Stock Code:2601

FIRST STEAMSHIP COMPANY LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Representation Letter

The entities that are required to be included in the combined financial statements of First Steamship Company Ltd. as of and for the year ended December 31, 2022 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, First Steamship Company Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: First Steamship Company Ltd.
Chairman: Jen-Hao Kuo
Date: March 31, 2023

Independent Auditors' Report

To the Board of Directors of First Steamship Company Ltd.:

Opinion

We have audited the consolidated financial statements of First Steamship Company Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements 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 significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

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 for the year ended December 31, 2022 of the Group. Those matters have been addressed in our audit opinion on the said consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Impairment of goodwill and trademark

   Please refer to Notes 4(o), 5(c), and 6(l) to the consolidated financial statements for the accounting policies on the recognition of impairment of intangible assets and non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and intangible assets, as well as details of impairment of goodwill and intangible assets, respectively.

   Description of key audit matter:

   As of December 31, 2022, the carrying amounts of intangible assets constituted 6% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. Since retailing business was influenced by COVID-19 pandemic, the business profit haven't recover to the level before the pandemic, and maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from acquisition were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the recoverable amounts by using a discounted cash flow forecast of retailing department. Due to the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of goodwill and trademark. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

   How the matter was addressed in our audit

   We obtained the model and related assumptions that the Group's management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

2. Assets impairment

   Please refer to Notes 4(o), 5(b), 6(j), and 6(k) to the consolidated financial statements for the accounting policies on the recognition of impairment of non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of property, plant and equipment, and right of use assets, as well as details of impairment of property, plant and equipment and right-of-use assets, respectively.

   Description of key audit matter:

   As of December 31, 2022, the carrying amounts of property, plant and equipment and right-of-use assets constitute 71% of the total assets of the Group. The major part of property, plant and equipment was operating assets in retailing and shipping departments. Since retailing business was influenced by COVID-19 pandemic, the business have faced declines in profits in a recession, and maintaining revenue and profitability had become a challenge. Therefore, the carrying amounts of operating assets were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the recoverable amounts by using a discounted cash flow forecast of retailing department. Due to the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of operating assets. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the model and related assumptions that the Group's management used to assess the impairment of assets, including to evaluate whether management had identified CGU which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management' s calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

3. Recoverability of other receivables

Please refer to Notes 4(g), 5(a), and 6(d) to the consolidated financial statements for the accounting policies on the recognition of financial instruments, the disclosures of other receivables and other financial assets, respectively.

Description of key audit matter:

The retailing department of the Group recently ended part of their investment due to the rigorous competition of market in mainland China. As of December 31, 2022, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to $268,888 thousand, and constituted 1% of the total assets of the Group. The Group measured loss allowance for expected credit losses of other receivables in accordance with IFRS 9 "Financial Instruments". Therefore, we considered the assessment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the management's assessment for the expected credit losses of other receivables to examine the related supporting documents of default risk. We evaluated the reasonability of expected credit losses of other receivables in duration according to IFRS 9 "Financial Instruments".

Other Matter

We did not audit the financial statements of Mariner Finance Ltd., a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mariner Finance Ltd., is based solely on the report of other auditor. The financial statements of Mariner Finance Ltd. reflect the total assets constituting 2% and 3% of the consolidated total assets at December 31, 2022 and 2021, respectively, and the total operating revenues constituting 1% and 2% of the consolidated total operating revenues for the years then ended, respectively.

We did not audit the financial statements of certain associates, which represented the investments in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts is based solely on the reports of other auditors. The investments in certain associates accounted for using the equity method constituting 2% and 1% of the total assets at December 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method constituted 41% of the total loss before tax and (6)% of the total profit before tax for the years then ended, respectively.

First Steamship Company Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unqualified opinion with other matter paragraph and an unqualified opinion with emphasis of matter and other matter paragraph, respectively.

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 (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s 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 auditor’s 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 Shu-Ying Chang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 31, 2023

<u>Notes to Readers</u>

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

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 2,987,197	8	4,275,526	11
1110	Current financial assets at fair value through profit or loss (Note 6(b))	245,828	1	111,216	-
1150	Notes receivable, net (Note 6(c))	265	-	-	-
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	535,679	1	539,068	1
1200	Other receivables, net (Notes 6(d), (z) and 7)	177,838	-	644,357	2
1300	Inventories	239,288	1	264,967	1
1320	Inventories (for construction business) (Notes 6(e), 8 and 9)	1,738,391	5	1,365,621	4
1461	Non-current assets classified as held for sale (Note 6(f))	-	-	196,292	1
1476	Other current financial assets (Notes 6(m), (z), 7 and 8)	104,901	-	103,179	-
1479	Other current assets (Notes 7 and 9)	448,880	1	416,199	1
		6,478,267	17	7,916,425	21
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	-	-	127,578	-
1535	Non-current financial assets at amortized cost (Note 13)	59,900	-	59,900	-
1550	Investments accounted for using equity method (Note 6(g))	786,283	2	762,825	2
1600	Property, plant and equipment (Notes 6(j) and 8)	13,739,553	39	13,833,681	35
1755	Right-of-use assets (Notes 6(k) and 8)	11,089,224	32	12,448,250	32
1760	Investment property, net (Note 8)	141,090	-	142,063	-
1780	Intangible assets (Note 6(l))	2,061,101	6	2,038,984	5
1840	Deferred tax assets (Note 6(t))	768,843	2	861,906	2
1915	Prepayments for business facilities (Note 9)	-	-	470	-
1935	Long-term lease payments receivable (Notes 6(c), 7 and 8)	132,425	-	309,003	1
1975	Net defined benefit asset, non-current	2,939	-	894	-
1980	Other non-current financial assets (Notes 6(m), 7 and 8)	221,238	1	263,794	1
1990	Other non-current assets (Notes 6(u) and 7)	284,723	1	221,603	1
		29,287,319	83	31,070,951	79
	Total assets	**$ 35,765,586**	**100**	**38,987,376**	**100**

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (CONT'D)

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(c) and (n))	2,827,445	8	3,396,693	9
2110	Short-term notes and bills payable	-	-	99,846	-
2170	Accounts payable (Note 6(q))	970,940	3	2,013,436	5
2200	Other payables (Notes 6(q), (x) and 7)	992,246	3	986,971	3
2230	Current tax liabilities	50,051	-	54,547	-
2260	Liabilities related to non-current assets classified as held for sale (Note 6(f))	-	-	340	-
2280	Current lease liabilities (Notes 6(r) and 7)	947,988	3	837,940	2
2322	Long-term borrowings, current portion (Note 6(o))	1,334,503	4	1,621,462	4
2399	Other current liabilities (Notes 6(f), (z) and 7)	87,708	-	230,303	1
		7,210,881	21	9,241,538	24
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Note 6(b))	26,125	-	23,234	-
2540	Long-term borrowings (Note 6(o))	5,182,200	14	4,932,646	13
2570	Deferred tax liabilities (Note 6(t))	65,171	-	59,615	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	9,044,616	25	10,770,711	27
2645	Guarantee deposits	591,528	2	700,582	2
		14,909,640	41	16,486,788	42
	Total liabilities	22,120,521	62	25,728,326	66
	Equity attributable to owners of parent (Note 6(u)):				
3100	Capital stock	8,347,761	23	8,347,761	21
3200	Capital surplus	1,926,712	5	1,906,116	5
3300	Retained earnings	648,789	2	641,378	2
3400	Other equity interest	(303,885)	(1)	(982,609)	(3)
3500	Treasury shares	(94,491)	-	(94,491)	-
	Total equity attributable to owners of parent:	10,524,886	29	9,818,155	25
36XX	**Non-controlling interests** (Notes 6(i) and (u))	3,120,179	9	3,440,895	9
	Total equity	13,645,065	38	13,259,050	34
	Total liabilities and equity	**$ 35,765,586**	**100**	**38,987,376**	**100**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(s), (w) and 7)**	$ 6,326,043	100	6,925,974	100
5000	**Operating costs (Notes 6(s) and (y))**	2,007,316	32	2,484,279	36
	Gross profit from operations	4,318,727	68	4,441,695	64
6000	**Operating expenses (Notes 6(r), (x) and 7)**	3,539,484	56	3,514,780	51
6450	Expected credit loss (Notes 6(c) and 7)	177,611	3	49,634	1
	Net operating income	601,632	9	877,281	12
	Non-operating income and expenses :				
7100	Interest income (Notes 6(y) and 7)	40,466	1	33,331	-
7010	Other income (Note 6(y))	3,616	-	3,083	-
7020	Other gains and losses, net (Notes 6(f), (j), (l), (p), (y) and 7)	334,431	5	211,645	3
7050	Finance costs (Notes 6(p), (r), (y) and 7)	(853,698)	(12)	(681,327)	(10)
7055	Expected credit loss (Notes 6(d), (m), (z) and 7)	(214,172)	(3)	(58,227)	(1)
7060	Share of loss of associates accounted for using equity method, net (Note 6(g))	(49,801)	(1)	(24,359)	-
		(739,158)	(10)	(515,854)	(8)
7900	**(Loss) Profit from continuing operations before tax**	(137,526)	(1)	361,427	4
7950	Less: Income tax expenses (Note 6(t))	217,904	3	308,332	4
	(Loss) Profit	(355,430)	(4)	53,095	-
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,376	-	(1,275)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		1,376	-	(1,275)	-
8360	**Items that may be reclassified subsequently to profit or loss:** (Notes 6(g) and (u))				
8361	Exchange differences on translation of foreign financial statements	623,065	10	(167,126)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	73,259	1	(16,656)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		696,324	11	(183,782)	(2)
8300	**Other comprehensive income (loss)**	697,700	11	(185,057)	(2)
	Comprehensive income	**$ 342,270**	**7**	**(131,962)**	**(2)**
	Profit (loss) attributable to:				
8610	Owners of parent	$ 6,035	2	151,866	1
8620	Non-controlling interests	(361,465)	(6)	(98,771)	(1)
		$ (355,430)	**(4)**	**53,095**	
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 686,135	12	(21,202)	-
8720	Non-controlling interests	(343,865)	(5)	(110,760)	(2)
		$ 342,270	**7**	**(131,962)**	**(2)**
	Earnings per share (Note 6(v))				
9750	Basic earnings per share (NT dollars)	**$**	**0.01**		**0.20**
9850	Diluted earnings per share (NT dollars)	**$**	**0.01**		**0.20**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	$ 6,867,627	1,917,673	247,895	565,892	(345,746)	468,041	(810,816)	(94,491)	8,348,034	3,642,678	11,990,712
Profit for the year ended December 31, 2021	-	-	-	-	151,866	151,866	-	-	151,866	(98,771)	53,095
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(1,275)	(1,275)	(171,793)	-	(173,068)	(11,989)	(185,057)
Comprehensive income for the year ended December 31, 2021	-	-	-	-	150,591	150,591	(171,793)	-	(21,202)	(110,760)	(131,962)
Appropriation and distribution of retained earnings:											
Legal reserve used to offset accumulated deficits	-	-	(247,895)	-	247,895	-	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(22,746)	-	-	22,746	22,746	-	-	-	-	-
Conversion of convertible bonds	1,480,134	5,408	-	-	-	-	-	-	1,485,542	-	1,485,542
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,273	-	-	-	-	-	-	5,273	(9,865)	(4,592)
Changes in ownership interests in subsidiaries	-	508	-	-	-	-	-	-	508	364	872
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(81,522)	(81,522)
Balance at December 31, 2021	8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155	3,440,895	13,259,050
Profit for the year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035	(361,465)	(355,430)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100	17,600	697,700
Comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135	(343,865)	342,270
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	7,548	-	(7,548)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	67,938	(67,938)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	15,249	-	-	-	-	-	-	15,249	(25,626)	(10,377)
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347	3,775	9,122
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	45,000	45,000
Balance at December 31, 2022	**$ 8,347,761**	**1,926,712**	**7,548**	**633,830**	**7,411**	**648,789**	**(303,885)**	**(94,491)**	**10,524,886**	**3,120,179**	**13,645,065**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		2022	2021
Cash flows from operating activities:			
(Loss) profit before tax	$	(137,526)	361,427
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		2,075,818	1,896,239
Amortization expense		54,220	42,268
Expected credit loss		391,783	107,861
Net gain on financial assets or liabilities at fair value through profit or loss		(18,108)	(64,068)
Interest expense		853,698	681,327
Operating costs (interest expense)		19,975	34,800
Interest income		(40,466)	(33,331)
Dividend income		(3,616)	(3,083)
Cost of share-based payments awards		-	872
Share of loss of associates accounted for using equity method		49,801	24,359
Loss from disposal of property, plant and equipment		1,359	1,343
Gain from disposal of intangible assets		(5,776)	(23,922)
(Gain) loss from disposal of investments		(124,895)	6,926
Impairment loss on property, plant and equipment		155,590	26,593
Impairment loss on intangible assets		205	-
Gain on lease modification		(353,564)	(2,099)
Property, plant and equipment charged to expenses		594	-
Gain on rent concessions		(101,425)	(31,195)
Total adjustments to reconcile profit		2,955,193	2,664,890
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit or loss		20,909	122,111
Notes receivable		(265)	-
Accounts receivable		18,134	468,853
Other receivables		46,628	(48,954)
Inventories		(341,153)	48,181
Other current assets		(66,924)	(38,343)
Net defined benefit assets		(669)	(1,679)
Total changes in operating assets		(323,340)	550,169
Changes in operating liabilities:			
Increase in financial liabilities at fair value though profit or loss		2,891	-
Accounts payable		(1,081,445)	(288,361)
Other payables		32,567	22,539
Other current liabilities		(8,485)	6,865
Total changes in operating liabilities		(1,054,472)	(258,957)
Total changes in operating assets and liabilities		(1,377,812)	291,212
Total adjustments		1,577,381	2,956,102
Cash inflow generated from operations		1,439,855	3,317,529
Interest received		61,829	26,822
Dividends received		3,616	3,083
Interest paid		(862,615)	(677,284)
Income taxes paid		(114,257)	(120,238)
Net cash flows from operating activities		528,428	2,549,912

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(200,495)
Net cash flow from acquisition of subsidiaries (subsidiaries' cash deducted)	-	(3,529)
Proceeds from disposal of subsidiaries	(8,984)	11,828
Proceeds from disposal of non-current assets classified as held for sale	186,922	150,000
Acquisition of property, plant and equipment	(216,322)	(322,704)
Proceeds from disposal of property, plant and equipment	10,436	21,200
Decrease in other receivables	240,219	133,975
Acquisition of intangible assets	(4,687)	(1,047)
Proceeds from disposal of intangible assets	55,560	138,779
Decrease in other financial assets	17,295	230,880
Increase in other non-current assets	(62,901)	(57,905)
Decrease (Increase) in prepayments on purchase of equipment	507	(614,551)
Net cash flows from (used in) investing activities	218,045	(513,569)
Cash flows from financing activities:		
Decrease in short-term borrowings	(685,387)	(2,401,580)
(Decrease) Increase in short-term notes and bills payable	(99,846)	49,854
Proceeds from long-term loans	2,021,767	4,872,479
Repayments of long-term loans	(2,454,676)	(2,939,590)
(Decrease) Increase in guarantee deposits received	(120,794)	114,321
Repayments of lease liabilities	(877,100)	(1,306,404)
Subsidiaries' cash dividends paid	-	(81,522)
Disgorgment of profits	9,122	-
Acquisition of ownership interests in subsidiaries	(10,377)	(4,592)
Change in non-controlling interests	45,000	-
Net cash flows used in financing activities	(2,172,291)	(1,697,034)
Effect of exchange rate changes on cash and cash equivalents	117,960	(27,029)
Net (decrease) increase in cash and cash equivalents	(1,307,858)	312,280
Cash and cash equivalents at beginning of period (Contains cash and cash equivalents classified as held for sale)	4,295,055	3,982,775
Cash and cash equivalents at end of period (Contains cash and cash equivalents classified as held for sale)	**$ 2,987,197**	**4,295,055**
Components of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	$ 2,987,197	4,275,526
Cash and cash equivalents reclassified to disposal groups	-	19,529
Cash and cash equivalents at end of period	**$ 2,987,197**	**4,295,055**

See accompanying notes to consolidated financial statements.

