478,870	6,455,891	22,979	0.36%

Reasons for more than 20% of the change ratio (increase or decrease):

1. Current liabilities: Mainly due to increased current portion of corporate bonds.
2. Non-current liabilities: Mainly due to the transfer of corporate bonds to current portion of corporate bonds.
3. Other equity: Mainly due to unrealized valuation gains arising from financial assets at fair value through other comprehensive income

II. FINANCIAL PERFORMANCE

The main reasons for the significant changes in revenue, net operating profits and net income before tax for the past two years, as well as the expected sales volume and basis, the possible impact on the Company's future financial business and response plan

Comparative analysis of financial performance

Unit: NT\$ Thousand

Year	2021	2021	Amount increase (decrease)	Change ratio (%)
Item				
Net operating income	963,121	2,273,704	-1,310,583	-57.64%
Operating cost	696,423	1,886,711	-1,190,288	-63.09%
Gross profit	266,698	386,993	-120,295	-31.08%
Operating expense	151,223	211,845	-60,622	-28.62%
Operating profit	115,475	175,148	-59,673	-34.07%
Non-operating income and expense	-21,361	-29,881	8,520	-28.51%
Net income before tax of the continuing department	94,114	145,267	-51,153	-35.21%
Income tax expense	5,258	5,590	-332	-5.94%
Net income of the continuing department	88,856	139,677	-50,821	-36.38%
Net income	88,856	139,677	-50,821	-36.38%
Reasons for more than 20% of the change ratio (increase or decrease):				
1. Net revenue: Mainly due to decreased revenue recognized from the sale of completed projects.				
2. Operating costs: Mainly due to decreased revenue recognized from the sale of completed projects and relative decrease in costs.				
3. Operating expense: It is mainly due to the decrease in marketing expense.				
4. Non-operating income and expenses: Mainly due to increased interest income.				
5. Net profit before tax and net profit for the period: Mainly due to decreased revenue recognized from the sale of completed projects.				

III. CASH FLOW

(I) Liquidity analysis for the last two years:

Unit: NT\$ Thousand

Year	2023	2022	Difference	
			Amount	Percentage
Cash flow from operating activities	-441,013	379,355	-820,368	-216%
Cash flow from investing activities	10,429	-144,918	155,347	-107%
Cash flow from financing activities	-162,275	26,532	-188,807	-712%
The main reasons for material changes occurred:				
<ol style="list-style-type: none"> 1. Cash flows from operating activities decreased due to increased inventories for the period. 2. Cash flows from investing activities increased due to decreased growth in other financial assets year on year. 3. Cash flows from financing activities decreased due to decreased short-term borrowings for the period. 				

(II) Cash liquidity analysis for the coming year

Unit: NT\$ Thousand

Cash balance – beginning	Expected cash inflow of the year	Expected cash outflow of the year	Expected cash balance of the year
1,833,888	1,742,203	1,298,238	2,277,853

IV. THE IMPACTS THAT MAJOR CAPITAL EXPENDITURES HAVE ON FINANCIAL OPERATIONS IN THE MOST RECENT YEAR: NONE.

V. REINVESTMENT POLICY IN THE MOST RECENT YEAR, THE MAIN REASONS FOR ITS PROFIT OR LOSS, IMPROVEMENT PLAN, AND INVESTMENT PLAN FOR THE COMING YEAR:

(I) THE INFORMATION ON THE COMPANY'S INVESTEEES IS AS FOLLOWS:

UNIT: EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS

NAME OF THE INVESTEEES	2023		IMPROVEMENT PLAN
	TOTAL PROFIT AND LOSS FOR THE CURRENT PERIOD	PROFIT AND LOSS ON INVESTMENTS	

JING FU XIANG CONSTRUCTION	23,150	-5,582	The operations were quite good with stable profits.
JINGO INTERNATIONAL RECORDS Co., LTD.	5,905	5,905	ACTIVELY EXPAND BUSINESS AND INCREASE PROFITABILITY.

(II) INVESTMENT PLAN FOR THE COMING YEAR: IN ADDITION TO FOCUSING ON THE CORE BUSINESS, THE COMPANY WILL ALSO ACTIVELY EVALUATE INVESTMENT OPPORTUNITIES RELATED TO THE COMPANY AND ITS SUBSIDIARIES' BUSINESSES IN HOPES OF OPTIMIZING SHAREHOLDER PROFITS UNDER THE PREMISE OF STABLE GROWTH.

VI. THE FOLLOWING ITEMS DURING THE MOST RECENT YEAR AND AS OF THE PRINTING DATE OF THE ANNUAL REPORT MUST BE ANALYZED AND ASSESSED AS RISK ITEMS

(1) The effects that interest rate, exchange rate fluctuations, and inflation have on the profits and losses of the Company as well as the future response measures:

1. Impact on the Company's Profit and Loss

Unit: Expressed in thousands of New Taiwan Dollars

Item	2023
Net interest income and expense	-175,565
Net exchange profit and loss	-
Ratio of net interest income and	-18.23%
Ratio of net interest income and	-186.55
Ratio of net exchange profit and	0.00%
Ratio of net exchange profit and	0.00%

2. Description

(1) Interest Rate Change:

As to the cash flow risk of the Company and its subsidiaries due to changes in interest rates on financial assets and liabilities as of the end of 2023, if interest rates increase by 1% and all other variables remain unchanged, consolidated companies will increase costs by some NT\$43,457 thousand per year.

Future countermeasures:

Observe the monetary policy and market lending rate trends from the central bank's quarterly board of directors' meetings, collect interest rate market information and prudently negotiate prices with banks, and issue fixed-rate bonds in a timely manner.

(2) Exchange Rate Fluctuation:

The core business of the Company and its subsidiaries is building sales. Both land acquisition or sales are based on the domestic market, and the main currency is New Taiwan dollars. The exchange rate fluctuation has little impact on the Company's profit and loss.

Future countermeasures: None.

(3) Inflation

Inflation is both advantageous and disadvantageous to the Company. The disadvantage is that the cost of raw materials can increase, and the advantage is that housing prices can increase in response to market reactions. So, these two factors are often offset, and inflation has relatively little impact on profit and loss.

Future countermeasures:

Cost: Observe the economic indicators and price index statistics announced by the DBGAS, maintain good partnerships with suppliers, conduct market inquiries to expand supplier contacts, and design procurement strategy and supplier bargaining based on comprehensive volume and price considerations in order to reduce the impact of inflation on costs.

Sales: Consider the selling price based on the impact of inflation and reflect the cost in a timely manner.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company has not engaged in high-risk and high-leverage investments, fund loans to others, endorsements, and derivative products. Moreover, the Company has established the "Loan to Others and Endorsement Guarantee Method" and the "Asset Acquisition and Disposal Processing Procedures" as the basis to handle the relevant operations.

(III) Future R&D plans and anticipated investments in R&D expenses:

The Company and its subsidiaries are mainly engaged in investment and construction of residence, under no R&D plan, no R&D department, and no provision for R&D expenses. Before the launch of each project, the Planning Department and the Engineering Department will plan suitable and most recent materials and construction methods, and have invested considerable human resources and costs over the years to meet consumer demand, except for R&D investment.

(IV) The effects that the key domestic and international policy and law changes have on the financial operations of the Company as well as the response measures:

The construction industry is subject to the government's measures to lower housing

prices, such as the Equalization of Land Rights Act, integration of real estate and land tax, the adjustment of road section rates, and the announcement of land price increase, high construction costs, rising interest rates in the global market and restrictions on land loans, etc. These measures have increased the funds for operation by constructors, curbed the investors, property buyers, and luxury home seekers while indirectly degrading the market's buying sentiment. Moreover, the construction industry recognizes revenue using the full completion method. Revenue is significantly impacted by the revenue recognized at the time of completion, resulting in larger fluctuation in monthly or annual revenue under industrial characteristics.

Countermeasures:

1. Carefully select project location, pay attention to building quality, and enhance product competitiveness.
2. Launch products that meet market needs and customer segmentation.
3. Reduce land inventory and residual housing risks.

