

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

**FIRST STEAMSHIP COMPANY LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the three Months Ended March 31, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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## **Independent Auditors' Review Report**

To the Board of Directors First Steamship Company Ltd.:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the First Steamship Company Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of March 31, 2023 and 2022 and the consolidated statements of comprehensive income for the three months ended March 31, 2023 and 2022, as well as the changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ( “IASs” ) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As stated in Note 4 (2) of the consolidated financial report, some of the non-important subsidiaries included in the consolidated financial report above are based on the financial reports of the investee companies that have not been reviewed by accountants during the same period. As of March 31, 2023, the total assets were \$ 432,640 thousand, accounting for 1% of the total consolidated assets, the total liabilities were \$ 382,981 thousand, accounting for 2% of the total consolidated liabilities, the comprehensive profit and loss was \$ 3,186 thousand, accounting for 7% of the consolidated comprehensive profit and loss for the three months ended March 31, 2023.

In addition to those mentioned in the preceding paragraph, as stated in note 6(g), the equity accounted investments of the First Steamship Company Ltd. and its subsidiaries in its investee companies of \$ 776,042 thousand and \$ 785,148 thousand as of March 31, 2023 and 2022. And its equity in net earnings on these investee companies of \$ 1,255 thousand and \$ (8,152) thousand for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Notes to Readers**

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

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**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors and audited by another auditor (please refer to other matter), based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the First Steamship Company Ltd. and its subsidiaries as of March 31, 2023 and 2022, and of its consolidated financial performance for the three months ended March 31, 2023 and 2022, as well as its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**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. had total assets of \$ 680,278 thousand and \$ 1,146,899 thousand; reflect the total assets constituting 2% and 3% of the consolidated total assets on March 31, 2023 and 2022. The net operating income was \$ 15,488 thousand and \$31,832 thousand; reflect the total operating revenues constituting 1% and 2% of the consolidated total operating revenues for the three months ended March 31, 2023 and 2022.

**Emphasis of matters**

As stated in Note 3(a) of the consolidated financial report, First Steamship Company Ltd. and its subsidiaries applied the amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” for the first time on January 1, 2023, and applied it retrospectively Consolidated financial report for the first quarter of 2022 and the consolidated balance sheet on January 1, 2022. The accountant did not revise the review results accordingly.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shu-Ying Chang and Jun-Ming Pan

KPMG

Taipei, Taiwan (Republic of China)  
May 15, 2023

**Notes to Readers**

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**(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)**  
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**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

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

Assets	March 31, 2023		December 31, 2022		March 31, 2022		January 1, 2022	
			(revised)		(revised)		(revised)	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								
1100 Cash and cash equivalents (Note 6(a))	\$ 2,710,342	7	2,987,197	8	3,649,221	9	4,275,526	10
1110 Current financial assets at fair value through profit or loss (Notes 6(b))	195,927	1	245,828	1	107,425	-	111,216	-
1150 Notes receivable, net (Notes 6(c))	-	-	265	-	-	-	-	-
1170 Accounts receivable, net (Notes 6(c), 7 and 8)	442,799	1	535,679	1	573,382	1	539,068	1
1200 Other receivables, net (Notes 6(d) 、(x) and 7)	180,084	-	177,838	-	511,915	1	644,357	2
1300 Inventories, net	224,750	1	239,288	1	310,728	1	264,967	1
1320 Inventories (for construction business), net (Notes 6(e) 、8 and 9)	1,738,662	4	1,738,391	5	1,365,727	3	1,365,621	3
1461 Non-current assets classified as held for sale(Notes 6(f))	-	-	-	-	196,212.00	-	196,292	-
1476 Other current financial assets (Notes 6(l) 、(x),7 and 8)	171,119	-	104,901	-	100,210	-	103,179	-
1479 Other current assets, others (Notes 7 and 9)	501,521	1	448,880	1	459,697	1	416,199	1
	<u>6,165,204</u>	<u>15</u>	<u>6,478,267</u>	<u>17</u>	<u>7,274,517</u>	<u>16</u>	<u>7,916,425</u>	<u>18</u>
<b>Non-current assets:</b>								
1510 Non-current financial assets at fair value through profit or loss (Notes 6(b))	-	-	-	-	127,578	-	127,578	-
1535 Non-current financial assets at amortised cost (Note 13)	59,900	-	59,900	-	59,900	-	59,900	-
1550 Investments accounted for using equity method (Note 6(g))	776,042	2	786,283	2	785,148	2	762,825	2
1600 Property, plant and equipment (Notes 6(i) and 8)	13,574,595	36	13,739,553	37	14,124,502	35	13,833,681	34
1755 Right-of-use assets (Notes 6(j) and 8)	11,882,194	31	11,089,224	30	12,652,446	31	12,448,250	30
1760 Investment property, net (Not 8)	140,846	-	141,090	0	141,820	-	142,063	-
1780 Intangible assets (Note 6(k))	2,051,984	5	2,061,101	5	2,097,219	5	2,038,984	5
1840 Deferred tax assets (Note 6(r))	3,000,820	8	2,804,815	7	3,273,504	8	3,225,179	8
1915 Prepayments for business facilities	-	-	-	-	486	-	470	-
1935 Long-term lease payments receivable(Notes 6(c) , 7 and 8)	114,676	-	132,425	-	272,677	1	309,003	1
1975 Net defined benefit asset, non-current	2,999	-	2,939	-	892	-	894	-
1980 Other non-current financial assets(Notes 6(l),(x), 7 and 8)	738,518	2	221,238	1	274,938	1	263,794	1
1990 Other non-current assets(Notes 6(s) and 7)	269,911	1	284,723	1	219,416	1	221,603	1
	<u>32,612,485</u>	<u>85</u>	<u>31,323,291</u>	<u>83</u>	<u>34,030,526</u>	<u>84</u>	<u>33,434,224</u>	<u>82</u>
<b>Total assets</b>	<b>\$ 38,777,689</b>	<b>100</b>	<b>37,801,558</b>	<b>100</b>	<b>41,305,043</b>	<b>100</b>	<b>41,350,649</b>	<b>100</b>