(1) Company history

First Steamship Company Ltd. (the "Company") was established in October 1963 in accordance with the Company Act of the Republic of China. The Company's registered office address is located at 14F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, R.O.C. The major business activities of the Company and its subsidiaries ("the Group") are the domestic and international sea transportation and related businesses, trading of vessels and related products, providing services of financial leasing, providing business consultation services, trading of cosmetics, furnishings and etc., investments, and selling, renting, investing in construction.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2023.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

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

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

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

(Continued)

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

(4) Summary of significant accounting policies:

The significant accounting 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

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

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 (including derivative financial instruments) at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(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.

(c) Basis of consolidation

(i) Principle of preparation of the 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.

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include.

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
First Steamship Co., Ltd.	Yee Shin Investment Co., Ltd.	General investing	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 1)
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Real estate development, rental and leasing of building	55.00 %	55.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	FIRST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	10.00 %	9.69 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 3)
First Steamship Co., Ltd.	FIRST MARINER HOLDING LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
First Steamship Co., Ltd.	Yee Young Investment Co, Ltd.	General investing	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it reduced capital of 20,825 thousand shares in September 2021
First Steamship Co., Ltd.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	PRAISE MARITIME S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	BEST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	GRAND STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	BLACK SEA STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SHIP BULKER STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
First Steamship Co., Ltd.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	PRAISE MARITIME S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	BEST STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	GRAND STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	AHEAD CAPITAL LTD.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
FIRST STEAMSHIP S.A.	MEDIA ASSETS GLOBAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	BLACK SEA STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	SHIP BULKER STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	NATURE SOURCES LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	46.83 %	46.83 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
FIRST STEAMSHIP S.A.	HERITAGE RICHES LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	- %	100.00 %	The Company directly (indirectly) holds more than 50% of its subsidiaries(Note 4)
FIRST STEAMSHIP S.A.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 4)
AHEAD CAPITAL LTD.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	1.79 %	1.79 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER HOLDING LTD.	FIRST MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER HOLDING LTD.	MARINER FAR EAST LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	Morgan Finance Limited	Loan company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 2)
MARINER CAPITAL LTD.	Mariner Finance Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Nanjing Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Fuzhou Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Dongguan Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Guangzhou Youqiang Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD	Grand Ocean Classic Commercial Group Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commerce Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan-Commercial Management Co., Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd.	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	Management consulting business, and trading of cosmetics,	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 6(h))
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00 %	30.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00 %	70.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Classic Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	35.30 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiary closed its business on October 31, 2022 and is in the process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Optics Valley Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	64.70 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiary closed its business on October 31, 2022 and is in the process of liquidation.

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	99.00 %	99.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Classic Commerce Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	1.00 %	1.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

Note 1: On July 30, 2021, the board of directors of the Group resolved to dispose the entire equity of the subsidiary, Yixin Investment Co., Ltd., to a related party, Yonghenghui Investment Co., Ltd., wherein the related procedures had been completed. For more information, please refer to note 6(f).

Note 2: On February 25, 2022, the board of directors of the Group resolved to sell the equity of the subsidiary, Morgan Finance Ltd., wherein the related procedures had been completed. For more information, please refer to note 7.

Note 3: The Group successively purchased the shares of Grand Ocean Retail Group Ltd. for the amount of $10,377 thousand for the year ended December 31, 2022, which increased the shareholding ratio from 9.69% to 10%, and recognized as the capital surplus of $ 15,249 thousand.

Note 4: On December 15, 2022, the Board of Directors resolved to reduce the subsidiary, FIRST STEAMSHIP S.A.'s capital of 1,706 shares amounting to $5,264,843 thousand (USD$170,600 thousand) through cash return of $614,315 thousand and 11 shipping subsidiaries' equity of $4,650,528 thousand due to the Group's organizational restructuring. The effective date of the capital reduction was December 16, 2022 and related registration procedures are completed accordingly.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using 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 those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

Except the business activities in selling, renting, and investing in construction are based on operating cycle, 3~5 years, to classify the current or non-current；other assets are classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The 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.

(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 or FVTPL. 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.

2) 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.

3) 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 trade receivables, other receivables, long-term lease payments receivable and other financial assets).

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 and other receivables 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 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

12-month ECLs are the portion of ECLs 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 ECLs 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.

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 assets 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;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· 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.

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 individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. 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.

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4) 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.

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 transfered 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.

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(h) Inventories

Retail department

Inventory is measured at the lower of cost or net realizable value. Costs include other costs incurred in making them available for use at locations and conditions, and are calculated using the first-in first-out method.

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

Construction department

The initial cost of inventory is necessary expenditure incurred in bringing them to their existing location and condition. The developing costs for real estate include construction, land, borrowings, and project expenditure. When the construction is finished, building construction in progress will be reclassified to real estate held for sale, and the Group will recognize operating costs in the proportion of the part being sold to the total developing costs for real estate. Inventories are measured at the lower of cost and net realizable value. When the costs exceed net realizable value, the costs should be reduced to their net realizable value, and the reducing amount should be recognized at current cost for sale. The net realizable value is measured as follows:

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(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(ii) Building construction in progress: the net realizable value is the estimated price (based on the market condition), less the estimated costs of completion and selling expenses at the end of the period.

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(i) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

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When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) 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.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) 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 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 straight-line 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	3～50 years
2)	Transportation equipment	1～ 5 years
3)	Vessel	3～26 years
4)	Office equipment	1～5 years
5)	Leasehold improvement	5～20 years

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

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

(m) 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 leasee

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.

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 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 of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

(Continued)

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 and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Group will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

— there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(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, not with reference to the underlying asset. 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 lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor' s 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'.

(n) Intangible assets

(i) Recognition and measurement

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

Other intangible assets 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 expenditure 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.

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

1) Computer software 5 years

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

(o) Impairment of non-financial assets

At each reporting date, the Group 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. 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 of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

(p) Revenue

(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) Sales of goods

The Group' s department store sells goods in the retail market. The Group recognizes revenue when the goods are delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the product.

2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

3) Services

The Group provides consultancy services and management services to the customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

4) Commissions

When the Group acts as an agent rather than as a principal in a transaction, the revenue is recognized as the net amount of the commission received.

5) Land development and sale of real estate

The Group develops and sells residential properties and usually sells 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.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties 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. Receipt of a prepayment from a customer 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 has been transferred to the customer.

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6) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

The Group preliminarily assesses whether there is a difference between the consideration for contractual commitment and the current sales price based on the individual contract, and whether the advance receipts from the sale of real estate include financing factors. The advance receipts from the sale of real estate are security for the customer to perform the contract and decrease of the price variance risk from re sale and subsidy to the Group due to the customer not performing the contract, rather than significant financial component of the financing obtained from the customer.

(ii) Contract costs — 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 recognizes the incremental costs as an asset which meets the expectation to recover those costs of obtaining a contract through the sale of the real estate and amortizes it on the basis of the transfer of pre-sold house.

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and approved the number of shares to be subscribed by employees.

(Continued)

(r) Income taxes

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the 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 reserve, 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:

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.

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

(t) Earnings per share

The Group 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, such as convertible bonds and employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn 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.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 29.11% and 28.98% of the outstanding voting shares of Da Yu Financial Holdings Ltd. and Sandmartin International Holdings Ltd., respectively. The Group is the single largest shareholder of the investees. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of aforementioned companies' board seats, and failed to obtain more than half of the voting rights at a shareholders' meeting as well. Therefore, it is determined that the Group only has significant influence on these investees.

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) The loss allowance for other receivables

The Grouphas estimated the loss allowance for other receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Refer to Note 6(d) for further description of the loss allowance for other receivables.

(b) Impairment of property, plant and equipment and right-of-use assets

In the process of evaluating the potential impairment of tangible assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Notes 6(j) and (k) for further description of the impairment of property, plant and equipment and right-of-use assets.

(c) Impairment of goodwill and intangible assets

The assessment of impairment of goodwill and intangible assets requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to Note 6(l) for further description of the impairment of goodwill and intangible assets.

(d) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability. Changes in the economic environment, industry trends, and relevant laws and regulations may result in adjustments to the deferred tax assets. Please refer to Note 6(t) for further description on the recognition of deferred tax assets.

(Continued)

Assessment

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

The Group has established relevant internal control systems for fair value measurement. This includes establishing an evaluation team responsible for reviewing all significant fair value measurements (including Level 3 fair value) and reporting directly to the Chief Financial Officer. Significant unobservable inputs and adjustments are regularly reviewed by the evaluation team. If the input used to measure fair value uses external third-party information (such as a broker or pricing service), the evaluation team will evaluate the evidence provided by the third party in support of the input to determine the evaluation and its fair value classification compliant with IFRS' s. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) 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).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Please refer to Note 6(z) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty cash	$ 25,227	23,971
Cash in Bank	2,066,096	4,251,555
Time deposits	895,874	-
Cash and cash equivalents in the consolidated statement of cash flows	**$ 2,987,197**	**4,275,526**

Please refer to Note 6(z) for the sensitivity analysis and interest rate risk.

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets—current			
Shares of stock of listed companies	$	94,135	92,055
Open fund		10,852	13,268
Foreign corporate bonds		5,893	5,893
Beneficiary rights – specific construction project		134,948	-
Subtotal		245,828	111,216
Non-derivative financial assets—non-current			
Beneficiary rights – Specific construction project		-	127,578
Total	$	**245,828**	**238,794**
Held-for-trading financial liabilities:			
Non-derivative financial liabilities—non-current			
Beneficiary rights—landowner	$	**26,125**	**23,234**

(i) In September 2020, the Group entered into a residential construction project agreement with Honor Construction Co., Ltd. (Honor Construction), wherein the Group will purchase 32% of the beneficial rights from the specific construction project of Honor Construction located in Mingde Section, Tucheng District, at the amount of $117,000 thousand. Due to the delay of the project caused by the impact of COVID-19, the company signed a supplementary agreement with Honor Construction on August 15, 2022. Honor Construction should pay the project share payment (the minimum payment is 20% of the total sale price of the project) within 75 days after obtaining the usage license (no later than June 30, 2023). The remaining balance shall be settled and distributed by August 2, 2023.

(ii) In 2021, the Group entered into land investment project agreement with Sanlinger Investment Development Co., Ltd., wherein the Group sold 20% of its beneficial rights on the project land located in Wushigang section, Toucheng township, Yilan County, and received the amount of $20,400 thousand. Thereafter, Sanlinger Investment Development Co., Ltd. would bear the cost of the development and holding based on pro rata basis. As of December 31, 2022 and 2021, the Group received the cost of holding and development from the Sanlinger Investment Development Co., Ltd., based on pro rata basis at the amount of $5,725 thousand and $2,834 thousand, respectively.

(iii) Please refer to Note 6(z) for disclosure of credit risk and market risk of all financial instruments mentioned above.

(iv) The financial assets mentioned above had not been pledged as collateral.

(c) Trade receivables and other receivables

	December 31, 2022	December 31, 2021
Current		
Notes receivable	$ 265	-
Accounts receivable	304,113	212,437
Less: Allowance for impairment	(30,669)	(13,266)
	273,709	199,171
Leases payment receivables (included operating lease)	590,647	521,160
Less: Unearned interest	(93,059)	(90,504)
Allowance for impairment	(235,353)	(90,759)
	262,235	339,897
Subtotal of current asset	535,944	539,068
Non-current		
Leases payment receivables	245,363	427,330
Less: Unearned interest	(24,341)	(44,014)
Loss allowance	(88,597)	(74,313)
Subtotal of non-current asset	132,425	309,003
Total	**$ 668,369**	**848,071**

(i) 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, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

1) Due to the COVID-19, some of the overdue lease receivables from related parties of the Group's rental service department in mainland China resulted in a significant increase in credit risk. Therefore, the credit risk will be assessed on an individual basis. The following table presents the loss allowance recognized by the Group after evaluating the value of the collateral:

	December 31, 2022	December 31, 2021
Lease receivables	$ 474,292	322,579
Less: Loss allowance	(177,491)	(48,360)
	$ 296,801	**274,219**

The expected credit loss of other leasing accounts receivable (including operating lease) was determined as follows:

	December 31, 2022		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	$ 33,452	1.05%	352
1 to 30 days past due	4,478	7.24%	324
31 to 60 days past due	1,534	8.38%	129
61 to 90 days past due	7,494	19.43%	1,456
More than 90 days past due (Note)	197,360	73.06%	144,198
	$ 244,318		**146,459**

	December 31, 2021		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	$ 284,076	0.44%	1,260
1 to 30 days past due	18,200	2.57%	467
31 to 60 days past due	3,761	10.75%	404
61 to 90 days past due	378	23.14%	88
More than 90 days past due (Note)	184,978	61.90%	114,493
	$ 491,393		**116,712**

Note: As of December 31, 2022 and 2021, the Group had filed a lawsuit against collecting the overdue receivables from its leasing business, with the total amounts of $128,676 thousand (CNY$29,192 thousand) and $108,746 thousand (CNY$25,057 thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized the provision for allowance of $84,769 thousand (CNY$19,231 thousand) and $59,316 thousand (CNY$13,688 thousand), respectively, after deducted unearned interests and guarantee deposits.