(V) The effects that technological changes (including cyber security risks) and industry changes have on the financial operations of the Company as well as the countermeasures: None.

(VI) The effects that corporate image has on corporate crisis management as well as the countermeasures: None.

(VII) Expected benefits and possible risks of merger and acquisition as well as the countermeasures: None.

(VIII) Expected benefits and possible risks of factory expansions as well as the countermeasures: Not applicable.

(IX) The risks of concentrated procurement or sales as well as the countermeasures:

The procurement by the Company's construction business is mainly based on the purchase of land and construction projects, all of which are scattered entities. Sales are generally made to ordinary consumers, and there is no risk of concentrated procurement or sales.

(X) The effects and risks that large-number transfers or replacements of directors, supervisors, or major shareholders holding over 10% of the Company's shares have to the Company as well as the countermeasures:

No massive transfer of equity interest by directors or shareholders holding more than 10% of shares during the past fiscal year and up to the date of the annual report.

(XI) The effects and risks that operating rights changes have to the Company as well as the response measures:

There is no impact on the Company's operations due to changes in management rights in the most recent year and up to the date of the annual report.

(XII) Finalized judgments or pending litigations, non-litigations, or administrative disputes associated with the Company's directors, supervisors, or major shareholders holding over 10% of the Company's shares whereby the results may have major impacts on the shareholders' rights or share prices; the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling status as of the printing date of the annual report must be disclosed: None.

(XIII) Other important risks and countermeasures:

1. Risk Management Organization Operation:

According to Article 44 of the Internal Control System Best Practice Principles for TWSE/TPEX Listed Companies, listed companies are advised to formulate appropriate policies and procedures for risk management and an effective risk management mechanism to assess and monitor their risk appetite, current risk tolerance, risk response strategies and compliance with risk management procedures.

On November 9, 2021, the Board of Directors of the Company approved the 'Risk Management Policy and Procedures' to strengthen corporate governance and improve risk management to ensure the sustainable operation and development of the Company. The heads of each department will evaluate the possible risks in the future every year and propose countermeasures to strengthen the control over enterprise risks, including risk detection, assessment, reporting and treatment, and report to the general manager for approval after discussions among each department, and report the implementation at the meeting of the Board of Directors every year.

2. Risk Management Organization Operation Table:

Important Risk Assessment items	Risk Control Unit	Risk Review and Control	Board of Directors
Interest Rate, Exchange Rate, and Financial Risk	Accounting Unit	General Manager's Office	Board of Directors
High-risk & High-leverage Investment, Capital Loan to Others, Derivative Financial Products, Financial Wealth Management Investment	Accounting Unit	General Manager's Office	(Risk Assessment & Control Policies and Final Control)

Important Risk Assessment items	Risk Control Unit	Risk Review and Control	Board of Directors
Land Development	Business Department	Review meeting (Heads of relevant units of members)	
Subcontracting	Purchasing Unit	Procurement/subcontract Meeting	
R&D Plan	Engineering Unit	General Manager's Office	
Policy and Legal Changes	Personnel of each unit	General Manager's Office	
Industry Changes	Business Department	General Manager's Office	
Investment, Reinvestment, and M&A Benefits	Financial unit	General Manager's Office	
Centralized Sales or Purchase	Purchasing unit, business unit	General Manager's Office	
Transfer of shares for directors and major shareholders	Share unit	Chairman's Office	
Change in Operating Rights	Share unit	Chairman's Office	
Litigation and Non-litigation Matters	Legal Affairs	General Manager's Office	
Other Operation Items	Personnel of each unit	General Manager's Office	
Personnel Conduct, Ethics, and Integrity	Personnel of each unit	Chairman's Office	
SOP and Legal Compliance	Personnel of each unit	Legal Affairs, Audit Unit	
Board of Directors' Meeting Management	Share unit	Auditing Office	

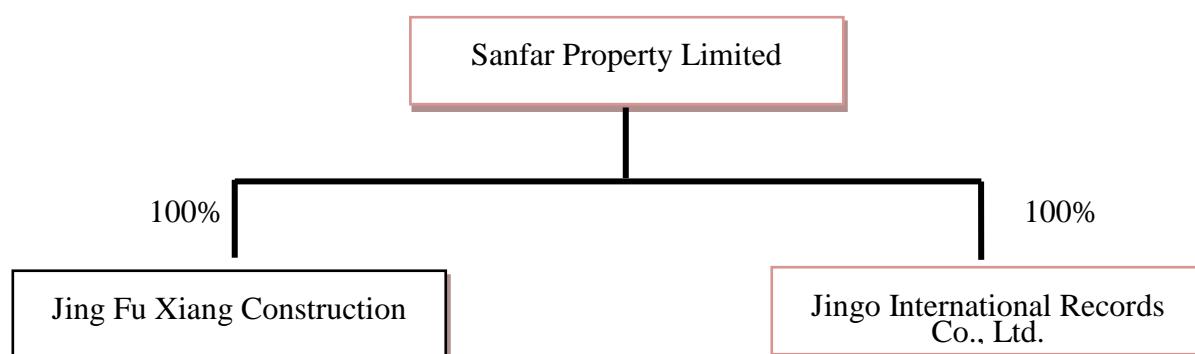
VII. OTHER IMPORTANT ISSUES: NONE.

Eight. Special Disclosures

I. AFFILIATED ENTERPRISES RELATED INFORMATION:

(1) For the consolidated business report and consolidated financial statements of related companies, see pages 178~240

(2) Affiliated enterprise organization chart



(III) Information on Investees

Unit: Expressed in thousands of New Taiwan Dollars

NAME OF CORPORATION	DATE OF ESTABLISHMENT	PAID-IN CAPITAL	MAJOR OPERATING ITEMS	PROFIT OR LOSS FOR 2023 (AFTER TAX)
JING FU XIANG CONSTRUCTION	APRIL 17, 1996	300,000	CIVIL AND ARCHITECTURAL ENGINEERING	23,150
JINGO INTERNATIONAL RECORDS Co., LTD.	2021.01.27	20,000	VARIOUS CD AND DVD MAKING, PRODUCTION, PUBLISHING AND IMPORT AND EXPORT TRANSACTIONS	5,905

II. IN CASE OF ANY PRIVATE PLACEMENT OF NEGOTIABLE SECURITIES IN THE MOST RECENT YEAR AND AS OF THE DATE OF THE ANNUAL REPORT; THE DATE AND AMOUNT ADOPTED BY THE SHAREHOLDERS' MEETING OR THE BOARD OF DIRECTORS' MEETING, THE PRICE-SETTING BASIS AND REASONABLENESS, THE SPECIFIC PERSON

SELECTION METHOD, THE NECESSARY REASON FOR PRIVATE PLACEMENT, THE PRIVATE PLACEMENT TARGETS, THE QUALIFICATION CONDITIONS, THE NUMBER OF SUBSCRIPTIONS, THE RELATIONSHIP WITH THE COMPANY, THE OPERATION STATUS OF THE PARTICIPATING COMPANIES, THE ACTUAL SUBSCRIPTION (OR CONVERSION) PRICE, THE DIFFERENCE BETWEEN THE ACTUAL SUBSCRIPTION (OR CONVERSION) PRICE AND THE REFERENCE PRICE, THE IMPACT OF THE PRIVATE PLACEMENT ON SHAREHOLDER RIGHTS, THE FUND UTILIZATION PLAN THAT HAS BEEN COMPLETED SINCE THE STOCK PAYMENT OR PRICE PAYMENT IS FULLY RECEIVED, THE USE OF FUNDS IN PRIVATELY PLACED SECURITIES, AND THE PLAN IMPLEMENTATION PROGRESS, AS WELL AS THE BENEFITS OF THE PLAN, MUST BE DISCLOSED: NONE.

III. IN THE PAST YEAR AND AS OF THE DATE OF THE ANNUAL REPORT, SUBSIDIARIES HELD OR DISPOSED OF THE COMPANY'S SHARES: NONE.