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**Reviewed only, not audited in accordance with the generally accepted auditing standards**

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

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

	March 31, 2023		December 31, 2022 (revised)		March 31, 2022 (revised)		January 1, 2022 (revised)		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Liabilities and Equity</b>									
<b>Current liabilities:</b>									
2100	Short-term borrowings (Notes 6(c) and (m))	\$ 3,139,293	9	2,827,445	6	3,568,588	9	3,396,693	8
2110	Short-term notes and bills payable	-	-	-	-	99,846	-	99,846	-
2170	Accounts payable (Note 6(o))	1,156,321	3	970,940	3	1,414,192	3	2,013,436	5
2200	Other payables (Notes 6 (o) 、(v) and 7)	896,548	2	992,246	3	864,945	2	986,971	2
2230	Current tax liabilities	65,904	-	50,051	-	53,104	-	54,547	-
2260	Liabilities related to non current assets classified as held for sale(Notes 6(f))	-	-	-	-	270	0	340	-
2280	Current lease liabilities (Notes 6(p) and 7)	823,353	2	947,988	3	721,001	2	837,940	2
2322	Current portion of long-term borrowings (Note 6(n))	1,199,084	3	1,334,503	4	1,361,887	3	1,621,462	4
2399	Other current liabilities (Notes 6(f) 、(x) and 7)	88,790	-	87,708	-	222,884	1	230,303	1
		<u>7,369,293</u>	<u>19</u>	<u>7,210,881</u>	<u>19</u>	<u>8,306,717</u>	<u>20</u>	<u>9,241,538</u>	<u>22</u>
<b>Non-Current liabilities:</b>									
2500	Current financial liabilities at fair value through profit or loss (Note 6(b))	26,125	-	26,125	-	23,234	-	23,234	-
2540	Long-term borrowings (Note 6(n))	4,995,876	13	5,182,200	14	4,772,832	12	4,932,646	12
2570	Deferred tax liabilities (Note 6(r))	2,261,367	6	2,101,143	6	2,446,538	6	2,422,888	6
2580	Non-current lease liabilities (Notes 6(p) and 7)	9,868,450	26	9,044,616	23	11,194,575	26	10,770,711	25
2645	Guarantee deposits	562,999	1	591,528	2	715,069	2	700,582	2
		<u>17,714,817</u>	<u>46</u>	<u>16,945,612</u>	<u>45</u>	<u>19,152,248</u>	<u>46</u>	<u>18,850,061</u>	<u>45</u>
		<u>25,084,110</u>	<u>65</u>	<u>24,156,493</u>	<u>64</u>	<u>27,458,965</u>	<u>66</u>	<u>28,091,599</u>	<u>67</u>
<b>Equity attributable to owners of parent(Notes 6(s):</b>									
3100	Capital stock	8,247,761	21	8,347,761	22	8,347,761	19	8,347,761	20
3200	Capital surplus	1,932,221	5	1,926,712	5	1,917,905	5	1,906,116	5
3300	Retained earnings	710,965	2	648,789	2	747,555	2	641,378	2
3400	Other equity interest	(335,001)	(1)	(303,885)	(1)	(585,343)	(1)	(982,609)	(2)
3500	Treasury stock	0	-	(94,491)	-	(94,491)	-	(94,491)	-
	<b>Total equity attributable to owners of parent:</b>	<u>10,555,946</u>	<u>27</u>	<u>10,524,886</u>	<u>28</u>	<u>10,333,387</u>	<u>25</u>	<u>9,818,155</u>	<u>25</u>
36XX	<b>Non-controlling interests (Notes 6(h) and (s))</b>	<u>3,137,633</u>	<u>8</u>	<u>3,120,179</u>	<u>8</u>	<u>3,512,691</u>	<u>9</u>	<u>3,440,895</u>	<u>8</u>
	<b>Total equity</b>	<u>13,693,579</u>	<u>35</u>	<u>13,645,065</u>	<u>36</u>	<u>13,846,078</u>	<u>34</u>	<u>13,259,050</u>	<u>33</u>
	<b>Total liabilities and equity</b>	<u>\$ 38,777,689</u>	<u>100</u>	<u>37,801,558</u>	<u>100</u>	<u>41,305,043</u>	<u>100</u>	<u>41,350,649</u>	<u>100</u>