2) The Group’ s main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the recoverability. The retail business department in China which is classified as leasing has partial receivables deferred, which was caused by the effect of COVID19. The Groups accounts receivable arose from mediation and litigation the retail department entered into are detailed as follows:

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		December 31, 2022
Amount of mediation or litigation	$	18,589
Less: Loss allowance		(18,589)
Total	$	-

The loss allowance provisions of other trade receivables were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 215,910	0%	-
1 to 90 days past due	33,486	0%	-
91 to 180 days past due	6,165	0%~25%	1,549
181 to 270 days past due	1,002	45%	457
271 to 365 days past due	2,671	100%	2,671
More than 365 days past due	7,403	100%	7,403
	$ 266,637		12,080

	December 31, 2021		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 170,090	0%	-
1 to 90 days past due	11,568	0%	-
91 to 180 days past due	5,506	3%	192
181 to 270 days past due	3,949	52%	1,849
271 to 365 days past due	414	100%	414
More than 365 days past due	10,811	100%	10,811
	$ 202,338		13,266

3) The loss allowance provisions of shipping business department were determined as follows:

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 18,887	-	-

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	December 31, 2021		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	**$ 10,099**	-	**-**

4) The loss allowance provision in Taiwan was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	**$ 265**	-	**-**

(ii) The movements in the allowance for accounts receivable were as follows:

	For the years ended December 31	
	2022	**2021**
Balance on January 1	$ 178,338	132,523
Impairment losses recognized	177,611	49,634
Amounts written off	(3,004)	(3,073)
Foreign exchange gains (losses)	1,674	(746)
Balance on December 31	**$ 354,619**	**178,338**

(iii) A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2022	**December 31, 2021**
Less than one year	$ 590,647	521,160
One to two years	237,241	239,186
Two to three years	8,122	188,144
Total lease payments receivable	836,010	948,490
Unearned finance income	(117,400)	(134,518)
Present value of lease payments receivable	**$ 718,610**	**813,972**

(iv) The Group and the financial institution shall sign the accounts receivable and sales contract, and the contracted company shall guarantee the receivables for all receivables that cannot be recovered (whether delayed or defaulted) within a certain period of time, and retain the accounts receivable. Almost all risks and rewards are therefore not eligible for financial assets.

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The carrying amounts of the transferred receivables and related financial liabilities not excluded in the reporting date are as follows:

December 31, 2021					
Purchaser	**Transferred accounts receivable amount**	**Credit lines**	**Advanced amount (recognized under Short-term borrowings)**	**Range of interest rates**	**Guarantee item**
CDIB International Leasing Corp.	$ 42,103	86,798	5,102	9.3%	Accounts receivable

(v) For credit risk information, please refer to Note 6(z).

(vi) The accounts receivable mentioned above had been pledged as collateral for loans, please refer to Note 8.

(d) Other receivable

	December 31, 2022	December 31, 2021
Other receivables–loans (Note 7)	$ 71,018	115,989
Other receivables–investment	268,888	462,201
Other receivables–lease guarantee deposits	62,820	62,284
Other receivables–return payment (Note)	-	34,247
Other receivables–others	62,934	89,019
Less: Loss allowance	(287,822)	(119,383)
	$ 177,838	644,357

Note：The Group’s subsidiaries Fuzhou Grand Ocean Commerce Co, Ltd., reached an agreement with supplier to return part of supply to supplier because some floor owner of departments failed to meet renewal condition and that floor most of whom was self-operated, therefore incurred return payments.

(i) The other receivables–others are the advance payment in accordance with the promotions held by retail business department and venders. Since the Group and the vendors are in a long-term business relationship, the Group has considered historical experience and believed that they were less doubtful of the recoverability of these receivables.

(ii) Since the rental agreement of Xiangtan Grand Ocean Department Store Co., Ltd.(Xiangtan), one of the Group' s subsidiaries, have reached its maturity in December 2018. The Group ceased Xiangtan's business operation, wherein a security deposit amounting to CNY$15,000 thousand is expected to be received. Xiangtan had already returned the property to its owner, Xiangyuan Industrial Development Co., Ltd.(Xiangyuan), but failed to receive the security deposit. In order to receive the payment and begin the liquidation process, Xiangtan filed a lawsuit against Xiangyuan. On July 1, 2019, the people's court ordered Xiangyuan to pay the amount of CNY$14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court' s decision, therefore, filed an appeal on November 13, 2019, wherein it was denied on January 16, 2020. Furthermore, Xiangtan filed an appeal to the court to freeze the property of Xiangyuan, in which the court granted the approval to do so. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the mandatory payment of $1,511 thousand (CNY$348 thousand). Considering that the department store industry has been seriously affected by COVID recently and the future development of this region is highly uncertain, the Group recognized loss allowance of $31,410 thousand (CNY$7,126 thousand) as of December 31, 2022 for the lease deposit of $62,820 thousand (CNY$14,252 thousand) based on conservatism.

(iii) In 2012, the Group paid a guarantee deposit of CNY$124,000 thousand to Quanzhou Fengsheng Group to purchase the commercial real estate of the Fengsheng Junyuan Development Project developed by Fengsheng Group in Fengze District, Quanzhou. After assessing the investment value of the project, the Board of Directors of the Group resolved during the meeting in July 2015 to invest Quanzhou Fengan Real Estate Development Co., Ltd.(Fengan), and expected to obtain 100% equity of the company with a contractual amount of CNY$325,000 thousand. As of December 31, 2015, the Group had paid CNY$200,000 thousand, which was reported under the prepayment for investments. The management of the Group evaluated the uncertainty of the investment and thus terminated the investment. Therefore, the original prepayment for investments of CNY$200,000 thousand and other financial assets – current of CNY$124,000 thousand, were reclassified as other receivables as of June 30, 2016.

The Group reviewed the nature of other receivables and analyzed the current financial position of the counterparty. In order to secure the aforementioned debt, the Group had acquired pledge of stock rights of Fengan, and at the same time had obtained the debtor's promise that other investment profits to be priority to repay the debt. The Group evaluated that the aforementioned claims should have no impairment concern. Because the debtor takes time to complete the relevant legal procedures of the disposition of investment, the Group and the debtor renegotiate the repayment period, which should be before April 30, 2017, before September 30, 2017, and before December 31, 2017. The total amount of repayment should be 10%, 40% and 50%, respectively. In case of violation of the agreement, the aforementioned collateral would be transferred to the Group for debt repayment. As of December 31, 2017, the Group had recovered CNY$162,000 thousand according to aforesaid agreement. On December 19, 2017, the Board of Directors of the Group resolved during the meeting on the Fengsheng Group's extension of the repayment agreement, which extended remaining proceeds to June 30, 2018. Due to the delay of procedures of the disposition of investment, Fengsheng Group could not make the payments by the aforementioned date.

To ensure the recovery of the aforementioned creditor's rights and the development of Fengan's property, on August 12, 2019, the Board of Directors resolved to sign a "Debt Confirmation and Repayment Plan" with Damahua Investment Co., Ltd. (Damahua), Fengsheng and Fengan, stating that Damahua will provide financial support to Fengan for the development and construction of a real estate property to be sold to the market to ensure that the future sales proceeds will be used to repay for the aforementioned claims. Considering the development progress of Fengan's property, the credit recovery period will exceed one year; therefore, the related receivables reclassified to other non-current receivables were recognized as other non-current financial assets. The Group evaluated that the aforementioned debt should have no impairment concern under the cash flow of pledge asset.

The Board of Directors resolved to sign a "Debt Preservation and Conditional Credit Transfer Agreement" and agree that the Group and Damahua to oversee the development and construction of Fengan's property to ensure that the future sales proceeds will be used to repay for the aforementioned claims. Damahua agreed that the credit transfer condition would be met under certain circumstances mentioned in transfer agreement, such as the construction couldn't resume as scheduled, the court auction is designated or the compulsory execution is enforced by judicial authority. The aforementioned "Debt Preservation and Conditional Credit Transfer Agreement" stated that the development project of the Fengan property must be restarted before June 30, 2020. However, the progress of approval was delayed because of COVID-19 pandemic, the Group has agreed to extend the start date to December 31, 2020.

On December 31, 2020, the aforementioned " Debt Preservation and Conditional Credit Transfer Agreement" has been reached, Damahua carried the aforementioned creditor's right. On February 9, 2021, the Group agreed to modify the original payment terms and timeline because of the impact of COVID-19 pandemic and the property policy in Quanzhou, which are force majeure. The details of payments are as follows:

1) Damahua agrees to pay CNY$30,000 thousand before February 9, 2021.

2) Damahua agrees to pay CNY$51,000 thousand before December 31, 2021.

3) Damahua agrees to pay CNY$81,000 thousand before June 30, 2022.

4) Under the premise of obtaining written consent of the Group, Damahua can transfer the title of properties located in Citong road to the Group, as the payment of debt.

However, due to the force majeure factors of COVID-19, which have seriously affected the society and various industries as well as the business of Damahua, Damahua needs to retain part of its working capital. Therefore, Damahua propose to postpone the payment of the remaining receivables to the Group until June 30, 2023, and reached an agreement in August 2022. As of September 30, 2022, the Group has collected the payment of CNY$101,000 thousand out of CNY$162,000 thousand. Leaving CNY$61,000 of receivables outstanding, the details of the payment are as follows:

1) Damahua agrees to pay CNY$16,000 thousand before December 31, 2022.

2) Damahua agrees to pay CNY$16,000 thousand before March 31, 2023.

3) Damahua agrees to pay CNY$29,000 thousand before June 30, 2023.

4) If Damahua fails to pay all the amounts above before the expiration of the deferred payment period, Damahua shall unconditionally cooperate with the liquidation of Quanzhou Jitong Road Project, and give priority to the repayment of debts with the proceeds of the land portion to the Group.

In 2021, the Group has collected the payment of CNY$55,500 thousand. In March and June 2022, the Group has collected the payment of CNY$25,500 thousand and CNY$20,000 thousand, respectively. Subsequently, Damahua failed to pay the Group CNY$16,000 thousand on December 31, 2022 as agreed. And as of December 31, 2022 and 2021, the outstanding receivables were $268,888 thousand (CNY$61,000 thousand) and $462,201 thousand (CNY$106,500 thousand), respectively. Recently the Quanzhou government has agreed with the development and construction of the Fengan's property to be undertaken in a cooperative way with existing developers, which is implement by the government of Fengze District, and is coordinating to promote the resumption of the construction of Fengan's property. Considering the circumstance above and- that the creditor's rights are generated by undertaking the Fengan's property, the Group plans to negotiate with Damahua on the proceeds from the subsequent development project to repay all claims.

Although the Group assessed that Damahua should be able to repay its debts after the distribution of the disposal of Fengan's property, based on conservatism, the Group recognized loss allowance for the overdue and upcoming receivables of CNY$32,000 thousand. And for the remaining receivables of CNY$29,000 thousand, it is measured at amortized cost using the effective interest method. The average bad debt ratio, macroeconomic and related industry information of the four major Chinese banks (Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and Agricultural Bank of China) are incorporated into the forward-looking information to estimate the lifetime expected credit losses. As of December 31, 2022 and 2021, the loss allowance of $169,134 thousand and $50,765 thousand are recognized, respectively.

(iv) For further credit risk information, please refer to Note 6(z).

(e) Inventories (construction department)

		December 31, 2022	December 31, 2021
Land held for construction site	$	518,796	518,437
Construction in progress		878,704	677,896
Buildings and land held for sale		41,931	41,931
Prepayment for land purchases and development expenses		298,960	127,357
	$	**1,738,391**	**1,365,621**

The inventories of the Group had been pledged as collateral for bank borrowings; please refer to Note 8.

(f) Loss of control of subsidiary (non-current assets held for sale)

The Group decided to dispose the entire equity of its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui investment Co., at the amount of $356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021, wherein the Group received deposit of $150,000 thousand (recognized as other current liabilities) on November 24, 2021, with the remaining amount being deposited in a trust account. All related procedures are still in progress, and the transaction is expected to be completed within one year; therefore, the assets and liabilities were classified to disposal group.

As of December 31, 2021, the disposal group comprised the following assets and liabilities:

		December 31, 2021
Cash and cash equivalents	$	19,529
Investments accounted for using equity method		176,763
the assets of disposal group	**$**	**196,292**
the liabilities of disposal group (recognized as other payables)	**$**	**340**

The aforementioned non-current assets to be sold have completed the equity transfer procedure on November 7, 2022 and received the payment of $206,000 thousand. In 2022, $125,133 was recognized as disposal benefit, including the loss of $35,136 thousand recognized as other comprehensive income related to the subsidiary before.