IV. OTHER MATTERS REQUIRING SUPPLEMENTAL EXPLANATIONS: NONE.

IX. Events having a significant impact on shareholders' equity or securities prices as contemplated in Sub-paragraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the past year and as of the date of the annual report:

I. Insufficient deposit funds, dishonored account, or bad credit standing: None.

II. Litigation, non-litigation, administrative sanction, administrative dispute, preservation procedures, or compulsory enforcement matters that have a significant impact on the Company's finances or operations: None.

III. Major production reduction, full or partial shutdown, lease of the Company's plant or major equipment, or all or major parts of the assets are pledged and significantly impacted the Company's operations: None.

IV. Any one of the matters listed in Paragraph 1, Article 185, of the Company Act: None.

V. Share transfer prohibited by court order pursuant to Subparagraph 5, Paragraph 1, Article 287 of the Company Act: None.

VI. The chairman, general manager, or over one-third of the directors have changed: None.

VII. The CPA has changed. None.

VIII. Signing, changing, terminating, or dissolving important memorandums, strategic alliances, or other business cooperation plans or important contracts; changing important business plan contents, completing new product development, and testing products that have been successfully developed and officially entered the mass production phase; acquisition of another enterprise; and acquisition or assignment of patent rights, exclusive trademark rights, copyrights, or other intellectual property rights that have a significant impact on the Company's finances or operations: None.

IX. OTHER MATTERS THAT HAVE A SIGNIFICANT IMPACT ON THE SHAREHOLDERS OR THE SECURITIES PRICES:

- (1) The Company was investigated and searched for on February 17, 2022, since it is still in the investigation stage, and based on the principle of non-disclosure of investigation, the relevant facts and legal liabilities will be subject to the investigation and clarified by judicial department before taking relative measures. At present, according to results of review by the CPAs appointed by the Audit Committee of the Company, the project review lawyers appointed by the Board of Directors and the results of the Company's own review, the three advertising companies such as Dage Advertising Co., Ltd., Yuedeng Advertising Co., Ltd. and Hongtai Advertising Co., Ltd. have genuine sales agency and construction transactions with the Company, under the conditions not materially unreasonable compared with the trading conditions of the market peers.
- (II) For the purpose of protecting the interests of investors, although this case is still under investigation, in order to be conservative and prudent, the Company disclosed the said three advertising companies as other related parties and included them in the 2022 and 2023 financial statements. Due to the principles of restricted investigation and non-disclosure, the pre-disclosure treatment may not be the final result. The Company will wait for subsequent judicial proceedings to clarify the facts before taking actions appropriately.
- (III) At present, the Company's finances and business are normal, and the investigation case has no significant impact on the Company's operations.

Statement of Declaration for the Consolidated Financial Report on Affiliate Enterprises

Statement of Declaration

It is hereby stated that companies to be included by the Company in its consolidated financial statements for the year 2023 (from January 1, 2023 to December 31, 2023) as per the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those to be included in the consolidated financial statements of the parent company and its subsidiaries as per the IFRS 10 and that all information to be disclosed in the Company's consolidated financial statements has been disclosed in the said consolidated financial statements of the parent company and its subsidiaries, requiring no additional consolidated financial statements to be otherwise prepared.

This statement is hereby declared as true and correct.

Company name: Sanfar Property Limited

Chairman of the Board: Dingsheng Zhong

Date: February 20, 2024

**SAN FAR PROPERTY LIMITED
AND SUBSIDIARIES**

Consolidated Financial Statements

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

Address: 12th Floor, No. 30, Section 3, Bade Road, Songshan District, Taipei City
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Representation Letter

The entities that are required to be included in the combined financial statements of San Far Property Limited as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, San Far Property Limited and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: San Far Property Limited

Chairman: Ting Chen, Chung

Date: February 20, 2024.

Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgment, should be communicated are as follows:

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

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

Description of key audit matter:

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

Audit procedures performed:

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

2. Inventory valuation

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

Description of key audit matter:

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

Audit procedures performed:

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

Other Matter

San Far Property Limited has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified plus emphasis of matter opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 20, 2024

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

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

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

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

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

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

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES**Consolidated Statements of Cash Flows (CONT' D)****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

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

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

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

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

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

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(4) Summary of material accounting policies:

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

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

(c) Basis of consolidation

(i) Principles for preparing consolidated financial statements

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

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

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

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

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

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

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

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(d) Foreign currencies

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

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

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

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(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

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2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

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2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

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

(h) Inventory

(i) Inventories, merchandising business

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

(ii) Construction

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

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

(i) Investment property

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

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES
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(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(k) Lease

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

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

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

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

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(l) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Revenue recognition

(i) Revenue from contracts with customers

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

1) Land development and sale of real estate

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

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

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

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2) Construction contracts

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

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

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

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

3) Revenue of services

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

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

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

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

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4) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

(o) Employee benefits

(i) Defined contribution plans

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

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(ii) Short-term employee benefits

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

(p) Income Taxes

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

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

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

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

(q) Earnings per share

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

(r) Operating segments

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

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

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

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

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

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

(a) Inventory valuation

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

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Evaluation process

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

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

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Inventory

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

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

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

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

- (e) Incremental costs to obtaining a contract

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

- (f) Property, plant and equipment

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

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

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

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

(g) Investment property

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

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

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

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

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

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

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

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

(i) The issue of bank loan and repayment

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

(ii) Collateral for bank loans

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

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

The details of unsecured convertible bonds were as follows:

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

- (i) Please refer to note 6(r) for information of the Group' s recognition on ordinary bonds and amortized interest expenses in 2023 and 2022.

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

Item	First secured ordinary corporate bond in 2017
1)Total issuance	\$1,000,000 thousand
2)Issuance date	2017.09.14
3)Interest rate	0.97%
4)Period ended	2017.09.14~2022.09.14
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan
Item	First secured ordinary corporate bond in 2019
1)Total issuance	\$1,200,000 thousand
2)Issuance date	2019.01.07
3)Interest rate	0.96%
4)Period ended	2019.01.07~2024.01.07
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Taiwan Cooperative Bank
Item	First secured ordinary corporate bond in 2021
1)Total issuance	\$600,000 thousand
2)Issuance date	2021.12.24
3)Interest rate	0.67%
4)Period ended	2021.12.24~2026.12.24
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan

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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.

(j) Contract liability

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

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

(k) Operating lease

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

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

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(l) Employee benefit

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

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

(m) Income tax

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

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

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

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

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(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax loss carryforward	\$ 7,294	8,588

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

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

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

2) Recognized deferred tax assets and liabilities

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

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

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

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

(iv) 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 .	2021

(n) Capital and other equity

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

(i) Capital surplus

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

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

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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(ii) Retain earning

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

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

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

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

1) Legal reserve

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

2) Earnings distribution

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

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These earnings were appropriated as follows:

	For the years ended December 31			
	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 comprehensive income accumulated in reserves, net of tax

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

(o) Earnings per share

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

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

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(p) Revenue from contracts with customers

(i) Disaggregation of revenue

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

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(ii) Contract balances

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

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

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

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

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(r) Finance costs

The details of finance expenses were as follows:

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

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	1 year	1-5 years	Over 5 years
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 liability (including current portion and non-current)	4,851	4,989	2,453	2,536	-
	\$ 8,652,512	9,065,021	2,060,815	6,363,863	640,343

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	<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, 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 liability (including current portion and non-current)	4,974	5,052	3,800	1,252	-
	\$ 8,643,566	9,051,225	1,241,514	7,809,244	467

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

(iii) Currency risk: None

(iv) Interest rate analysis

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

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

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

(v) Other market price risk

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

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

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(vi) Information of fair value