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**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2023 and 2022**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended			
	March 31			
	2023		2022	
	Amount	%	Amount	%
4000 Operating revenues (Notes 6(q) 、(u) and 7)	\$ 1,527,114	100	1,769,701	100
5000 Operating costs (Notes 6(q) and (w))	493,232	32	530,243	30
<b>Gross profit from operations</b>	<b>1,033,882</b>	<b>68</b>	<b>1,239,458</b>	<b>70</b>
6000 Operating expenses (Notes 6(p) , (v) and 7)	810,991	54	950,163	54
6450 Impairment loss determined in accordance with IFRS 9 (Note 6(c) and7)	35,654	2	33,161	2
<b>Net operating income</b>	<b>187,237</b>	<b>12</b>	<b>256,134</b>	<b>14</b>
<b>Non-operating income and expenses:</b>				
7100 Interest income(Notes 6(w) and7)	13,524	1	10,877	1
7101 Other gains and losses(Notes 6(w))	12,732	1	900	-
7020 Other gains and losses, net (Notes 6(w) and7)	44,481	3	43,825	2
7050 Finance costs(Notes 6 (p), (w) and 7)	(224,900)	(15)	(198,800)	(11)
7055 Impairment loss determined in accordance with IFRS 9 (Notes 6(d) 、(x) and 7)	26,754	2	(119)	-
7060 Share of profit (loss) of associates accounted for using equity method, net(Notes 6(g))	1,255	-	(8,152)	-
	<u>(126,154)</u>	<u>(8)</u>	<u>(151,469)</u>	<u>(8)</u>
7900 <b>Profit (loss) from continuing operations before tax</b>	<b>61,083</b>	<b>4</b>	<b>104,665</b>	<b>6</b>
7950 Less: Tax expense (Note 6(r))	2,613	-	38,252	2
<b>Profit (loss)</b>	<b>58,470</b>	<b>4</b>	<b>66,413</b>	<b>4</b>
8300 <b>Other comprehensive income:</b>				
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss(Notes 6 (g) and (s))</b>				
8361 Exchange differences on translation of foreign financial statements	1,540	-	498,190	28
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	(11,496)	(1)	30,475	2
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<u>(9,956)</u>	<u>(1)</u>	<u>528,665</u>	<u>30</u>
8300 <b>Other comprehensive income, net</b>	<b>(9,956)</b>	<b>(1)</b>	<b>528,665</b>	<b>30</b>
<b>Comprehensive income (loss)</b>	<b>\$ 48,514</b>	<b>3</b>	<b>595,078</b>	<b>34</b>
<b>Profit (loss), attributable to:</b>				
8610 Owners of parent	\$ 62,176	4	106,177	6
8620 Non-controlling interests	(3,706)	-	(39,764)	(2)
	<u>\$ 58,470</u>	<u>4</u>	<u>66,413</u>	<u>4</u>
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	\$ 31,060	2	503,443	29
8720 Non-controlling interests	17,454	1	91,635	5
	<u>\$ 48,514</u>	<u>3</u>	<u>595,078</u>	<u>34</u>
<b>Earnings per share (Note 6(t))</b>				
9750 Basic earnings per share (NT dollars)	<u>\$ 0.08</u>		<u>0.13</u>	
9850 Diluted earnings per share(NT dollars)	<u>\$ 0.08</u>		<u>0.13</u>	