The balance of Yee Shin investment Co, Ltd.'s assets and liabilities on November 7, 2022 are as follows:

Cash and cash equivalents	$	19,078
Investments accounted for using equity method		176,763
Other payables		(110)
Balance of net assets of aforementioned subsidiary	**$**	**195,731**

(g) Investments accounted for using equity method

The Group' s investments accounted for using the equity method at the reporting date were as follows:

Investee		December 31, 2022	December 31, 2021
Jiawang Assets Development Co., Ltd.	$	4,186	5,755
Da Yu Financial Holdings Limited		754,461	675,949
Sandmartin International Holdings Ltd.		-	50,641
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.		27,636	30,480
Hainan Sanhe Licheng Business Service Co., Ltd.		-	-
Shanghai Zhuke Technology Co., Ltd.		-	-
	$	**786,283**	**762,825**

(Continued)

(i) Aggregation of financial information－individually insignificant associates' equity

The Group's financial information for investments accounted for using the equity method that are individually insignificant were as follows:

		December 31, 2022	December 31, 2021
Carrying amount of individually insignificant associates' equity	$	786,283	762,825

		For the years ended December 31	
		2022	2021
Attributable to the Group:			
Loss from continuing operations	$	(49,801)	(24,359)
Other comprehensive income		73,259	(16,656)
Total comprehensive income	$	23,458	(41,015)

(ii) Nanjing Grand Ocean Dongfadao Catering Co., Ltd.

1) On May 6, 2021, the Group signed 5-year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as " Shanghai Dongfadao") at the amount of CNY$7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as Nanjing Dongfadao), wherein the Group will acquire 49% of the entire equity.

2) The share repurchase agreement stated in the investment contract

a) If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity of Nanjing Dongfadao can be repurchased via written consent.

b) If the deficit of Nanjing Dongfadao continues to accumulate for six months or has reached the amount of CNY$5,000 thousand, the Group has the right to notify Shanghai Dongfadao to repurchase its shares unconditionally, at a price deemed as the difference between the total investment amount of the Group and the profit distribution obtained in previous period.

(iii) Sandmartin International Holdings Ltd.

According to the resolution decided during the board meeting held on December 7, 2018, the Group decided to dispose its equity method investment in Sandmartin International Holdings Ltd., (recognized under non-current assets classified as held for sale) and started to conduct the related sales, which is expected to be completed within one year. The Group has taken all the necessary actions to respond accordingly to the changes in the situation and actively seek for a reasonable price to attract other buyers since the transaction is expected to be completed within one year. Therefore, in order to optimize the return of its investment, the Group increased the capital of Sandmartin International Holdings Ltd. in cash, at a shareholding ratio amounting to $75,434 thousand (HKD$20,924 thousand), based on the resolution the approved during the

(Continued)

board meeting held on June 25, 2021. All related regulatory registration procedures were completed as of the reporting date. Since the requirements for the recognition of the non-current assets held for sale had been reassessed in the second quarter of 2021, the completion of the transaction will not be able to materialize within one year, resulting in the Group to cease the classification of the above investment as non-current assets held for sale.

(iv) Guarantees

The Group did not provide any investments accounted for using the equity method as collateral for its loans.

(h) Business combination – acquisition of subsidiaries

On June 30, 2021, the Group acquired the entire shares of Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd. (hereinafter referred to as “Shanghai Qianshu”), resulting in its equity interest in Shanghai Qianshu to increase from 0% to 100% and gain control over it, enabling the Group to expand its business on retail industry. From acquisition date to December 31, 2021, Shanghai Qianshu contributed the revenue and loss after tax of $21,981 thousand and $(3,844) thousand, respectively. If the acquisition had occurred on January 1, 2021, the management estimates that the consolidated revenue and the consolidated profit after tax would have been $6,925,974 thousand and $(1,321) thousand, respectively. In determining these amounts, the management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2021.

(i) The following table summarizes each major class of consideration transferred.

Cash	**$**	**4,340**

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized the fair value of assets acquired and liabilities assumed at the acquisition date.

Property, plant and equipment	$	15,454
Prepayments		5,981
Cash and cash equivalents		811
Other non-current financial assets		4
Other payables		(74,394)
Deposits received		(46,278)
Fair value of identifiable net assets acquired	**$**	**(98,422)**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

Consideration transferred	$	4,340
Less: Fair value of identifiable net assets		(98,422)
	$	**102,762**

The purchase price allocation report of acquiring subsidiary was valuated based on independent appraiser with related professional qualification and experience.

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of a subsidiary were as follows:

		Percentage of non-controlling interests	
Name of Subsidiary	**Main operation/ place**	**December 31, 2022**	**December 31, 2021**
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.38 %	41.69 %

The following information of the aforementioned subsidiary has been prepared in accordance with the IFRSs endorsed by the FSC. Intra-group transactions were not eliminated in this information.

Collective financial information of Grand Ocean Retail Group Ltd.

		December 31, 2022	**December 31, 2021**
Current assets	$	2,830,302	4,999,105
Non-current assets		20,514,873	22,278,302
Current liabilities		(5,202,977)	(7,225,731)
Non-current liabilities		(10,886,951)	(12,012,875)
Net assets	**$**	**7,255,247**	**8,038,801**
Non-controlling interest	**$**	**3,002,223**	**3,351,378**

		For the years ended December 31	
		2022	**2021**
Sales revenue	**$**	**4,150,142**	**5,159,425**
Net loss	$	(832,847)	(232,135)
Other comprehensive income (loss)		40,171	(30,896)
Comprehensive income (loss)	**$**	**(792,676)**	**(263,031)**
Net loss, attributable to non-controlling interests	**$**	**(344,904)**	**(96,761)**
Comprehensive income (loss), attributable to non-controlling interests	**$**	**(327,304)**	**(108,750)**

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	For the years ended December 31	
	2022	**2021**
Net cash flows from operating activities	$ (281,224)	1,191,139
Net cash flows from investing activities	(66,166)	(63,786)
Net cash flows from financing activities	(1,613,599)	(1,337,998)
Effect of exchange rate changes	74,515	(20,825)
Net decrease in cash and cash equivalents	**$ (1,886,474)**	**(231,470)**
Dividends paid to non-controlling interests	**$ -**	**(81,522)**

(j) Property, plant and equipment

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

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2022	$ 126,409	4,661,517	191,363	9,191,189	234,509	6,742,846	31,596	21,179,429
Additions	-	579	6,099	14,636	4,779	33,607	159,495	219,195
Reclassifications	-	-	-	-	13,110	107,925	(121,035)	-
Reclassification to intangible assets	-	-	-	-	-	-	(3,951)	(3,951)
Reclassifications to expense	-	-	-	-	-	-	(594)	(594)
Disposals and obsolescence	-	-	(32,730)	-	(3,270)	(1,815)	-	(37,815)
Disposals of subsidiary	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	71,968	2,761	1,006,899	3,992	104,900	292	1,190,812
Balance at December 31, 2022	**$ 126,409**	**4,734,064**	**167,493**	**10,212,724**	**252,795**	**6,986,518**	**65,803**	**22,545,806**
Balance at January 1, 2021	$ 126,409	4,690,022	194,358	7,558,952	239,855	6,628,424	58,535	19,496,555
Additions	-	-	37,487	57,948	5,426	56,738	165,737	323,336
Transferred from prepaid equipment.	-	-	-	1,810,836	-	-	-	1,810,836
Transferred from inventories	-	-	8,678	-	-	-	-	8,678
Reclassifications	-	-	-	-	7,446	191,009	(202,652)	(4,197)
Disposals and obsolescence	-	(2,170)	(42,844)	-	(12,971)	(91,604)	-	(149,589)
Disposal of subsidiaries	-	-	(5,212)	-	(5,131)	(3,878)	-	(14,221)
Acquisition through business combinations	-	-	-	-	1,243	-	14,211	15,454
Effect of change in foreign exchange rates	-	(26,335)	(1,104)	(236,547)	(1,359)	(37,843)	(4,235)	(307,423)
Balance at December 31, 2021	**$ 126,409**	**4,661,517**	**191,363**	**9,191,189**	**234,509**	**6,742,846**	**31,596**	**21,179,429**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Depreciation and impairment loss:								
Balance at January 1, 2022	$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	112,882	27,165	401,781	14,233	432,134	-	988,195
Disposals and obsolescence	-	-	(22,113)	-	(2,995)	(912)	-	(26,020)
Impairment loss	-	-	115	-	2,880	150,804	1,791	155,590
Disposals of subsidiary	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	9,682	1,178	271,023	2,718	59,395	12	344,008
Balance at December 31, 2022	$ -	**815,985**	**83,661**	**3,042,158**	**196,941**	**4,665,191**	**2,317**	**8,806,253**
Balance at January 1, 2021	$ -	587,303	68,316	2,082,449	184,048	3,700,335	-	6,622,451
Depreciation	-	110,612	32,655	350,173	14,233	419,144	-	926,817
Disposals and obsolescence	-	(1,326)	(22,760)	-	(11,794)	(91,166)	-	(127,046)
Impairment loss	-	-	4,700	-	-	21,379	514	26,593
Disposal of subsidiaries	-	-	(5,212)	-	(5,027)	(3,878)	-	(14,117)
Effect of change in foreign exchange rates	-	(3,168)	(383)	(63,268)	(1,032)	(21,099)	-	(88,950)
Balance at December 31, 2021	$ -	**693,421**	**77,316**	**2,369,354**	**180,428**	**4,024,715**	**514**	**7,345,748**
Carrying amounts:								
Balance at December 31, 2022	$ **126,409**	**3,918,079**	**83,832**	**7,170,566**	**55,854**	**2,321,327**	**63,486**	**13,739,553**
Balance at January 1, 2021	$ **126,409**	**4,102,719**	**126,042**	**5,476,503**	**55,807**	**2,928,089**	**58,535**	**12,874,104**
Balance at December 31, 2021	$ **126,409**	**3,968,096**	**114,047**	**6,821,835**	**54,081**	**2,718,131**	**31,082**	**13,833,681**

(i) The significant components of the buildings include the main building, electrical equipment and air conditioner with their own estimated useful lives.

(ii) The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022, due to continuous operating losses, leading to the recognition of impairment loss of $155,590 thousand.

(iii) In September 2021, Subsidiary Fuzhou Grand Ocean Commerce Ltd. of the Group haven’t reached to an agreement on lease renewal of partial floors of the department store. Therefore, the Group scrapped the counters of the aforementioned floors and recognized impairment loss of $21,379 thousand.

(iv) Due to the long-term suspension of the gas pipeline construction of Quanzhou Grand Ocean Commerce Limited, subsidiary of the Group. Therefore for the year ended December 31, 2021, the group recognize $514 thousand of impairment loss.

(v) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings; please refer to Note 8 for further details.

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Notes to the Consolidated Financial Statements

(k) Right-of-use assets

The Group leases many assets including land, buildings, machine and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Machinery equipment	Total
Cost:				
Balance at January 1, 2022	$ 3,275,716	11,648,905	58,416	14,983,037
Additions	-	39,779	7,485	47,264
Lease modifications	-	(847,391)	-	(847,391)
Disposal and derecognition	-	(30,812)	-	(30,812)
Effect of changes in foreign exchange rates	51,394	188,492	916	240,802
Balance at December 31, 2022	**$ 3,327,110**	**10,998,973**	**66,817**	**14,392,900**
Balance at January 1, 2021	$ 3,294,512	7,317,431	61,197	10,673,140
Additions	-	4,318,534	-	4,318,534
Lease modifications	-	505,204	-	505,204
Disposal and derecognition	-	(433,636)	-	(433,636)
Disposals of subsidiary	-	(17,848)	(2,446)	(20,294)
Effect of changes in foreign exchange rates	(18,796)	(40,780)	(335)	(59,911)
Balance at December 31, 2021	**$ 3,275,716**	**11,648,905**	**58,416**	**14,983,037**
Accumulated depreciation:				
Balance at January 1, 2022	$ 288,745	2,224,563	21,479	2,534,787
Depreciation for the year	98,392	979,854	8,404	1,086,650
Lease modifications	-	(322,149)	-	(322,149)
Disposal and derecognition	-	(30,812)	-	(30,812)
Effect of changes in foreign exchange rates	3,896	31,014	290	35,200
Balance at December 31, 2022	**$ 391,033**	**2,882,470**	**30,173**	**3,303,676**
Balance at January 1, 2021	$ 193,601	1,807,622	15,540	2,016,763
Depreciation for the year	96,228	864,978	7,243	968,449
Disposal and derecognition	-	(420,032)	-	(420,032)
Disposals of subsidiary	-	(17,848)	(1,223)	(19,071)
Effect of changes in foreign exchange rates	(1,084)	(10,157)	(81)	(11,322)
Balance at December 31, 2021	**$ 288,745**	**2,224,563**	**21,479**	**2,534,787**
Carrying amounts:				
Balance at December 31, 2022	**$ 2,936,077**	**8,116,503**	**36,644**	**11,089,224**
Balance at January 1, 2021	**$ 3,100,911**	**5,509,809**	**45,657**	**8,656,377**
Balance at December 31, 2021	**$ 2,986,971**	**9,424,342**	**36,937**	**12,448,250**

The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022 due to continuous operating losses. Therefore, the lease modification resulting from the shortened lease term caused by the lease termination are detailed in Note 6 (y).