1) Valuation techniques for financial instruments measured at fair value

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

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 190,080	190,080	-	-	190,080
Unquoted equity instruments	1,000	-	-	1,000	1,000
Subtotal	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 (incl. related parties)	21,935	-	-	-	-
Other financial assets, current	389,907	-	-	-	-
Other financial assets, non-current	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 (incl. due within one year)	3,795,988	-	3,766,716	-	3,766,716
Notes payable, accounts payable (incl. related parties)	386,755	-	-	-	-
Other payables (incl. related parties)	115,648	-	-	-	-
Guarantee deposits	3,540	-	-	-	-
Lease liabilities (incl. non-current portion)	4,851	-	-	-	-
Total	\$ 8,652,512	-	3,766,716	-	3,766,716

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

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

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

a) Financial liabilities measured at amortized cost

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

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Notes to the Consolidated Financial Statements

- 3) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

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

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

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

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

(t) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

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

SAN FAR PROPERTY LIMITED AND SUBSIDIARIES

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(iii) Credit risk

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

1) Accounts and other receivables

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

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

2) Investments

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

3) Guarantees

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

(iv) Liquidity risk

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

(v) Market risk

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

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(u) Capital management

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

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

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

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

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

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

(a) Related-party transactions

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

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

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(b) Significant transactions with related parties

(i) Construction

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

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

- 2) Construction revenue and contract assets

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

	<u>Engineering service revenue</u>		
	<u>For the years ended December 31</u>		<u>Recognition</u>
	<u>2023</u>	<u>2022</u>	<u>Engineering</u>
			<u>service revenue</u>
Other related party-Pleasant Hotels	<u>\$ 119,888</u>	<u>263,376</u>	<u>759,867</u>

	<u>The amount of the current period</u>		
	<u>For the years ended December 31</u>		<u>Accumulated</u>
	<u>2023</u>	<u>2022</u>	<u>Priced amount</u>
Other related party-Pleasant Hotels	<u>\$ 238,048</u>	<u>141,886</u>	<u>759,867</u>

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

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

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(ii) Accounts receivable from related parties

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

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

(iii) Rental

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

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

(iv) Operating expenses

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

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

(v) Guarantee

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

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(c) Key management personnel compensation

The compensation of key management is as follows:

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

(8) Pledged assets:

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

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

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

(9) Commitments and contingencies:

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

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

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

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(12) Other:

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

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

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(b) Other

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

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

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

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

(13) Other disclosures:

(a) Information on significant transactions:

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

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

(In Thousands of New Taiwan Dollars)

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

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

(In Thousands of New Taiwan Dollars)

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

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

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

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

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

(In Thousands of New Taiwan Dollars)

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

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

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

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

Note 1: The numbering is as follows:

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

Note 2: Relation between related parties are as follows:

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

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

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

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

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

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

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

(c) Information on investment in mainland China: None

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

(d) Major shareholders:

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

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

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

(14) Segment information:

(a) General information

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

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

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

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

(c) Product information

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

(d) Geographic information

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

(e) Major customers

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

SAN FAR PROPERTY LIMITED
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 12th Floor, No. 30, Section 3, Bade Road, Songshan District, Taipei City
Telephone: (02)2570-9988

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Independent Auditors' Report

To the Board of Directors of San Far Property Limited:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Emphasis of Matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not should provide a separate opinion on these matters. The key audit matters that in our professional judgment should be communicatrd are as follows:

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

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

Description of key audit matter:

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

Audit procedures performed:

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

2. Inventory valuation

Please refer to note 4(f) of individual financial statement for inventory valuation policy, to note 5 for assumptions and uncertainties, and to note 6(c) for detailed inventory.

Description of key audit matter:

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

Audit procedures performed:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 20, 2024

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

SAN FAR PROPERTY LIMITED**Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2023		December 31, 2022							
		Amount	%	Amount	%						
Assets											
Current assets:											
1100	Cash and cash equivalents (Note 6(a))	\$ 1,744,980	11	2,262,432	15						
1150	Notes receivable, net (Note 6(p))	2,500	-	-	-						
1170	Accounts receivable, net (Note 6(p))	-	-	100	-						
1320	Inventories (for construction business), net (Notes 6(c), 7 and 8)	11,835,487	76	11,345,441	74						
1410	Prepayment	107,525	1	79,602	-						
1476	Other financial assets-current (Note 8)	381,656	2	109,678	1						
1479	Other current assets, others	19,848	-	16,872	-						
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 6(d))	159,611	1	123,423	1						
		<u>14,251,607</u>	<u>91</u>	<u>13,937,548</u>	<u>91</u>						
Non-current assets:											
1510	Non-current financial assets at fair value through profit or loss	4,913	-	4,914	-						
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	191,080	1	117,280	1						
1550	Investments accounted for using equity method, net (Note 6(e))	305,212	2	325,681	2						
1600	Property, plant and equipment (Notes 6(f) and 8)	74,726	-	75,789	-						
1760	Investment property, net (Notes 6(g) and 8)	229,737	2	115,799	1						
1780	Intangible assets	181	-	339	-						
1840	Deferred tax assets (Note 6(m))	148,712	1	132,733	1						
1920	Guarantee deposits paid	3,935	-	2,108	-						
1980	Other non-current financial assets (Note 8)	431,457	3	680,090	4						
1990	Other non-current assets, others	4,800	-	2,363	-						
		<u>1,394,753</u>	<u>9</u>	<u>1,457,096</u>	<u>9</u>						
	Total assets	\$ 15,646,360	100	15,394,644	100						
Liabilities and Equity											
Current liabilities:											
2100	Short-term borrowings (Notes 6(h) and 8)	\$ 4,310,730	28	4,366,060	28	2161	Notes payable to related parties (Note 7)	80,916	-	36,336	-
2130	Current contract liabilities (Notes 6(j), (p) and 9)	560,113	4	354,081	2	2170	Accounts payable	33,594	-	43,166	-
2151	Notes payable	64,847	-	101,659	1	2180	Accounts payable to related parties (Note 7)	183,659	1	145,919	1
						2200	Other payables (Notes 7 and 9(b))	103,325	1	84,839	1
						2321	Current portion of puttable bonds (Notes 6(i) and 8)	1,199,995	8	-	-
						2399	Other current liabilities, others	29,668	-	9,691	-
								<u>6,566,847</u>	<u>42</u>	<u>5,141,751</u>	<u>33</u>
						Non-current liabilities:					
						2530	Bonds payable (Notes 6(i) and 8)	2,595,993	17	3,794,540	25
						2600	Other non-current liabilities	4,650	-	2,462	-
								<u>2,600,643</u>	<u>17</u>	<u>3,797,002</u>	<u>25</u>
								<u>9,167,490</u>	<u>59</u>	<u>8,938,753</u>	<u>58</u>
						Total liabilities					
						Equity (Note 6(n)):					
						3100	Common stock	3,265,542	21	3,265,542	21
						3200	Capital surplus	185,955	1	185,955	1
						3300	Retained earnings	2,898,493	18	2,949,314	20
						3400	Other equity (Note 6(b))	128,880	1	55,080	-
								<u>6,478,870</u>	<u>41</u>	<u>6,455,891</u>	<u>42</u>
						Total equity					
						Total liabilities and equity					
								\$ 15,646,360	100	15,394,644	100

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

SAN FAR PROPERTY LIMITED**Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	2023		2022		
	Amount	%	Amount	%	
4000	Operating revenue (Note 6(p))	\$ 817,169	100	1,977,670	100
5000	Operating cost (Notes 6(c) and (l))	585,222	72	1,658,053	84
5900	Gross profit from operations	231,947	28	319,617	16
6000	Operating expenses :				
6100	Selling expenses (Notes 6(d) and 7)	33,316	4	92,359	5
6200	Administrative expenses (Notes 6(l), (q) and 7)	89,371	11	76,359	4
		122,687	15	168,718	9
6900	Net operating income	109,260	13	150,899	7
7000	Non-operating income and expenses:				
7100	Interest income	17,177	2	5,279	-
7010	Other income (Notes 6(k) and 7)	6,055	1	4,633	-
7020	Other gains and losses	(6,719)	(1)	(1,160)	-
7050	Finance costs (Note 6(r))	(37,858)	(5)	(38,016)	(2)
7070	Share of profit (loss) of subsidiaries accounted for using equity method	323	-	17,795	1
		(21,022)	(3)	(11,469)	(1)
7900	Profit before tax	88,238	10	139,430	6
7950	Less: Income tax profits (Note 6(m))	(618)	-	(247)	-
8200	Profit	88,856	10	139,677	6
8300	Other comprehensive income:				
8310	Components of other comprehensive income 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 (Note 6(n))	73,800	9	(6,300)	-
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	-	-
8300	Other comprehensive income	73,800	9	(6,300)	-
8500	Total comprehensive income	\$ 162,656	19	133,377	6
	Basic earnings per share (Note 6(o))				
9750	Basic earnings per share(NT dollars)	\$ 0.27		0.43	
9850	Diluted earnings per share(NT dollars)	\$ 0.27		0.43	