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**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2023 and 2022**

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

	Equity attributable to owners of parent										
	Share capital	Retained earnings				Total other equity interest		Total equity attributable to owners of parent	Non-control ling interests	Total equity	
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropri ated retained earnings	Total retained earnings				Exchange differences on translation of foreign financial statements
<b>Balance at January 1, 2022</b>	\$ 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
Gain for the three months ended March 31, 2022	-	-	-	-	106,177	106,177	-	-	106,177	(39,764)	66,413
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	397,266	-	397,266	131,399	528,665
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	106,177	106,177	397,266	-	503,443	91,635	595,078
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	11,789	-	-	-	-	-	-	11,789	(19,839)	(8,050)
<b>Balance at March 31, 2022</b>	<b>\$ 8,347,761</b>	<b>1,917,905</b>	<b>-</b>	<b>565,892</b>	<b>181,663</b>	<b>747,555</b>	<b>(585,343)</b>	<b>(94,491)</b>	<b>10,333,387</b>	<b>3,512,691</b>	<b>13,846,078</b>
<b>Balance at January 1, 2023</b>	\$ 8,347,761	1,926,712	7,548.00	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886	3,120,179	13,645,065
Gain for the three months ended March 31, 2023	-	-	-	-	62,176	62,176	-	-	62,176	(3,706)	58,470
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(31,116)	-	(31,116)	21,160	(9,956)
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	62,176	62,176	(31,116)	-	31,060	17,454	48,514
Total increase (decrease) in equity	(100,000)	5,509	-	-	-	-	-	94,491.00	-	-	-
<b>Balance at March 31, 2022</b>	<b>\$ 8,247,761</b>	<b>1,932,221</b>	<b>7,548</b>	<b>633,830</b>	<b>69,587</b>	<b>710,965</b>	<b>(335,001)</b>	<b>-</b>	<b>10,555,946</b>	<b>3,137,633</b>	<b>13,693,579</b>



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

**Reviewed only, not audited in accordance with generally accepted auditing standards****FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars )**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 61,083	104,665
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	494,948	515,361
Amortization expense	14,732	12,610
Expected credit loss	8,900	33,280
Net gain on financial assets or liabilities at fair value through profit or loss	(10,148)	(943)
Interest expense	224,900	198,800
Operating costs (Interest expense)	3,461	5,311
Interest income	(13,524)	(10,877)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(1,255)	8,152
Loss (gain) on disposal of property, plan and equipment	1,310	(165)
Gain on disposal of intangible assets	(672)	(3,090)
Loss on disposal of investments	-	238
Other adjustments to reconcile loss	(712)	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>721,940</b>	<b>758,677</b>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	59,199	7,781
Notes receivable	265	0
Accounts receivable	78,174	968
Other receivable	(2,569)	28,455
Inventories	15,224	(34,897)
Other current assets	(50,771)	(1,853)
Other operating assets	(60)	2
Total changes in operating assets	<b>99,462</b>	<b>456</b>
<b>Changes in operating liabilities :</b>		
Accounts payable	181,046	(662,670)
Other payable	(80,184)	(148,063)
Other current liabilities	3,264	(10,229)
Total changes in operating liabilities	<b>104,126</b>	<b>(820,962)</b>
Total changes in operating assets and liabilities	<b>203,588</b>	<b>(820,506)</b>
Total adjustments	<b>925,528</b>	<b>(61,829)</b>
Cash inflow generated from operations	986,611	42,836
Interest received	13,781	10,015
Interest paid	(225,981)	(204,393)
Income taxes refund (paid)	(18,445)	(60,271)
<b>Net cash flows from (used in) operating activities</b>	<b>755,966</b>	<b>(211,813)</b>