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(l) Intangible assets

The costs, amortization, and impairment loss of intangible assets for the years ended December 31, 2022 and 2021, were as follows:

		Goodwill	Trademark	License Plate	Other	Total
Cost:						
Balance at January 1, 2022	$	1,450,805	387,825	188,554	34,749	2,061,933
Additions		-	-	-	4,687	4,687
Transferred from construction in progress		-	-	-	3,951	3,951
Disposal and derecognition		-	-	(49,784)	(80)	(49,864)
Effect of change in foreign exchange rates		22,762	42,469	3,279	490	69,000
Balance at December 31, 2022	$	**1,473,567**	**430,294**	**142,049**	**43,797**	**2,089,707**
Balance at January 1, 2021	$	1,361,635	399,178	305,176	39,811	2,105,800
Additions		-	-	-	1,047	1,047
Acquisition through business combinations (Note 6(h))		102,762	-	-	-	102,762
Reclassifications		-	-	-	4,197	4,197
Disposal and derecognition		(5,757)	-	(114,857)	(10,026)	(130,640)
Effect of change in foreign exchange rates		(7,835)	(11,353)	(1,765)	(280)	(21,233)
Balance at December 31, 2021	$	**1,450,805**	**387,825**	**188,554**	**34,749**	**2,061,933**
Accumulated amortization and impairment loss:						
Balance at January 1, 2022	$	-	-	5,082	17,867	22,949
Amortization for the year		-	-	-	5,205	5,205
Impairment loss		-	-	-	205	205
Disposal and derecognition		-	-	-	(80)	(80)
Effect of change in foreign exchange rates		-	-	80	247	327
Balance at December 31, 2022	$	**-**	**-**	**5,162**	**23,444**	**28,606**
Balance at January 1, 2021	$	5,857	-	5,111	22,358	33,326
Amortization for the year		-	-	-	5,715	5,715
Disposal and derecognition		(5,757)	-	-	(10,026)	(15,783)
Effect of change in foreign exchange rates		(100)	-	(29)	(180)	(309)
Balance at December 31, 2021	$	**-**	**-**	**5,082**	**17,867**	**22,949**
Carrying amounts:						
Balance at December 31, 2022	$	**1,473,567**	**430,294**	**136,887**	**20,353**	**2,061,101**
Balance at January 1, 2021	$	**1,355,778**	**399,178**	**300,065**	**17,453**	**2,072,474**
Balance at December 31, 2021	$	**1,450,805**	**387,825**	**183,472**	**16,882**	**2,038,984**

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(i) Impairment testing of goodwill

For impairment testing, the Group had allocated goodwill to the individual CGUs. The carrying amount of goodwill was allocated to each CGU as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Goodwill				
Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	$ 104,374	749,774	102,762	360,641
Wuhan Grand Ocean Classic Commercial Department Limited	192,783	380,564	189,805	278,526
Fuzhou Grand Ocean Commerce Limited	1,176,410	1,388,105	1,158,238	1,437,234
	$ 1,473,567	2,518,443	1,450,805	2,076,401
Trademark				
Grand Ocean Classic Commercial Group Co., Ltd.	$ 430,294	570,868	387,825	690,191

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of December 31, 2022 and 2021 was estimated on its value in use, except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of December 31, 2022 and 2021, was estimated by market approach, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and the fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique used.

The recoverable amount of the CGUs, Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd., Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited, as of December 31, 2022 and 2021, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	10%	10%
Growth rate	5%～11%	2%～6%

1) The discount rate was a pre-tax measure based on the rate of 20-year government bonds of China issued by the government and adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

2) Estimates of future cash flows are based on past experience, actual operating results and future lease agreement due date.

3) The operating income forecast measures the average growth over the past five years. And based on comparable company data, sales price is projected to grow at a fixed rate slightly higher than the expected inflation rate for the next five years.

4) In operational plan, costs and expenses were estimated based on past experiences and other variable factors.

The aforementioned key assumptions were taking into account the external and internal historical information, and represented management's evaluation and estimates of future economic trend of retail business.

(ii) The Boards of Directors decide to discontinue the business of its subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited on October 31, 2022 due to continuous operating losses, leading to the recognition of impairment loss of $205 thousand.

(iii) Impairment testing of license plates

As of December 31, 2022 and 2021, the recoverable amount of the CGU was as follows:

	December 31, 2022		December 31, 2021	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Intangible assets—license plate	**$ 136,887**	**147,836**	**183,472**	**208,813**

The fair value of license plates as of December 31, 2022 and 2021, was estimated by market approach, which was based on the identical industries in recent market or similar deal prices, and the fair value measurement has been categorized as a Level 2 fair value.

(m) Other financial assets－current and non-current

	December 31, 2022	**December 31, 2021**
Other financial assets－current		
Deposits－out for lease	$ 28,999	559
Restricted deposits	73,241	99,397
Vehicle purchase claims	35,264	-
Others	2,661	3,223
Less: Allowance for impairment	(35,264)	-
	$ 104,901	**103,179**

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		December 31, 2022	December 31, 2021
Other financial assets－non-current			
Deposits－out for lease	$	187,228	211,317
Deposits－out for cooperation		8,178	-
Restricted deposits		8,186	-
Vehicle purchase claims		-	34,719
Others		17,646	17,758
	$	**221,238**	**263,794**

(i) Deposits－out for lease is leasing deposit from lessee.

(ii) In November 2020, the Group acquired the right to purchase the 765 Zotye vehicles of Shanghai Zhuke Technology Co., Ltd. (hereinafter referred to as “Shanghai Zhuke”) at the price of CNY$8,000 thousand. Thereafter, Shanghai Zhuke would unconditionally transfer the vehicles to the Group after three years. However, Zotye International Automobile Trading Co., Ltd. entered into bankruptcy and was liquidated in December 2020, which prompted Shanghai Zhuke to make a proposal with disposal of vehicles in advance to the Group. On August 19, 2021, the Group approved the proposal and reached a supplemental agreement with Shanghai Zhuke, who agreed to pay the amount at a fair value of CNY$11,000 thousand upon maturity (March 2023). The aforementioned receivables of CNY$8,000 thousand had already been discounted and reclassified from financial assets at fair value through profit or loss to recognized as other financial assets. For the year ended December 31, 2022, due to the significant increase in the credit risk of Shanghai Zhuke, the Group evaluated the credit risk on an individual basis and recognized all the amount in loss allowance for expected credit loss of $35,494 thousand.

(iii) For further credit risk information, please refers to Note 6(z).

(n) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank loans	$	918,080	1,115,752
Secured bank loans		1,909,365	2,275,839
Other secured loans		-	5,102
Total	$	**2,827,445**	**3,396,693**
Unused credit lines	$	**2,073,518**	**1,069,143**
Range of interest rates		**1.49%~9.30%**	**1.41%~9.30%**

For the collateral of short-term borrowings, please refer to Note 8.

(o) Long-term borrowings

The list, terms and conditions of long-term borrowings of the Group were as follows:

	December 31, 2022			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	USD	2.88%~6.95%	2024~2025	$ 1,250,257
	CNY	4.50%~4.80%	2023	110,200
	NTD	2.09%~2.27%	2024	300,000
Secured bank loans	USD	5.27%~6.64%	2023~2032	2,630,937
	CNY	4.20%	2025	440,800
	NTD	2.39%~2.44%	2026	1,487,500
Secured notes	NTD	0.58%~1.31%	2026	249,862
Other secured loans	CNY	8.50%~15.60%	2024	47,147
				6,516,703
Less: current portion				(1,334,503)
Total				$ 5,182,200
Unused credit lines				$ 356,345

	December 31, 2021			
	Currency	Annual interest rate	Year of maturity	Amount
Unsecured bank loans	USD	1.72%~4.36%	2022~2023	$ 723,570
	CNY	2.95%~5.56%	2022~2024	390,296
	NTD	1.50%~1.58%	2023	250,000
Secured bank loans	USD	1.03%~1.72%	2023~2032	2,797,474
	CNY	5.23%	2022	390,593
	NTD	1.80%~1.96%	2026	1,662,500
Secured notes	NTD	0.49%~0.58%	2026	249,916
Other secured loans	CNY	9.50%~15.60%	2022~2024	89,759
				6,554,108
Less: current portion				(1,621,462)
Total				$ 4,932,646
Unused credit lines				$ 214,374

(i) For the collateral of long-term borrowings, please refer to Note 8.

(ii) Significant loan contract agreement

The Group signed a syndicated loan agreement with the syndicate of six banks (including Chang Hwa Commercial Bank, Ltd.). According to the agreement, the Group should maintain the following financial ratios and regulations, and start the inspection from the second quarter of 2021, which shall be performed every six months:

1) Current ratio [current assets / (current liabilities - current portion of long-term borrowings - current lease liabilities)]: should not be less than 80%;

2) Debt ratio [(total liabilities - lease liabilities) / total equity]: should not be more than 150%;

3) Interest coverage ratio [(profit before tax + finance cost + depreciation + amortization) / finance cost]: should be maintained at 3 or above;

4) Net tangible assets [(total equity - intangible assets)]: should be maintained at NTD$9 billion or above.

(p) Bonds payable

The information of bonds of the Group were as follows:

		December 31, 2021
Total convertible bonds issued	$	1,542,300
Less: Cumulative converted amount		(1,542,300)
Corporate bonds issued balance at year-end	**$**	**-**

		For the year ended December 31 2021
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$**	**(925)**
Interest expense	**$**	**40,802**

For the collateral of corporate bonds, please refer to Note 8.

(q) Accounts payable and other payables

		December 31, 2022	December 31, 2021
<u>Accounts payable</u>			
Arising from direct sales	$	46,335	86,889
Arising from concessionaire sales		880,886	1,853,055
Others		43,719	73,492
Total	**$**	**970,940**	**2,013,436**

(Continued)

		December 31, 2022	December 31, 2021
Other payables			
Construction payables	$	171,473	166,014
Compensation payables		158,258	-
Others		662,515	820,957
Total	$	**992,246**	**986,971**

(r) Lease liabilities

The Group's lease liabilities were as follows:

		December 31, 2022	December 31, 2021
Current	$	**947,988**	**837,940**
Non-current	$	**9,044,616**	**10,770,711**

For the years ended December 31, 2022 and 2021, the Group recognized its lease modification amounting to $878,806 thousand and $489,501 thousand.

For the maturity analysis, please refer to Note 6(z).

The amounts recognized in profit or loss were as follow:

		For the years ended December 31	
		2022	2021
Interest on lease liabilities	$	**541,342**	**382,024**
Variable lease payments not included in the measurement of lease liabilities	$	**52,335**	**86,536**
Expenses relating to short-term leases	$	**1,286**	**1,268**
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$	**1,967**	**1,751**
Related rent concessions for Covid-19 (recognized as deduction of depreciation expenses)	$	**101,425**	**31,195**

The amounts recognized in the statement of cash flows for the Group was as follows:

		For the years ended December 31	
		2022	2021
Total cash outflow for leases	$	**1,474,030**	**1,777,983**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(i) Real estate leases

The Group leases land use rights, housing and buildings as office space, staff quarters and department store for business. And the lease period of office space, staff quarters and department store are usually three to five years, one to twenty years, and ten to twenty years, respectively. Some leases include the option to extend the lease period at the end of the lease term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the years ended December 31, 2022 and 2021, were as follows:

	For the year ended December 31, 2022			
	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 125,132	52,335	177,467	523

	For the year ended December 31, 2021			
	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 111,501	86,536	198,037	865

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

(ii) Other leases

The Group leases transportation and machinery equipment, with lease terms of five to ten years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases part of the office and machinery equipment with contract terms of one years. These leases are short-term. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(s) Operating lease

(i) Leases as lessor

The Group leases its bulk carriers and transportation equipment and these contracts was classified as operating leases, because it has not substantially transferred all of the risks and rewards affiliated to the ownership of the assets. For more information please refer to note 6 (j). In addition, please refer to Note 6(c) for the information about the rental business in finance leases of transportation equipment.

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

1) Bulk carriers

	December 31, 2022	December 31, 2021
Less than one year	$ 1,249,073	786,357
Between one and two years	406,514	524,985
Between two and three years	243,724	366,392
Between three and four years	6,686	219,669
Between four and five years	-	6,276
Total undiscounted lease payments	**$ 1,905,997**	**1,903,679**

2) Transportation equipment

	December 31, 2022	December 31, 2021
Less than one year	$ 63,709	45,251
Between one and two years	11,917	38,099
Between two and three years	3,763	10,917
Between three and four years	39	3,235
Total undiscounted lease payments	**$ 79,428**	**97,502**

The direct expenses including repairs and maintenance arising from bulk carriers were as follows:

	For the years ended December 31	
	2022	2021
Operating costs	**$ 44,275**	**31,029**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
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(t) Income Tax

(i) Income tax expense

The components of income tax were as follows:

		For the years ended December 31	
		2022	**2021**
Current tax expense			
Current period	$	108,172	135,928
Land value increment tax		-	213
Adjustment for prior periods		2,330	(1,940)
		110,502	134,201
Deferred tax expense			
Origination and reversal of temporary differences		107,402	174,131
Income tax expense	**$**	**217,904**	**308,332**

Reconciliation of income tax and profit before tax were as follows:

		For the years ended December 31	
		2022	**2021**
(Loss) profit excluding income tax	$	(137,526)	361,427
Income tax using the Company's domestic tax rate	$	(58,195)	76,181
Effect of tax rates in foreign jurisdiction		30,423	6,928
Non-deductible expenses		9,767	13,068
Share of loss of associates accounted for using equity method		314	973
Suspended levy of securities transaction income tax		(25,027)	-
Recognition of previously unrecognized tax losses		-	(9,517)
Land value increment tax		-	213
Tax exempt income of land		-	(2,946)
Income basic tax		14,552	-
Current-year losses for which no deferred tax asset was recognized		237,334	172,607
Change in unrecognized temporary differences		(136,640)	(41,079)
Change in provision in prior periods		2,330	(1,940)
Realized loss of investments		(9)	(24)
Recognition of previously unrecognized tax losses		132,481	90,628
Others		10,574	3,240
Total	**$**	**217,904**	**308,332**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Subsidiary FIRST STEAMSHIP S.A had been approved during the board meeting of dividend policy. The retained earnings before 2018 will not be distributed.

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregated amount of temporary differences related to investments in subsidiaries	$ 1,325,822	1,188,703
Unrecognized deferred tax liabilities	$ 265,164	237,741

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Tax effect of deductible temporary differences	$ 98,627	46,248
The carry forward of unused tax losses	$ 786,327	723,465

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Besides, the Law of the People's Republic of China on Enterprise Income Tax allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

3) Recognized deferred tax assets and liabilities

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

Deferred tax liabilities:

	the estimated appropriated of earnings of subsidiary
Balance at January 1, 2022	$ 59,615
Foreign currency translation differences for foreign operations	5,556
Balance at December 31, 2022	**$ 65,171**
Balance at January 1, 2021	$ 70,355
Recognized in profit or loss	(9,255)
Foreign currency translation differences for foreign operations	(1,485)
Balance at December 31, 2021	**$ 59,615**

Deferred tax assets:

	Rental expenses and others	The carryforward of unused tax losses	Total
Balance at January 1, 2022	$ 679,022	182,884	861,906
Recognized in profit or loss	(62,385)	(45,017)	(107,402)
Foreign currency translation differences for foreign operations	11,055	3,284	14,339
Balance at December 31, 2022	**$ 627,692**	**141,151**	**768,843**
Balance at January 1, 2021	$ 687,892	363,437	1,051,329
Recognized in profit or loss	(21,753)	(161,633)	(183,386)
Foreign currency translation differences for foreign operations	12,883	(18,920)	(6,037)
Balance at December 31, 2021	**$ 679,022**	**182,884**	**861,906**

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	Unused tax loss		Expiry date	
Year of loss	**Company in Taiwan**	**Subsidiary in China**	**Company in Taiwan**	**Subsidiary in China**
2015	$ 39,699	-	2025	-
2016	73,267	-	2026	-
2017	46,055	-	2027	-
2018	20,950	318,217	2028	2023
2019	2,059	573,919	2029	2024
2020	64,883	1,231,601	2030	2025
2021	1,585	658,522	2031	2026
2022	53,332	686,189	2032	2027
Total	**$ 301,830**	**3,468,448**		

(iv) Examination and Approval

1) The Company's and other ROC subsidiaries' tax returns for the years through 2020 were examined and approved by the national tax authorities

2) The annual tax returns of subsidiaries in China through 2021 were examined and approved by the tax authority.