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

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

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

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

SAN FAR PROPERTY LIMITED**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Profit before tax	\$ 88,238	139,430
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	4,958	3,113
Amortization expense	651	664
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	1	(485)
Interest expense	37,858	38,016
Interest income	(17,177)	(5,279)
Share of profit of subsidiaries accounted for using equity method	(323)	(17,795)
Total adjustments to reconcile profit (loss)	<u>25,968</u>	<u>18,234</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(2,500)	30
Decrease (increase) in accounts receivable	100	(100)
(Increase) decrease in inventories	(450,067)	572,734
Increase in prepayments	(27,923)	(21,974)
(Increase) decrease in other current assets	(1,587)	1,630
Increase in other financial assets	(19,997)	(82,125)
(Increase) decrease in assets recognised as incremental costs to obtain contract with customers	(36,188)	5,504
Total changes in operating assets	<u>(538,162)</u>	<u>475,699</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	206,032	(64,440)
Increase (decrease) in notes payable	7,768	(22,707)
Increase in accounts payable	28,168	68,641
Increase (decrease) in other payable	9,155	(29,952)
Increase (decrease) in other current liabilities	18,770	(1,494)
Total changes in operating liabilities	<u>269,893</u>	<u>(49,952)</u>
Total changes in operating assets and liabilities	<u>(268,269)</u>	<u>425,747</u>
Total adjustments	<u>(242,301)</u>	<u>443,981</u>
Cash (outflow) inflow generated from operations	(154,063)	583,411
Interest paid	(182,694)	(156,475)
Income taxes paid	(16,750)	(21,881)
Net cash flows (used in) generated from operating activities	<u>(353,507)</u>	<u>405,055</u>

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

SAN FAR PROPERTY LIMITED**Statements of Cash Flows (CONT' D)****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,000)
Acquisition of investments accounted for using equity method	-	(140,000)
Acquisition of property, plant and equipment	(113)	(398)
Increase in refundable deposits	(1,827)	1,230
Acquisition of intangible assets	(493)	(287)
Increase in other financial assets	(3,348)	(148,501)
Interest received	17,177	5,279
Dividends received	20,792	13,197
Net cash flows from generated (used in) investing activities	<u>32,188</u>	<u>(270,480)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	743,870	410,460
Decrease in short-term borrowings	(799,200)	(1,012,292)
Decrease in short-term notes and bills payable	-	(140,000)
Proceeds from issuing bonds	-	1,994,787
Repayments of bonds	-	(1,000,000)
Increase in other non-current liabilities	925	396
Cash dividends paid	(139,677)	(222,057)
Payment of lease liabilities	(2,051)	(783)
Net cash flows (used in) generated from financing activities	<u>(196,133)</u>	<u>30,511</u>
Net (decrease) increase in cash and cash equivalents	(517,452)	165,086
Cash and cash equivalents at beginning of period	<u>2,262,432</u>	<u>2,097,346</u>
Cash and cash equivalents at end of period	<u>\$ 1,744,980</u>	<u>2,262,432</u>

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

SAN FAR PROPERTY LIMITED

Notes to the Financial Statements

For the years ended December 31, 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 financial statements:

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

The Company 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 financial statements:

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

(4) Summary of material policies:

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

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

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

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

- (ii) Functional and presentation currency

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

(d) Cash and cash equivalents

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

(e) Financial instruments

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

(i) Financial assets

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

SAN FAR PROPERTY LIMITED

Notes to the Financial Statements

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(f) Inventories

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

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

(i) Land held for construction

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

(ii) Construction-in-progress

Net realizable value is the estimated selling price (prevailing market condition) in the ordinary course of business, less the estimated costs and selling expenses needed to complete.

(iii) Properties and land held

Net realizable value is the estimated selling price (refer to the market condition estimated by authority) in the ordinary course of business, less the estimated selling cost and expenses need to sell the real estate.

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(g) Investment in subsidiaries

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

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

(h) Investment property

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

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

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

(j) Lease

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

(i) As a leasee

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

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

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

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

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

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

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

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

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) As a lessor

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

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

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

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

(k) Intangible assets

(i) Recognition and measurement

Intangible assets acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

Computer software	1~3 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Revenue recognition

(i) Revenue from contracts with customers

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

1) Land development and sale of real estate

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

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

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

2) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

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(n) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(o) Income Taxes

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

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

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

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

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Company's potentially diluted ordinary shares include dividends to employees based on share-based payment.

(q) Operating segments

Please refer to the consolidated financial statements of San Far Ltd. for the years ended December 31, 2023 and 2022 for operating segments information.

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

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

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

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

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

(a) Inventory valuation

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

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	\$ 265	220
Demand deposits	1,246,127	2,262,212
Cash equivalents	498,588	-
Cash and cash equivalents in the statement of cash flows	<u>\$ 1,744,980</u>	<u>2,262,432</u>

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

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

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

(i) The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

(ii) The Company did not dispose any strategic investment in 2023 and 2022, and the accumulated profits and losses during the period were not transferred in equity.

(iii) For credit risk and market risk, please refer to note 6(s).

(iv) The above financial assets have not been used as guarantees for long-term and short-term loans and financing collateral.

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(c) Inventory

	December 31, 2023	December 31, 2022
Construction in progress	\$ 10,331,888	6,476,329
Buildings and Land held for sale	1,482,560	2,155,977
Land held for construction sites	21,039	2,713,135
Total	<u>\$ 11,835,487</u>	<u>11,345,441</u>
Inventory expected to be recovered after more than twelve months	<u>\$ 9,517,815</u>	<u>8,131,430</u>

- (i) Since construction inventory must be priced at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of construction inventory at the end of the financial reporting period. The Company estimates the net realizable value based on historical experience and estimation of the future of the market, hence significant changes might occur.
- (ii) The Company did not recognize inventory loss in 2023 and 2022. The inventory costs recognized as cost of goods sold were \$585,222 thousand and \$1,658,053 thousand, respectively.
- (iii) Please refer to note 8 for details of pledged inventory during the year ended December 31, 2023 and 2022.

(d) Incremental costs of obtaining a contract

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

(e) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 305,212</u>	<u>325,681</u>

Please refer to the consolidated financial statements for the year ended December 31, 2023 for relevant information of Subsidiary.