(u) Capital and other equity

As of December 31, 2022 and 2021, the number of authorized ordinary shares were both 1,200,000 thousand shares with par value of $10 per share. The total value of authorized ordinary shares was both amounted to $12,000,000 thousand. As of that date, the number of ordinary shares issued were both 834,776 thousand. All issued shares were paid up upon issuance.

(i) Ordinary shares

In 2021, convertible bonds issued by the Group amounting to $1,480,134 thousand were converted into 148,013 thousand shares of common stock with par value $10. The relevant statutory registration procedures have since been completed. The Group debited additional paid-in capital—stock option for $(96,902) thousand and recognized corporate bond transfer surplus $102,310 thousand because of the transaction.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Share capital	$ 352,570	352,570
Stock option from convertible corporate bonds	851,231	851,231
Forfeited share options	13,838	13,838
Treasury share transactions	15,967	15,967
Difference arising from subsidiary’s share price and its carrying value	617,046	601,797
Changes in an ownership interest in subsidiaries	72,728	67,381
Donation from shareholders	3,332	3,332
	$ **1,926,712**	**1,906,116**

According to the ROC 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 paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

On July 30, 2021, a resolution was passed during the shareholders' meeting to offset accumulated deficits using legal reserve of $247,895 thousand and capital surplus–share capital of $22,746 thousand, and to tally amounting to $270,641 thousand.

(iii) Retained earnings

The Company’ s article of incorporation stipulates that Company's profit should be used to offset the prior years' deficits in first, then 10% is to be appropriated as legal reserve, when the legal reserve has reached the company's actual capital received isn't unrestricted. Then in according to the act or the competent authority the the special reserve is allocated or reversed. Then any remaining earning together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The dividend policy of the Company shall take into account the actual operating conditions of the current year, future investment development, funding needs, financial structure, and take into account the interests of shareholders. Distributable surplus may be distributed in the form of shares or cash, unless it is reserved at the discretion. However, cash dividends shall not be less than 10% of the total dividends. If the cash dividends to be distributed per share are less than $0.5, they shouldn’t be distributed unless otherwise resolved by the shareholders' meeting.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. And accumulated translation adjustment recognized under shareholders' equity are classified to retained earnings Except that the retained earnings arising from the first adoption of the IFRS recognized by the FSC on the conversion date is a net decrease, and there is no need to set aside the same amount of special reserve according to the regulations of the FSC.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2020 earnings in 2021, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2021 earnings in 2022, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. A resolution was passed during the shareholders' meeting held on June 24, 2022 for the appropriation of special earnings reserve of $67,938 thousand.

3) Earnings distribution

The Company, pursuant to the resolution reached in shareholder meeting held on June 24, 2022 and July 30, 2021, did not appropriate the earnings for 2021 and 2020.

(iv) Treasury stock

1) In 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand shares as treasury shares in order to transfer the shares to employees. As of December 31, 2022, a total of 10,000 thousand shares were not yet cancelled.

   In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of total issued shares. Also the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized reserves.

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

2) Details of subsidiary transferred treasury stock to employees were as follows:

(In thousands of shares)

	For the years ended December 31	
	2022	2021
Outstanding at January 1	9,007	10,507
Vested during the year	(325)	(1,500)
Outstanding at December 31	**8,682**	**9,007**

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of December 31, 2022 and 2021, the prepayments amounting to $139,588 thousand and $141,093 thousand, respectively (recognized as other non-current assets). Considering the changes in the economic environment and the impact of the COVID-19, a resolution adopted was decided at the general meeting of shareholders held on August 31, 2022 to defer the repayments of prepaid payroll to 2025.

(v) Other equity interests

	Exchange differences on translation of foreign financial statements	Non-controlling interests	Total
Balance at January 1, 2022	$ (982,609)	3,440,895	2,458,286
Loss attributable to non-controlling interests	-	(361,465)	(361,465)
Exchange differences on investments accounted for using equity method	73,259	-	73,259
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(25,626)	(25,626)
Changes in ownership interests in subsidiaries	-	3,775	3,775
Changes in noncontrolling interests	-	45,000	45,000
Exchange differences on translation of foreign financial statements	605,465	17,600	623,065
Balance at December 31, 2022	**$ (303,885)**	**3,120,179**	**2,816,294**

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Non-controlling interests	Total
Balance at January 1, 2021	$ (810,816)	3,642,678	2,831,862
Profit attributable to non-controlling interests	-	(98,771)	(98,771)
Exchange differences on investments accounted for using equity method	(16,656)	-	(16,656)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(9,865)	(9,865)
Changes in ownership interests in subsidiaries	-	364	364
Changes in noncontrolling interests	-	(81,522)	(81,522)
Exchange differences on translation of foreign financial statements	(155,137)	(11,989)	(167,126)
Balance at December 31, 2021	**$ (982,609)**	**3,440,895**	**2,458,286**

(v) Earnings per share

	For the years ended December 31	
	2022	**2021**
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	**$ 6,035**	**151,866**
Issued ordinary shares at January 1	834,776	686,763
Effect of treasury stock	(10,000)	(10,000)
Effect of convertible bonds	-	87,751
Weighted average number of ordinary shares at December 31	824,776	764,514
Earnings per share (dollars)	**$ 0.01**	**0.20**
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 6,035	151,866
Effect of dilutive potential ordinary shares		
Effect of convertible bonds	(Note)	(Note)
Profit attributable to ordinary shareholders of the Company (diluted)	**$ 6,035**	**151,866**
Weighted average number of ordinary shares at December 31	$ 824,776	764,514
Effect of dilutive potential ordinary shares (basic)		
Effect of employee share compensation	71	265
Effect of convertible bonds	-	(Note)
Weighted average number of ordinary shares (diluted) at December 31	824,847	764,779
Earnings per share (dollars)	**$ 0.01**	**0.20**

Note: Anti-dilutive effect on earnings per share was not calculated.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2022					
	Shipping department	**Investing department**	**Retail department**	**Rental department**	**Other department**	**Total**
Primary geographical markets						
Taiwan	$ -	6,746	-	-	-	6,746
China	-	-	4,150,142	86,278	-	4,236,420
Other	2,082,877	-	-	-	-	2,082,877
	$ 2,082,877	6,746	4,150,142	86,278	-	6,326,043
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	1,224,769	-	-	1,224,769
Commodity sales (Retail revenue – direct sales)	-	-	825,508	-	-	825,508
Lease revenue (Note)	2,082,877	6,746	1,115,858	57,204	-	3,262,685
Financial lease interest revenue (Note)	-	-	-	25,460	-	25,460
Service revenue and others	-	-	984,007	3,614	-	987,621
	$ 2,082,877	6,746	4,150,142	86,278	-	6,326,043

	For the year ended December 31, 2021					
	Shipping department	**Investing department**	**Retail department**	**Rental department**	**Other department**	**Total**
Primary geographical markets						
Taiwan	$ -	5,896	-	-	63,418	69,314
China	-	-	5,159,425	163,401	-	5,322,826
Other	1,533,834	-	-	-	-	1,533,834
	$ 1,533,834	5,896	5,159,425	163,401	63,418	6,925,974
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	1,695,646	-	-	1,695,646
Commodity sales (Retail revenue – direct sales)	-	-	1,546,443	-	-	1,546,443
Lease revenue (Note)	1,533,834	5,896	954,479	72,537	-	2,566,746
Financial lease interest revenue (Note)	-	-	-	84,689	-	84,689
Service revenue and others	-	-	962,857	6,175	63,418	1,032,450
	$ 1,533,834	5,896	5,159,425	163,401	63,418	6,925,974

Note: The lease revenue and financial lease interest revenue of the Group are under IFRS 16.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and no more than 3% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employee compensation could be distributed by cash or shares. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions that is approved by the Board of Directors. Directors’ remuneration could only be distribute by cash.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $13 thousand and $3,467 thousand and directors' and supervisors' remuneration amounting to zero, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating expenses for each period.

If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021. Related information would be available at the Market Observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2022	**2021**
Interest income from bank deposits	$ 27,758	21,091
Loans interest income	7,683	6,089
Open end Funds	999	937
Interest income from corporate bonds	231	-
Other	3,795	5,214
	$ 40,466	**33,331**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2022	**2021**
Dividend income	**$ 3,616**	**3,083**

(Continued)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

		For the years ended December 31	
		2022	2021
Loss on disposal of property, plant and equipment	$	(1,359)	(1,343)
Gains on disposals of intangible assets		5,776	23,922
Gains on disposals of investments (Notes 6(f) and 7)		124,895	(6,926)
Foreign exchange (loss) gain		(17,862)	12,661
Gain on financial assets or liabilities at fair value through profit or loss		18,108	64,068
Impairment loss on property, plant and equipment	(Note)	(155,590)	(26,593)
Impairment loss on intangible assets	(Note)	(205)	-
Compensation losses	(Note)	(196,209)	-
Gains on lease modification	(Note)	353,564	2,099
Gains from transfer of overdue payments		99,096	-
Others		104,217	143,757
	$	**334,431**	**211,645**

Note: On December 31, 2022, due to the discontinue of the subsidiary, Chongqing Optics Valley Grand Ocean Commercial Development Limited, compensation payables of $158,258 thousand were estimated.

(iv) Finance costs

The details of finance costs were as follows:

		For the years ended December 31	
		2022	2021
Interest expenses	$	296,427	240,424
Amortization on discount of corporate bonds		-	40,802
Lease liabilities		541,342	382,024
Other financial expense		15,929	9,173
Other interest		-	8,904
	$	**853,698**	**681,327**

For the years ended December 31, 2022 and 2021, the interest expenses of the rental business department amounting to $19,975 thousand and $34,800 thousand, respectively, and were reported as operating costs.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financial instruments

(i) Credit risks

1) Credit risk exposure

As of December 31, 2022 and 2021, the Group's exposure to the maximum credit risk were from providing financial guarantees or failing to execute obligations by counterparty. The maximum credit risk exposure was as follows:

· The carrying amounts of financial assets recognized in the consolidated balance sheet; and

· The Group provided financial guarantees and committed to purchase default creditor's rights were as follows:

	December 31, 2022	December 31, 2021
Financial guarantees	$ 468,565	303,785
Committed to purchase defaulted creditor's rights	$ 90,790	218,259

The movement in the financial guarantee liability for financial guarantee were as follows:

	For the years ended December 31	
	2022	2021
Balance at January 1	$ 1,062	-
Impairment loss recognized	11,006	1,061
Effect of changes in foreign exchange rates	(54)	1
Balance at December 31 (reported as other current liabilities)	$ 12,014	1,062

2) Concentration of credit risk

There is no significant concentration on single customer in the Group's retail business, and debtors of accounts receivable are banks with high credit rating; therefore, management believes that there is no significant concentration of credit risk.

The Group's automobile lease business has a wide range of customers. To minimize the credit risk, the Group transacts with corporations or individuals that have credit ratings equivalent, and will assesses the ratings based on other publicly available financial information and will continuously monitor the exposure to credit risk.

Besides, the Group's shipping business consistently adheres to its policy of receiving in advance of each freight fee charged to customers to minimize credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to Note 6(c). Other financial assets at amortized cost includes other receivables, other financial assets, preferred stock and corporate bonds., etc., please refer to Notes 6(d), (m) and 13.

The impairment provision of all of these financial assets recognized during the period was limited to 12 months expected losses or lifetime ECL measurement.

The movement in the allowance for impairment for other receivables and other financial assets for the year ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Balance at January 1	$ 119,383	63,125
Impairment losses recognized	203,166	57,166
Disposals of subsidiary	-	(562)
Effect of foreign exchange rate	537	(346)
Balance at December 31	**$ 323,086**	**119,383**

(ii) Liquidity risks

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 years	1 to 5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 2,554,714	2,554,714	1,965,146	10,700	578,868
Floating rate instrument	7,249,114	8,108,571	2,919,128	4,305,605	883,838
Fixed rate instruments	2,095,034	2,197,376	1,564,270	633,106	-
Lease liabilities	9,992,604	13,518,692	1,406,742	4,575,230	7,536,720
	$ 21,891,466	**26,379,353**	**7,855,286**	**9,524,641**	**8,999,426**
December 31, 2021					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 3,700,989	3,700,989	3,002,368	27,922	670,699
Floating rate instrument	7,120,119	7,431,331	2,257,542	4,365,715	808,074
Fixed rate instruments	2,930,528	3,041,777	2,634,871	406,906	-
Lease liabilities	11,608,651	15,741,113	1,372,776	5,483,046	8,885,291
	$ 25,360,287	**29,915,210**	**9,267,557**	**10,283,589**	**10,364,064**

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

(Continued)

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD:NTD	$ 14,059	30.70	431,611	8,684	27.67	240,286
HKD:USD	49,329	0.1284	194,449	5,161	0.1283	18,322
NTD:USD	7,180	0.0326	7,180	2,968	0.0361	2,968
Financial liabilities						
Monetary items						
USD:CNY	1,850	6.9646	56,795	3,875	6.3757	107,221

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD or CNY against the USD, EUR, HKD, AUD and CNY as of December 31, 2022 and 2021 would have increased (decreased) the profit before tax by $5,765 thousand and $1,544 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

Since the Group has many kinds of functional currency, the information on foreign exchange loss on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(17,862) thousand and $12,661 thousand, respectively.

(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 nonderivative financial instruments at the reporting date. Regarding of liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% 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 or decreased by 0.5%, the Group's profit before tax would have decreased or increased by $25,508 thousand and $13,846 thousand, respectively. This is mainly due to the Group's borrowings at variable rates and demand deposits for the years ended December 31, 2022 and 2021, respectively, given that all other variable factors remaining constant.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same:

	For the years ended December 31			
	2022		2021	
	Other comprehensive income after tax	Net Income or Loss	Other comprehensive income after tax	Net Income or Loss
Increase 5%	$ -	5,544	-	5,561
Decrease 5%	$ -	(5,544)	-	(5,561)

(vi) Fair value of financial instruments

1) Fair value hierarchy

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. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 245,828	104,987	5,893	134,948	245,828
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	$ 26,125	-	-	26,125	26,125

	December 31, 2021				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 238,794	105,323	5,893	127,578	238,794
Financial liabilities at fair value through profit or loss					
Nonderivative financial liabilities	$ 23,234	-	-	23,234	23,234

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 assets or liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

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.

If the Group's financial instruments are regarded as being quoted in an active market, the classification and property of fair value are as follows :

- Stocks in listed companies, fund and Corporate bonds, which have standard term and quoted prices in active markets. The fair values are referenced by market quotation.

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b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques. Embedded derivative instruments are measured at model of adjusted Binary tree.

c) Financial guarantee contract

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to use a probability-weighted discounted cash flow analysis that incorporates the expected default rate of the borrower and expected recoveries in the event of default.

d) Beneficiary rights-specific construction project and landowner

Measurement of the fair value of the Group's beneficiary rights-specific construction project and landowner is based on the discounted cash flows model. Quantified information of significant unobservable inputs includes buildings sale prices and construction costs. The discounted cash flows are used to estimate fair values.

4) There were no transfers in either direction of levels in 2022 and 2021.

5) Reconciliation of Level 3 fair values

	Financial assets and liabilities as held for sale		
	Non-derivative financial assets -Beneficial rights	**Non-derivative financial assets liabilities-Landowner**	**Embedded derivative instruments**
Opening balance, January 1, 2022	$ 127,578	(23,234)	-
Issued	-	(2,891)	-
Total gains and losses recognized:			
In profit or loss	7,370	-	-
Ending Balance, December 31, 2022	**$ 134,948**	**(26,125)**	**-**
Opening balance, January 1, 2021	$ 119,158	-	925
Issued	-	(23,234)	-
Total gains and losses recognized:			
In profit or loss	8,420	-	(925)
Ending Balance, December 31, 2021	**$ 127,578**	**(23,234)**	**-**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	For the years ended December 31	
	2022	**2021**
Total gains and losses recognized:		
In profit or loss, and including "other gains and losses"	**$ 7,370**	**8,420**

(Continued)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss – embedded derivative instruments, and the financial instrument in Level 3 has only one significant unobservable input.

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Beneficial rights-Specific construction project	Discounted cashflow	· Volatility of buildings sale prices (as of December 31, 2022 and 2021, were both \$410 thousand per square feet.) · Volatility of construction costs (as of December 31, 2022 and 2021, were both \$133 thousand per square feet.)	· The estimated fair value would increase if the buildings sale prices was higher or the construction costs was lower.
Beneficial rights-Landowner	Discounted cashflow	· Volatility of buildings sale prices and construction costs (as of December 31, 2022 and 2021, were \$307 thousand and \$183 thousand per square feet, respectively.)	· The estimated fair value would increase if the buildings sale prices was higher or the construction costs was lower.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss:

	Inputs	Fluctuation in inputs	Profit or loss	
			Favorable	Unfavorable
December 31, 2022				
Financial assets at fair value through profit or loss				
Beneficial rights-Specific construction project	Price volatility	5%	17,688	(17,688)
Financial liabilities at fair value through profit or loss				
Beneficial rights- Landowner	Price volatility	5%	12,151	(12,364)
December 31, 2021				
Financial assets at fair value through profit or loss				
Beneficial rights-Specific construction project	Price volatility	5%	17,420	(17,420)
Financial liabilities at fair value through profit or loss				
Beneficial rights Landowner	Price volatility	5%	10,946	(11,153)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

(aa) Financial risk management

(i) Overview

The Group have exposures to the following risks due to the uses of its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group' s 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 accompanying consolidated financial statements.

(ii) Structure of risk management

The Group' s risk management policies are established to identify and analyze the Group' s exposure to risks, 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 board of directors has overall responsibility for the establishment and oversight of the derivative financial instruments, and internal auditor undertakes regular reviews of risk management controls and procedures.

(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) Trade and other receivables

To minimize the credit risk, the Group' s shipping business consistently adheres to its policy of receiving in advance of each freight fee being charged to its customers. In addition, the Group' s vessel management receives fees monthly, assesses possibility of collecting receivables, and recognizes allowances for doubtful account.

The Group' s retail business is expected to have no significant credit risk because its collection methods of primary customers and debtors of accounts receivable are through cash or credit card.

To minimize credit risk, the Group' s automobile lease business transacts with corporations with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establishes sales limits based on credit rating for each of its approved customer. In addition, the management of credit risk to other receivables, please refers to Notes 6(d) and (m).

(Continued)

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposures, and a collective loss component which the loss has been incurred but not yet identified. Considering that the Group has no concentration on single customer and complies with the policy to receive proceeds in advance, the credit risk of accounts receivable is estimated to be low.

2) Investment

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 with high credit rating, or financial institutes and corporate organizations with level of professional investor; therefore, 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

the Group’s guarantees with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major borrower. The Group continuously monitors the exposure to credit risk and counterparty credit ratings for each of its approved borrower.

For the Group providing financial guarantees, please refer to Notes 7, 9 and 13.

(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.

As of December 31, 2022 and 2021, the Group's unused credit line amounted to $2,429,863 thousand and $1,717,509 thousand, respectively.

(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.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

(Continued)

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, USD, and CNY. The currencies used in these transactions are the USD and CNY.

The subsidiaries of the Group which use the CNY as the functional currency, choose USD borrowings to reduce the finance cost, because these borrowings are denominated in currencies that not match the cash flows generated by the underlying operations of the Group. The Group considers that reduced finance cost should offset the exchange rate risk arising from USD borrowings, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Group' s risks with exposure to changes in interest rates arise mainly from borrowings from banks. Borrowings on a variable–rate basis will exposed the Group to the variability in cash flows attributable to interest rate risk. The Group assess the level of interest rate is recently stable in the business environment. Therefore, material interest rate risk is less likely to occur.

3) Other market price risk

The Group is exposed to equity price risk due to use capital effectively and hold different investment portfolios. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy and sell decisions are approved by the management authority.

The primary goal of the Group's investment strategy is to maximize investment returns; the board of directors and member in investment department were all professional in finance to make appropriate decision, and therefore the market price risk of investment at fair value through profit or loss were controlled by management.

(ab) Capital management

The Group' s objectives for managing capital are ensuring the ability to operate continuously, providing returns to shareholders and other stakeholders, and maintaining 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, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

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 2022, the Group's capital management strategy is consistent with the prior year as of 2021. The gearing ratio is maintained within a constant ratio so as to ensure financing at reasonable cost.

The Group's debt-to-equity ratio at the end of the reporting period as of as of December 31, 2022 and 2021, is as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 22,120,521	25,728,326
Less: cash and cash equivalents	(2,987,197)	(4,275,526)
Net debt	**$ 19,133,324**	**21,452,800**
Total equity	**$ 13,645,065**	**13,259,050**
Adjusted capital	**$ 32,778,389**	**34,711,850**
Debt-to-equity ratio	**58 %**	**62 %**

(ac) Changes in liabilities arising from financing activities

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

(i) Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Other (Note)**	**Foreign exchange movement**	**December 31, 2022**
Short-term borrowings	$ 3,396,693	(685,387)	-	116,139	2,827,445
Short-term notes and bills payable	99,846	(99,846)	-	-	-
Long-term borrowings	6,554,108	(432,909)	-	395,504	6,516,703
Lease liabilities	11,608,651	(877,100)	(932,967)	194,020	9,992,604
Guarantee deposits	700,582	(120,794)	-	11,740	591,528
Total liabilities from financing activities	**$ 22,359,880**	**(2,216,036)**	**(932,967)**	**717,403**	**19,928,280**

Note: This includes an increase of $47,264 thousand in the current period, a reduction of $878,806 thousand in lease modifications and a reduction of $101,425 thousand in operating expenses from rent concessions.

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	January 1, 2021	Cash flows	Non-cash changes: Other (Note)	Non-cash changes: Foreign exchange movement	December 31, 2021
Short-term borrowings	$ 5,844,838	(2,401,580)	-	(46,565)	3,396,693
Short-term notes and bills payable	49,992	49,854	-	-	99,846
Bonds payable	1,431,651	-	(1,431,651)	-	-
Long-term borrowings	4,717,107	1,932,889	-	(95,888)	6,554,108
Lease liabilities	8,185,453	(1,306,404)	4,775,586	(45,984)	11,608,651
Guarantee deposits	543,726	114,321	45,617	(3,082)	700,582
Total liabilities from financing activities	$ 20,772,767	(1,610,920)	3,389,552	(191,519)	22,359,880

Note:1.Bonds payable were converted into shares of common stock amounting to $1,480,134 thousand, the effect of amortization on discount of corporate bonds amounting to $40,802 thousand, and the decrease in share options of capital surplus amounting to $7,681 thousand.

2.Lease liabilities were mainly incurred from the rent concession, which resulted in a decrease in operating expenses amounting to $31,195 thousand, the effect of adding, terminating, and modifying the leases amounting to $4,808,035 thousand, and the effect of disposals of subsidiary amounting to $1,254 thousand.

3.Guarantee deposits were mainly due to the acquisition of subsidiary amounting to $46,278 thousand, less the effect of disposals of subsidiary amounting to $661 thousand.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

First Steamship Company Ltd. is the ultimate controlling company of the Group.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Yonghenghui Investment Co., Ltd.	Same chairman with the Company
Nanjing Tiandu Co., Ltd.	The Group’s manager is the company’s chairman
Shanghai Tian An Tower Co., Ltd.	The Group’s manager is the company’s director
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	A substantial related party
Shanghai Qianshu Property Management Co., Ltd.	A substantial related party
Shanghai Allied Cement Holdings Limited	A substantial related party
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	A substantial related party

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Name of related party	Relationship with the Group
Shanghai Tianrong Real Estate Co., Ltd.	A substantial related party
Tian An Investment Co., Ltd.	A substantial related party
Shanghai Haiguang Real Estate Management Co., Ltd.	A substantial related party
Nanjing Tianan Gangli Property Management Co., Ltd.	A substantial related party
Gangli Property Management (Shanghai) Co., Ltd.	A substantial related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	An associate
Hainan Sanhe Licheng Business Service Co., Ltd.	An associate
Haikou Zhuke Technology Co., Ltd.	An associate
Wuhan Zhuke Technology Co., Ltd.	An associate
Shanghai Zhuke Technology Co., Ltd.	An associate
Chengdu Zhuke Technology Co., Ltd.	An associate
Changsha Zhuke Technology Co., Ltd.	An associate
Da Yu Financial Holdings Ltd.	An associate
Jiawang Assets Development Co., Ltd.	An associate

(c) Significant transactions with related parties

(i) Other current assets (Prepayments)

	December 31, 2022	December 31, 2021
Nanjing Tiandu (Note)	$ 160,877	106,668
Other related parties	17,780	16,665
	$ 178,657	**123,333**

Note: In accordance with rental agreement, the Group shall make fixed monthly prepayments for variable rents to be settled at the end of the year. On March 2023, the Group had been approved during the board meeting and a ten-year lease contract was signed with a related party. The Group is is settling the aforementioned prepaid rent.

(ii) Other receivables

	December 31, 2022	December 31, 2021
Other related parties	**$ 3,503**	**1,302**

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(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Other payables	Associates	$ 1,411	1,406
Other payables	Other related parties	832	-
		$ 2,243	1,406

(iv) Leases

1) Lease liabilities and interest costs

		Lease liabilities		
Relationship	**Purpose**	**December 31, 2022**	**December 31, 2021**	**January 1, 2021**
Shanghai Kaixuanmen	Office building and department store	$ 4,408,145	4,295,335	-
Other related parties	Office building and department store	11,675	22,526	50,590
Other related parties	Energy-saving renovation engineering equipment	34,101	40,775	47,905
		$ 4,453,921	4,358,636	98,495

		Interest costs	
		For the years ended December 31	
Relationship	**Purpose**	**2022**	**2021**
Shanghai Kaixuanmen	Office building and department store	$ 206,755	-
Other related parties	Office building and department store	910	7,254
Other related parties	Energy-saving renovation engineering equipment	1,841	2,144
		$ 209,506	9,398

2) Operating lease

		Payments that are not included in the measurement of the variable lease liabilities	
		For the years ended December 31	
Relationship	**Purpose**	**2022**	**2021**
Other related parties	Office building and department store	$ 51,400	83,612

		Property management fee	
		For the years ended December 31	
Relationship	**Purpose**	**2022**	**2021**
Other related parties	Office building and department store	$ 3,811	3,727

3) Deposits–out for lease

Account	Relationship		December 31, 2022	December 31, 2021
Other non-current financial assets	Shanghai Kaixuanmen	$	66,120	65,099
Other non-current financial assets	Other related parties		12,086	11,900
		$	**78,206**	**76,999**

(v) Operating revenue

The amounts of significant finance lease interest income, lease revenue and lease receivables by the Group to related parties were as follows:

			For the years ended December 31	
Account	**Relationship**		**2022**	**2021**
Financial lease interest income	Hainan Sanhe Licheng	$	9,539	13,995
Financial lease interest income	Zhuke Technology		6,931	31,363
Lease revenue	Zhuke Technology		8,342	12,920
		$	**24,812**	**58,278**

Account	Relationship		December 31, 2022	December 31, 2021
Lease receivables	Hainan Sanhe Licheng	$	139,135	135,389
Lease receivables	Zhuke Technology		335,157	322,579
Less: Allowance for impairment—Hainan Sanhe Licheng			(61,552)	(48,672)
Less: Allowance for impairment—Zhuke Technology			(115,939)	-
		$	**296,801**	**409,296**

The interest income deriving from finance leases received by the Group from its associates is based on the interest rate agreed by both parties and collected monthly. The interest rate is not significantly different from that of nonrelated parties. The receivables with related parties were guaranteed by vehicles for finance lease. Chengdu Sanhe Licheng is the guarantor of the receivables from Hainah Sanhe Licheng.