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

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(f) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Other facilities (Including transportation and office equipment)</u>	<u>Total</u>
Cost or deemed cost:				
Balance on January 1, 2023	\$ 57,169	35,554	3,102	95,825
Additions	-	-	113	113
Balance on December 31, 2023	<u>\$ 57,169</u>	<u>35,554</u>	<u>3,215</u>	<u>95,938</u>
Balance on January 1, 2022	\$ 57,169	35,554	2,704	95,427
Additions	-	-	398	398
Balance on December 31, 2022	<u>\$ 57,169</u>	<u>35,554</u>	<u>3,102</u>	<u>95,825</u>
Depreciation and impairments loss:				
Balance on January 1, 2023	\$ -	17,835	2,201	20,036
Depreciation	-	698	478	1,176
Balance on December 31, 2023	<u>\$ -</u>	<u>18,533</u>	<u>2,679</u>	<u>21,212</u>
Balance on January 1, 2022	\$ -	17,138	1,788	18,926
Depreciation	-	697	413	1,110
Balance on December 31, 2022	<u>\$ -</u>	<u>17,835</u>	<u>2,201</u>	<u>20,036</u>
Carrying amounts:				
Balance on December 31, 2023	<u>\$ 57,169</u>	<u>17,021</u>	<u>536</u>	<u>74,726</u>
Balance on January 1, 2022	<u>\$ 57,169</u>	<u>18,416</u>	<u>916</u>	<u>76,501</u>
Balance on December 31, 2022	<u>\$ 57,169</u>	<u>17,719</u>	<u>901</u>	<u>75,789</u>

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

(g) Investment property

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

	<u>Land</u>	<u>Buildings and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2023	\$ 46,345	72,716	119,061
Transfer from inventory	60,016	55,620	115,636
Balance on December 31, 2023	<u>\$ 106,361</u>	<u>128,336</u>	<u>234,697</u>

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	Land	Buildings and construction	Total
Balance on January 1, 2022	\$ 40,310	53,313	93,623
Transfer from inventory	6,035	19,403	25,438
Balance on December 31, 2022	\$ 46,345	72,716	119,061
Depreciation and impairments loss:			
Balance on January 1, 2023	\$ -	3,262	3,262
Depreciation	-	1,698	1,698
Balance on December 31, 2023	\$ -	4,960	4,960
Balance on January 1, 2022	\$ -	2,055	2,055
Depreciation	-	1,207	1,207
Balance on December 31, 2022	\$ -	3,262	3,262
Carrying amounts:			
Balance on December 31, 2023	\$ 106,361	123,376	229,737
Balance on January 1, 2022	\$ 40,310	51,258	91,568
Balance on December 31, 2022	\$ 46,345	69,454	115,799
Fair Value :			
Balance on December 31, 2023		\$ 417,684	
Balance on December 31, 2022		\$ 195,859	

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

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

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

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ 160,000	222,000
Secured bank loans	4,150,730	4,144,060
Total	\$ 4,310,730	4,366,060
Unused credit time	\$ 3,897,770	5,755,980
Range of interest rates	<u>2.30%~2.80%</u>	<u>2.10%~2.67%</u>

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(i) The issue of bank loan and repayment

For the years ended December 31, 2023 and 2022, the incremental amounts are \$743,870 thousand and \$410,460 thousand, respectively; the repayment amounts are \$799,200 thousand and \$1,012,292, respectively.

(ii) Collateral for bank loans

For the collateral for short-term borrowings, 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:

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

(i) Please refer to note 6(r) for information of the Company's recognition on ordinary bonds and amortized interest expenses in 2023 and 2022.

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

Item	First secured ordinary corporate bond in 2017
1)Total issuance	\$1,000,000 thousand
2)Issuance date	2017.09.14
3)Interest rate	0.97%
4)Period ended	2017.09.14~2022.09.14
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Agricultural Bank of Taiwan
Item	First secured ordinary corporate bond in 2019
1)Total issuance	\$1,200,000 thousand
2)Issuance date	2019.01.07
3)Interest rate	0.96%
4)Period ended	2019.01.07~2024.01.07
5)Repayment	Due five years from the issuance date
6)Guarantee agency	Taiwan Business Bank Co., Ltd.

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

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

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

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

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

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(k) Operating lease

Leases as lessor

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

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

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

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

(l) Employee benefit

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$2,404 thousand and \$2,348 thousand for the years ended December 31, 2023 and 2022, respectively.

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(m) Income tax

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

	For the years ended December 31	
	2023	2022
Current tax expense		
Adjustment for prior periods	\$ -	(417)
Land value increment tax	15,361	21,372
	15,361	20,955
Deferred tax expense		
Change in reversal and unrecognized deductible temporary differences	(15,979)	(21,202)
Income tax profit	\$ (618)	(247)

- (ii) Reconciliation of income tax and profit before tax for 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Profit before tax	\$ 88,238	139,430
Income tax expense at domestic statutory tax rate	17,648	27,886
Land tax exempt income	(30,162)	(54,395)
Book-tax difference of capitalization	(19,315)	(22,547)
Profit or loss from investment using equity method	(65)	(3,559)
Land value increment tax	15,361	21,372
Adjustment for prior periods	-	(417)
Others	15,915	31,413
	\$ (618)	(247)

- (iii) Deferred tax assets and liabilities

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

	Deferred Tax Assets		
	Tax loss		
	carryforward	Others	Total
Balance on January 1, 2023	\$ 132,467	266	132,733
Recognized in profit or loss	15,963	16	15,979
Balance on December 31, 2023	\$ 148,430	282	148,712

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	Deferred Tax Assets		
	Tax loss carryforward	Others	Total
Balance on January 1, 2022	\$ 109,986	1,545	111,531
Recognized in profit or loss	22,481	(1,279)	21,202
Balance on December 31, 2022	<u>\$ 132,467</u>	<u>266</u>	<u>132,733</u>

As of December 31, 2023, the information of the Company' s unused tax losses for which deferred tax assets were recognized is as follows:

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

(iv) Assessment of tax

The Company' s tax returns for the years through 2021 were assessed by the National Taxation Bureau of Taipei.

(n) Capital and other equity

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

(i) Capital surplus

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

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

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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) Retained earnings

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

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

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

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

1) Legal reserve

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

2) Earnings distribution

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

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These earnings were appropriated as follows:

	For the years ended December 31			
	2022		2021	
	Amount per share (dollars)	Total amount	Amount per share (dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 0.43	139,677	0.68	222,057

(iii) Other equity items

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

(o) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, respectively, as follows:

1) Profit attributable to ordinary shareholders of the Company

	For the years ended December 31	
	2023	2022
Profit attributable to ordinary shareholders of the Company	\$ 88,856	139,677

2) Weighted average number of ordinary shares

Unit: thousand shares

	For the years ended December 31	
	2023	2022
Weighted average number of ordinary shares	326,554	326,554
Basic earnings per share (NTD)	\$ 0.27	0.43

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(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares, respectively, as follows:

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

	For the years ended December 31	
	2023	2022
Profit attributable to ordinary shareholders of the Company (diluted)	\$ 88,856	139,677

2) Weighted average number of ordinary shares (diluted)

Unit: thousand shares

	For the years ended December 31	
	2023	2022
Weighted average number of ordinary shares(basic)	326,554	326,554
Effect of employee share compensation	152	156
Weighted average number of ordinary shares (diluted) at December 31	326,706	326,710
Diluted earnings per share (NTD)	\$ 0.27	0.43

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2023	2022
Primary geographical markets:		
Taiwan	\$ 817,169	1,977,670
Major products/services lines:		
Sales of real estate	\$ 817,169	1,977,670

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(ii) Contract balances

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>January 1, 2022</u>
Notes receivables	\$ 2,500	-	30
Accounts receivables	-	100	-
Less: allowance for impairment	-	-	-
Total	\$ 2,500	100	30
Contract liabilities, selling of real estate	\$ 560,113	354,081	418,521

- 1) The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were \$0 and \$220,190 thousand, respectively.
- 2) The contract liabilities differences primarily relate to the time when the Company meets its performance obligations, which is transferring goods or services to the customers, and the time the payments are made.

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(r) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense		
Bank loans	\$ 107,552	87,785
Interest on corporate bonds	85,792	78,333
Other interest expense	129	47
Less: Capitalized interest	(155,615)	(128,149)
	\$ 37,858	38,016
Average capitalized interest rate	0.67%~2.94%	0.67%~2.67%

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risk of receivables and debt securities

Other financial assets at amortized cost includes other receivables.

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

There is no loss allowance for the period ended December 31, 2023 and 2022, hence no losses are recognized.