The overdue receivables of Hainah Sanhe Licheng and Zhuke Technology were due to the COVID 19 pandemic, which significantly increased the credit risk on financial assets, resulting in the expected credit loss of $128,885 thousand and $48,662 thousand to be recognized in 2022 and 2021, respectively.

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(vi) Account receivables –related parties

Account	Relationship	December 31, 2022	December 31, 2021
Other receivables (loaning funds)	Hainan Sanhe	$ 19,836	21,700
Other receivables (loaning funds)	Zhuke Technology	50,692	86,798
Other receivables (loaning funds)	An associate	490	490
Other receivables (interest)	Hainan Sanhe	987	-
Other receivables (interest)	Zhuke Technology	2,885	-
Other receivables	Zhuke Technology	467	-
Less: Allowance for impairment		(74,867)	(52,079)
		$ 490	**56,909**
Other financial assets	Zhuke Technology	$ 35,264	34,719
Less: Allowance for impairment		(35,264)	-
		$ -	**34,719**

The Group uses lifetime expected loss provision to provide for its expected credit losses on receivables from its related parties and other financial assets. The credit risk on financial assets of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral and took their other assets and sources of subsequent repayments into consideration, resulting in the expected credit loss of $57,607 thousand and $52,068 thousand to be recognized in 2022 and 2021, respectively.

The loans to related parties are all unsecured and the interest charged to the Group was calculated by 8.4%. The loans to related parties were as follows:

	Interest income For the years ended December 31	
	2022	**2021**
Hainan Sanhe Licheng	$ 1,743	1,218
Zhuke Technology	5,909	4,842
Other related parties	29	29
	$ 7,681	**6,089**

(vii) Guarantees

An associate signed a rental agreement with non-related parties and was guaranteed by the group. The details were as follows:

	December 31, 2022	December 31, 2021
Zhuke Technology	$ 42,065	70,759

The Group evaluated the value of collaterals, which can cover its lifetime expected credit losses for the contract, without any impairment losses.

(viii) The Group promised to buy from Shangshi the default claims of its related parties, Hanan Sanhe and Zhuke Technology. Please refer to Note 9(a) for further information. The details were as follows:

	December 31, 2022	December 31, 2021
Contract value	$ 92,867	91,432
Residual amounts	$ 50,332	73,142
Loss allowance (reported as other current liabilities)	$ 2,953	-

The credit risk of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral cannot fully cover the potential default risk of the counter-parties during the contract period, and recognized an expected credit loss of $2,972 thousand in 2022.

(ix) Others

1) The Group provided management consulting services and signed service contracts with other related parties. For the years ended December 31, 2022 and 2021, the revenue from consulting services were $10,456 thousand and $10,776 thousand, respectively.

2) On June 30, 2021, the Group signed an equity transfer agreement with Shanghai Kaixuanmen Enterprise Development Co., Ltd. to obtain 100% of the equity of the subsidiary, Shanghai Qianshu with payment of CNY$1,000 thousand. For related information please refer to Note 6(h).

3) The Group disposed its entire equity in its subsidiary, Morton Finance Ltd. (Morton), to Da Yu Financial Holdings Ltd., at the amount of $7,818 thousand (HKD$2,178 thousand), based on the resolution approved during the board meeting held on February 15, 2022. The deduction of Morton' s net assets of $7,818 thousand resulted in the disposal loss of $238 thousand, including the amount of $238 thousand related to Morton, to be recognized in other comprehensive income under profit or loss.

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4) The Group disposed its entire equity in its subsidiary, Morton Securities Ltd. (Morton), to Da Yu Financial Holdings Ltd., at the amount of $26,212 thousand (HKD$7,140 thousand), based on the resolution approved during the board meeting held on March 16, 2021. The deduction of Morton's net assets of $32,502 thousand resulted in the disposal loss of $6,926 thousand, including the amount of $636 thousand related to Morton, to be recognized in other comprehensive income under profit or loss.

5) The Group decided to dispose the entire equity of its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui investment Co., at the amount of $$356,000 thousand, based on the resolution approved during the board meeting held on July 30, 2021; therefore, the assets and liabilities were classified to non current assets held for sale. The transaction was completed this year recognized disposal benefits of $125,133 thousand. Please refer to Note 6(f) for further information.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 53,670	55,837

(ii) The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2022 and 2021, those prepaid salaries amounting to $40,074 thousand (CNY$9,091 thousand) and $39,572 thousand (CNY$9,118 thousand), respectively, were recorded as non-current assets.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Inventories (for construction business)	Bank loans	$ 1,437,793	1,181,780
Other financial assets	Bank loans, bank depository funds	67,806	76,534
Other financial assets	Frozen due to lease dispute	13,621	22,863
Accounts receivable	Other secured loans	-	42,103
Lease payment receivables	Other secured loans	19,339	30,624
Property, plant and equipment	Bank loans, other secured loans	12,719,171	10,000,355
Investment Property	Bank loans	141,090	142,063
		$ 14,398,820	11,496,322

Note : Including the land use rights, which are recognized as right-of-use assets.

(9) Commitments and contingencies:

Except for those described in Note 6, the Group's other significant commitments and contingencies were as follows:

(a) Unrecognized contractual commitments

(i) The unrecognized contractual commitments of the Group were as follows:

		December 31, 2022	December 31, 2021
Contracted price			
Construction of land and building	$	665,331	665,331
Purchase vessel equipment		3,355	56,762
Received or paid price			
Construction of land and building		279,912	108,309
Contracting out of project		336	5,554

(ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) signed several finance leases contracts with different customers introduced by the Group based on the finance lease business cooperation agreement entered into by Shangshi and the Group. According to the agreement, the Group will look for customers with good credit ratings, in accordance with the contracted risk control standards, before introducing them to Shangshi. Thereafter, the Group will receive a portion of the rewards from Shangshi for each rental payment made by the customers. In addition, the Group promised to buy unconditionally the default claims from Shangshi for any customer who violated the agreement. Since there were no significant overdue receivables as December 31, 2022 and 2021, the Group can use the lifetime expected loss provision for the contract to provide for its expected credit losses, please refer to Note 6(z). The details of contracts were as follows:

	December 31, 2022	December 31, 2021
Contract value	$ 259,613	312,947
Residual amounts	$ 90,790	218,259

(iii) The Group signed the joint construction contracts with other companies as follows:

Item	Construction name
Joint construction with allocation of buildings	Me island phase III B1
Joint investing and developing on construction site	Nan Jing Jian Kang
Joint construction with allocation of buildings; Joint investing and developing on construction site	Tucheng Yongfu

(iv) Guarantees and endorsements for other parties on behalf of the Group, please refer to Notes 6(z).

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(b) Contingencies:

(i) While the Group acquired the Quanzhou real estate, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the fourth floor of Quanzhou real estate with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the fourth floor of Quanzhou real estate in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the fourth floor of Quanzhou real estate may not be at risk of impairment.

(ii) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as “Chongqing Zhengsheng”), to reduce the period for the lease payments due to the COVID-19 pandemic in 2020. However, the negotiation failed and Chongqing Zhengsheng filed a lawsuit against the Group in November 2020 demanding for the payment of the arrears and rental of the extended area used by the Group. The hearing concerning the above lawsuit has yet to commence as of the reporting date. As of December 31, 2022, the Group had recognized its rental expenses before the government regulated deadline based on the lease contract. Meanwhile, the Group filed a counterclaim against Chongqing Zhengsheng, wherein the Group requested for a rent reduction. The first trial was unsuccessful, and the second trial ruling was upheld, the Group should pay the rent according to the original contract. However, the Group is not satisfied with the Court's decision, and intends to hire an attorney to file an appeal.

(iii) The real estate property right transfer registration of Shiyan International Financial Center project from the first floor to the ninth floor above ground that the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. purchased from Hubei Grand Ocean Huayu Investment Co., Ltd.(hereinafter referred to as “Hubei Huayu”) had not been completed in accordance with the agreement of commercial property contract; therefore, the Group filed a lawsuit on September 6, 2021. In accordance with the PRC law, the Group has adequate protection for the property; hence, no losses will be incurred by the Group regarding the matter.

On the other hand, Hubei Huayu filed a lawsuit against Grand Ocean Classic Commercial Group Ltd. and Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. on September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY$93 million for the damage. After the assessment of the Group, the right to make a claim occurred in 2017 exceeded the 3-year limitation period for the protection of civil rights according to the law. In addition, the Group has paid on schedule according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it is determined that the Group have no obligation to pay any compensation.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

As Sandmartin International Holdings Ltd. (hereinafter referred to as Sandmartin) intends to conduct a cash capital increase A resolution was passed during the board meeting held on March 31, 2023, and the Group intends to enter into an underwriting agreement with Sandmartin as the lead underwriter for the capital increase.

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(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31					
By function	2022			2021		
By item	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	$ 332,008	572,625	904,633	234,322	584,114	818,436
Health and labor insurance	1,246	4,169	5,415	1,312	3,908	5,220
Pension	1,135	60,883	62,018	1,308	55,976	57,284
Others	17,471	116,131	133,602	15,539	96,757	112,296
Depreciation	429,041	1,646,777	2,075,818	383,244	1,512,995	1,896,239
Amortization	45,656	8,564	54,220	33,984	8,284	42,268

(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: Appendix 1. Please refer to the Chinese version consolidated financial statements P80-82.

(ii) Guarantees and endorsements for other parties: Appendix 2. Please refer to the Chinese version consolidated financial statements P83-84.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3. Please refer to the Chinese version consolidated financial statements P85.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: Appendix 4. Please refer to the Chinese version consolidated financial statements P86-87.

(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: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Appendix 5. Please refer to the Chinese version consolidated financial statements P88.

(Continued)

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: Appendix 6. Please refer to the Chinese version consolidated financial statements P89.

(b) Information on investees: Appendix 7. Please refer to the Chinese version consolidated financial statements P90-92.

(c) Information on investment in mainland China: Appendix 8. Please refer to the Chinese version consolidated financial statements P93-94.

(d) Major shareholders:

Shareholding / **Shareholder's Name**	**Shares**	**Percentage**
Henghua Investment Co., Ltd.	57,065,945	6.83 %
CAPITAL SECURITIES trusted custody Investment account of Lukfook Financial (HK) Ltd.	46,359,059	5.55 %

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.

(2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings should include the shares held by the shareholder, as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, please refer to the Market Observation Post System website of the TWSE.

(14) Segment information:

(a) General information

The Group has four reportable segments: shipping business, investing department, retail business department and rental department.

Shipping business departments' main operating activities are international transportation and shipping agency; investing departments' main operating activities are investments; retail business departments' main operating activities are trading of cosmetics, furnishings and etc.; rental business Departments' main operating activities are providing services of financial leasing. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

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(b) The Group's operating segment information and reconciliation were as follows:

	Shipping department	Investing department	Retail department	Rental department	Other segment	Reconciliation and elimination	Total
For the year ended December 31, 2022							
Revenue:							
Revenue from external customers	2,082,877	6,746	4,150,142	86,278	-	-	6,326,043
Intersegment revenues	-	81,108	-	-	-	(81,108)	-
Interest income	1,239	41,622	26,034	8,928	52	(37,409)	40,466
Total revenue	$ 2,084,116	129,476	4,176,176	95,206	52	(118,517)	6,366,509
Interest expenses	$ 83,656	50,285	704,388	43,198	29,555	(37,409)	873,673
Share of profit (loss) of associates accounted for using equity method	-	(38,941)	(9,290)	-	(1,570)	-	(49,801)
Reportable segment profit or loss	**$ 856,185**	**(5,480)**	**(613,815)**	**(337,613)**	**(36,803)**	**-**	**(137,526)**
Investments accounted for using equity method	$ -	754,461	27,636	-	4,186	-	786,283
Reportable segment assets	**$ 7,583,861**	**5,444,129**	**23,345,175**	**763,787**	**1,379,786**	**(2,751,152)**	**35,765,586**
Reportable segment liabilities	**$ 2,887,340**	**3,920,912**	**16,089,928**	**725,965**	**1,117,661**	**(2,621,285)**	**22,120,521**
For the year ended December 31, 2021							
Revenue:							
Revenue from external customers	1,533,834	5,896	5,159,425	163,401	63,418	-	6,925,974
Intersegment revenues	-	71,006	-	-	-	(71,006)	-
Interest income	25,769	10,266	25,759	7,123	33	(35,619)	33,331
Total revenue	$ 1,559,603	87,168	5,185,184	170,524	63,451	(106,625)	6,959,305
Interest expenses	$ 43,867	96,385	529,580	57,989	23,925	(35,619)	716,127
Share of profit (loss) of associates accounted for using equity method	-	(19,459)	(2,771)	-	(2,129)	-	(24,359)
Reportable segment profit or loss	**$ 502,682**	**(97,187)**	**77,916**	**(117,731)**	**(4,253)**	**-**	**361,427**
Investments accounted for using equity method	$ -	720,436	36,634	-	5,755	-	762,825
Reportable segment assets	**$ 7,754,906**	**5,151,258**	**27,277,407**	**1,182,257**	**1,012,173**	**(3,390,625)**	**38,987,376**
Reportable segment liabilities	**$ 2,889,735**	**4,289,094**	**19,238,606**	**811,223**	**813,246**	**(2,313,578)**	**25,728,326**

(c) Product and service information

For the revenue from the external customers of the Group, please refer to Note 6(w).

(d) Geographic information

The segment revenue based on the geographical location of customers, please refer to Note 6(w) for Geographic information.

(e) Major customers

For the years ended December 31, 2022 and 2021, the major customers of the Group were less than 10% of the operating revenue.