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(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	Within 1 year	1-5 years	Over 5 years
December 31, 2023					
Non derivative financial liabilities					
Floating-interest-rate instruments	\$ 4,310,730	4,622,570	290,814	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	468,497	468,497	466,378	753	1,366
Lease liability (including current portion and non-current)	4,851	4,991	2,454	2,537	-
	\$ 8,580,066	8,991,894	1,987,687	6,363,864	640,343
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	413,150	413,150	411,931	862	357
Lease liability (including current portion and non-current)	2,381	2,442	1,190	1,252	-
	\$ 8,576,131	8,983,773	1,174,062	7,809,354	357

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

(iii) Currency risk: None

(iv) Interest rate analysis

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

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

If the interest rate had increased/decreased by 1 basis points, the Company's net income would have increased/decreased by \$43,107 thousand and \$43,661 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills. The Company's other comprehensive income would have increased/decreased by \$8,412 thousand and \$9,989 thousand for the years ended December 31, 2023 and 2022, respectively.

SAN FAR PROPERTY LIMITED
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(v) Other market price risk

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

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

(vi) Fair value of financial instruments

1) Valuation techniques for financial instruments measured at fair value

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

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Listed stock	\$ 190,080	190,080	-	-	190,080
Unquoted equity instruments	1,000	-	-	1,000	1,000
Subtotal	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	\$ 1,744,980	-	-	-	-
Notes and accounts receivable	2,500	-	-	-	-
Other financial assets, current	381,656	-	-	-	-
Other financial assets, non-current	431,457	-	-	-	-
Refundable deposits	3,935	-	-	-	-
Subtotal	2,564,528	-	-	-	-
Total	\$ 2,760,521	190,080	-	5,913	195,993

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

		December 31, 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 (incl. due within one year)		3,795,988	-	3,766,716	-	3,766,716
Notes payable, accounts payable (incl. related parties)		363,016	-	-	-	-
Other payables (incl. related parties)		103,325	-	-	-	-
Guarantee deposits		2,156	-	-	-	-
Lease liabilities (incl. non-current portion)		4,851	-	-	-	-
Total		\$ 8,580,066	-	3,766,716	-	3,766,716
		December 31, 2022				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income						
Listed stock	\$	116,280	116,280	-	-	116,280
Unquoted equity instruments		1,000	-	-	1,000	1,000
Subtotal		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	\$	2,262,432	-	-	-	-
Notes and accounts receivable		100	-	-	-	-
Other financial assets, current		109,678	-	-	-	-
Other financial assets, non-current		680,090	-	-	-	-
Refundable deposits		2,108	-	-	-	-
Subtotal		3,054,408	-	-	-	-
Total		\$ 3,176,602	116,280	-	5,914	122,194
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	4,366,060	-	-	-	-
Corporate bonds payable (incl. due within one year)		3,794,540	-	3,738,989	-	3,738,989
Notes and accounts payable (incl. related parties)		327,080	-	-	-	-
Other payables (incl. related parties)		84,839	-	-	-	-
Guarantee deposits		1,231	-	-	-	-
Lease liabilities (incl. non-current portion)		2,381	-	-	-	-
Total		\$ 8,576,131	-	3,738,989	-	3,738,989

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Notes to the Financial Statements

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

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

a) Financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

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

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

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

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

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Notes to the Financial Statements

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

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

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

4) Transfers between Level 1 and Level 2

No transfers are made during 2023 and 2022, respectively.

(t) Financial risk management

(i) Overview

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

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

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

(ii) Structure of risk management

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

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

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

(iii) Credit risk

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

1) Accounts and other receivables

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

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

2) Investments

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

3) Guarantees

At December 31, 2023 and 2022, respectively, the Company has no outstanding guarantees.

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(iv) Liquidity risk

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

(v) Market risk

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

(u) Capital management

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

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

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

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

	December 31, 2023	December 31, 2022
Total liabilities	\$ 9,167,490	8,938,753
Less: cash and cash equivalents	<u>(1,744,980)</u>	<u>(2,262,432)</u>
Net debt	7,422,510	6,676,321
Total Equity	<u>6,478,870</u>	<u>6,455,891</u>
Adjusted equity	<u>\$ 13,901,380</u>	<u>13,132,212</u>
Debt-to-equity ratio	<u>53%</u>	<u>51%</u>

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Jing Fu Xiang Construction Co., Ltd .	Subsidiary company
Jingo International Records Co., Ltd .	Subsidiary company
San Fu Property Co., Ltd.	The chairman of San Fu Property Co., Ltd., as well as a board member
San Far Education Foundation	Other related party
Zenfar Architecture Co., Ltd.	Other related party
Minting Construction Co., Ltd.	Other related party
Yueteng Advertising Co., Ltd.	Other related party
Dage Advertising Co., Ltd.	Other related party
Hong Tai Advertising Co., Ltd	Other related party

(b) Significant transactions with related parties

(i) Purchasing

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

	<u>Total contract price</u>		<u>Purchasing</u>		<u>Accumulated amount</u>	
	<u>December 31, December 31,</u>		<u>For the years ended</u>		<u>For the years ended</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>	<u>December 31</u>
Subsidiary company – JinFuXiang	<u>\$ 4,113,915</u>	<u>4,110,337</u>	<u>656,053</u>	<u>527,613</u>	<u>1,271,598</u>	<u>940,370</u>

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

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(ii) Payables to Related Parties

The payables to related parties were as follows:

<u>Accounte</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payables	Subsidiary company – Jing Fu Xiang	\$ 264,510	182,246
Notes payables	Subsidiary company-Jingo	-	9
Other payables	Subsidiary company-Jing Fu Xiang	298	-
Other payables	Subsidiary company-Jingo	39	12
		<u>\$ 264,847</u>	<u>182,267</u>

(iii) Operating expense

<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary Company	\$ 547	999
Other related parties	1,404	(4,925)
	<u>\$ 1,951</u>	<u>(3,926)</u>

The Company cancels the contribution fund in according with the annual plan of the San far Education Foundation, which amounted to \$0 and \$4,925 thousand for the years ended December 31, 2023 and 2022, respectively. The actual amount of donation was \$1,404 thousand and \$1,500 thousand for the years ended December 31, 2023 and 2022, respectively.

(iv) Lease

Jing Fu Xiang Construction Co., Ltd. leases office buildings from the Company and refer to the neighboring office rental price when signing lease contract. The rental income were \$137 thousand in both the year ended 31 December 2023 and 2022.

Jingo International Records Co., Ltd. leases office buildings from the Company and refer to the neighboring office rental price when signing lease contract. For the years ended December 31, 2023 and 2022, the Company' s rental income were \$243 thousand and \$0, respectively.

(v) Guarantee

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

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>For the years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 16,418	18,942
Post-employment benefits	464	440
	<u>\$ 16,882</u>	<u>19,382</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Inventories	Mortgage and bonds payable	\$ 9,946,418	10,095,688
Other financial assets classified under current and non-current	Mortgage and bonds payable	683,438	680,090
Property, plant and equipment	Short-term notes and bill payable	74,191	74,888
Investment property	Mortgage and bonds payable	86,415	87,569
		<u>\$ 10,790,462</u>	<u>10,938,235</u>

The book value of the above-mentioned pledged assets, which were pledged as collateral for unused credits, amounted to \$548,009 thousand and \$549,670 thousand as of December 31, 2023 and 2022, respectively.

(9) Commitments and contingencies:

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Signed contracts</u>		
Sales of real estate	<u>\$ 3,266,522</u>	<u>2,155,689</u>
Contracted construction in progress	<u>\$ 4,113,915</u>	<u>3,785,512</u>
<u>Received or paid contracts</u>		
sales of real estate	<u>\$ 560,113</u>	<u>354,081</u>
Contracted construction in progress	<u>\$ 1,271,598</u>	<u>615,545</u>

(b) The legal litigation cases related to the Company demanded an approximate amount totaling \$70,000 thousand, plus legal interest from the Company. Currently, the estimated liability provision amounted to \$1,984 thousand. All cases were still in progress as of the reporting date.

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- (c) The Company made a donation, with an amount not exceeding \$2,500 thousand, to San Far Education Foundation for the purpose of promoting the Foundation's business, based on the resolutions approved by the board on September 21, 2023 and November 18, 2022. Please refer to note 7(b)(iii) for the actual amount.

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(12) Other:

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

By item	By function	For the year ended December 31					
		2023			2022		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		45,002	14,252	59,254	47,854	7,900	55,754
Labor and health insurance		4,284	466	4,750	3,850	874	4,724
Pension		2,170	234	2,404	2,109	239	2,348
Remuneration of directors		-	2,455	2,455	-	3,043	3,043
Others		1,335	961	2,296	1,363	1,250	2,613
Depreciation		-	4,958	4,958	-	3,113	3,113
Amortization		-	651	651	-	664	664

More detailed information on the Company's number of employees and employee benefits for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>60</u>	<u>60</u>
Number of directors not act as employees	<u>6</u>	<u>6</u>
Average employee benefits	<u>\$ 1,272</u>	<u>1,190</u>
Average employee salaries	<u>\$ 1,097</u>	<u>1,014</u>
Adjusted average employee salaries	<u>8.19%</u>	
Supervisor's remuneration	<u>\$ -</u>	<u>-</u>

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

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

(i) Director's remuneration

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

(ii) Managers remuneration:

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

(iii) Employees remuneration:

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

(b) Others

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

	<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2018.12.31</u>	<u>2017.12.31</u>	<u>2016.12.31</u>	<u>2015.12.31</u>	<u>2014.12.31</u>
Current assets recognized as incremental costs to obtain contract with customers	\$ -	47,550	109,612	47,974	23,786	11,034	-
Notes payable	\$ -	2,694	7,282	8,743	8,494	-	-
Construction Retainage Received (under Accounts Payable)	\$ 4,662	4,461	1,778	1,907	205	-	-
Other payables	\$ -	6,814	5,313	932	5,911	-	-
	<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

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

- (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.

SAN FAR PROPERTY LIMITED
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				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	190,080	4.11%	190,080	
The Company	Stock - Best Education Service & Tech Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	20	1,000	0.33%	1,000	
The Company	Privately offered fund - Sparklabs Taipei Fund I	-	Financial assets at fair value through profit or loss, non-current	-	4,913	- %	4,913	

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

(In Thousands of New Taiwan Dollars)

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

Note: There is \$79,786 thousand belongs the retainage receivable (accounted for as 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 Construction Co., Ltd	The Company	Parent Company	264,510	3.79%	-		59,481	-

- (ix) Trading in derivative instruments: None.

SAN FAR PROPERTY LIMITED

Notes to the Financial Statements

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

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

(c) Information on investment in mainland China: None

(d) Major shareholders:

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

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

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

(14) Segment information:

Please refer to the consolidated financial statements of 2023.

SAN FAR PROPERTY LIMITED
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Petty cash		\$ 265
Demand deposit		
Foreign currency deposit	USD7,520.44, the exchange rate is 27.82	209
New Taiwan dollar deposit		<u>1,245,918</u>
		<u>1,246,127</u>
Equivalent cash		
Short term repurchase agreement	35 days, interest rate 1.3%	<u>498,588</u>
		<u>\$ 1,744,980</u>

San Far Property Limited

Statement of inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		<u>Remarks</u>
		<u>cost</u>	<u>Net realizable value</u>	
Construction in process	G015	\$ 1,237,419	2,591,486	Return on investment analysis
	G020	1,112,072	2,586,553	"
	G023	835,112	1,125,154	"
	G025	587,442	1,884,092	"
	G026	3,207,951	6,872,773	"
	G027	2,782,972	4,865,965	"
	G028	<u>568,920</u>	<u>1,012,560</u>	"
			<u>10,331,888</u>	<u>20,938,583</u>
Buildings and land held for sale	G008	247,423	736,519	Close to the market price
	G009	15,180	36,772	"
	G011	56,533	110,546	"
	G012	569,600	806,932	"
	G013	253,731	402,772	"
	G014	6,364	23,407	"
	G019	252,423	350,806	"
	G022	<u>81,306</u>	<u>117,611</u>	"
		<u>1,482,560</u>	<u>2,585,365</u>	
Land held for construction sites	other	<u>21,039</u>	<u>34,114</u>	Return on investment analysis
Total		<u>\$ 11,835,487</u>	<u>23,558,062</u>	

SAN FAR PROPERTY LIMITED
Statement of short-term borrowings
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Types of loans</u>	<u>Year-end balance</u>	<u>Contract expiration</u>	<u>Interest rate</u>	<u>Financing amount</u>	<u>Nortgage/ guarantee</u>	<u>Note</u>
Unsecured loan	\$ 40,000	2024/09/05	Note	50,000	-	
"	120,000	2024/10/14	"	120,000	-	
Secured loan	558,000	2030/03/13	"	558,000	Inventories	
"	20,000	2024/06/03	"	291,000	"	
"	396,900	2025/09/30	"	396,900	"	
"	1,037,400	2026/04/12	"	1,037,400	"	
"	465,450	2026/04/12	"	465,450	"	
"	1,474,000	2026/06/09	"	1,742,000	"	
"	187,100	2026/07/21	"	187,100	"	
	<u>11,880</u>	2026/07/21	"	190,000	"	
	<u>\$ 4,310,730</u>					

Note1: Above the money is borrowed from the bank.

Note2: The interest rate for loans is between 2.30%~2.80% .

SAN FAR PROPERTY LIMITED

Statement of bonds payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Title of the Bond	Trustee	Issuance Date	Interest Payment Date	Interest Rate	Account			Repayment Method	Guarantee Condition
					Taotal Issued Amount	Unamortized Amount	Book Value		
Ordinary Corporate Bonds (II)	Taiwan Cooperative Bank	2019.01.07	Annual	0.96%	\$ 1,200,000	(5)	1,199,995	Bullet loan	Other financial assets, non-current and inventories
Ordinary Corporate Bonds (III)	Agricultural Bank of Taiwan	2021.12.24	Annual	0.67%	600,000	(507)	599,493	Bullet loan	Other financial assets, non-current
Ordinary Corporate Bonds (IV)	Hua Nan Commercial Bank	2022.01.10	Annual	0.68%	1,000,000	(1,770)	998,230	Bullet loan	Inventories and investment properties
Ordinary Corporate Bonds (V)	Agricultural Bank of Taiwan	2022.09.14	Annual	1.70%	1,000,000	(1,730)	998,270	Bullet loan	Other financial assets, non-current
Less : Redeemable bonds due within one year					-	-	(1,199,995)		
					\$ 3,800,000	(4,012)	2,595,993		

SAN FAR PROPERTY LIMITED

Statement of operating revenue

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description (section)	Amount	Note
Land Revenue	Feng Ming, Fu Dou Sin 235, Qiyan and Qing Nan 503, etc	\$ 557,350	
Building Revenue	"	<u>259,819</u>	
Total		<u><u>\$ 817,169</u></u>	

Statement of operating costs

Item	Description (Section)	Amount	Note
Land cost	Feng Ming, Fu Dou Sin 235, Qiyan and Qing Nan 503, etc	\$ 310,151	
Building cost	"	<u>275,071</u>	
Total		<u><u>\$ 585,222</u></u>	

SAN FAR PROPERTY LIMITED

Statement of administrative expenses

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Selling Expense</u>	<u>Administration Expense</u>	<u>Total</u>
Salaries and Wages Expenses	\$ -	16,707	16,707
Repair and Maintenance Expense	66	931	997
Advertising expense	978	28	1,006
Insurance Expense	-	733	733
Entertainment Expense	-	2,269	2,269
Donations	-	3,264	3,264
Tax Expense	-	39,853	39,853
Depreciation Expense	-	4,958	4,958
Administration Expense	-	3,742	3,742
Service Expense	-	8,763	8,763
Commission Expense	31,081	-	31,081
Other Expense	1,191	8,123	9,314
	<u>\$ 33,316</u>	<u>89,371</u>	<u>122,687</u>

Sanfar Property Limited

Chairman: Dingsheng Zhong