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

Reviewed only, not audited in accordance with generally accepted auditing standards**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars )**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of subsidiaries	-	(202)
Acquisition of property, plant and equipment	(123,821)	(49,503)
Proceeds from disposal of property, plant and equipment	11,752	2,662
Decrease in other receivables	25,617	123,126
Acquisition of intangible assets	(1,016)	(32)
Proceeds from disposal of intangible assets	14,080	18,956
Decrease in other financial assets	(582,837)	5,634
Decrease (increase) in other non-current assets	1,656	161
<b>Net cash flows used in investing activities</b>	<b>(654,569)</b>	<b>100,802</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	311,052	73,877
Proceeds from long-term debt	533,533	325
Repayments of long-term debt	(826,078)	(564,225)
Decrease in guarantee deposits received	(31,499)	(12,357)
Payments of lease liabilities	(359,451)	(140,553)
Acquisition of ownership interests in subsidiaries	-	(8,050)
<b>Net cash flows from financing activities</b>	<b>(372,443)</b>	<b>(650,983)</b>
Effect of exchange rate changes on cash and cash equivalents	(5,809)	135,609
Net decrease in cash and cash equivalents	(276,855)	(626,385)
Cash and cash equivalents at beginning of period	2,987,197	4,295,055
Cash and cash equivalents at end of period	<b>\$ 2,710,342</b>	<b>3,668,670</b>
Components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	\$ 2,710,342	3,649,221
(Non-current) assets (or disposal groups) classified as held for sale, net	-	19,449.00
Cash and cash equivalents at end of period	<b>\$ 2,710,342</b>	<b>3,668,670</b>

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

**Reviewed only, not audited in accordance with generally accepted auditing standards**

**March 31, 2023 and 2022(adjusted)**

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

**(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 May 15, 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. ( “FSC” ) which have already been adopted.

(i) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amended provisions narrow the scope of the recognition exemption. When the original recognition of the transaction produces an equal amount of taxable and deductible temporary difference, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred tax liabilities should be recognized.

The Group estimates that the above revisions may increase the deferred income tax assets and deferred income tax liabilities by \$ 2,363,273 thousand, \$ 2,391,871 thousand, and \$ 2,035,972 thousand on January 1, March 31, and December 31, 2022, respectively.

If the Group is treated in accordance with the previous accounting policy in the first quarter of 2023, the deferred income tax assets and deferred income tax liabilities are both reduce by \$ 2,236,245 thousand on March 31, 2023.

(ii) Other

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

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

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

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

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC  
The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS 16 “Requirements for Sale and Leaseback Transactions”

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

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements is the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

- (b) Basis of consolidation  
(i) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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%	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%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	10.00%	10.00%	9.93%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 2)
First Steamship Co., Ltd.	First Mariner Holding Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Yee young Investment Co., Ltd.	General investing	100.00%	100.00%	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Longevity Navigation S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Praise Maritime S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Best Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Grand Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Black Sea Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Ship Bulker Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Reliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Alliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Sure Success Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Shining Steamship International S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
First Steamship Co., Ltd.	Excellent Steamship International S.A.	International transportation and shipping agency	100.00%	100.00%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 3)
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 3)
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 3)
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 3)
First Steamship S.A.	Ahead Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Media Assets Global Ltd.	Investment holding company	100.00%	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 3)
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 3)
First Steamship S.A.	Nature Sources Ltd.	Investment holding company	100.00%	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%	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 3)
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 3)
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 3)
First Steamship S.A.	Heritage Riches Ltd.	Investment holding company	100.00%	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 3)
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 3)
Ahead Capital Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	1.79%	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%	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			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
First Mariner Holding Ltd.	Mariner Far East Ltd.	Investment holding company	100.00%	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%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Capital Ltd.	Mariner Finance Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	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%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Youchen Car Leasing Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance leasing company	100.00%	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%	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			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Grand Citi Ltd.	Grand Ocean Classic Commercial Group Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Nanjing Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Fuzhou Grand Ocean Commoncial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd..	Quanzhou Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Shanghai Jingxuan Business Administration., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 4)
Grand Ocean Classic Commercial Group Ltd.	Shanghai Qianshu Commercial Management Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commercial Ltd.	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commercial Ltd.	Hefei Grand Ocean Classic Commercial Department Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd.	Fuzhou Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd..	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd..	Fuzhou Jiaruixing Bussiness Administration Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 4)
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	35.30%	35.30%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in October 31,2022
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Hengyang Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd	Shiyan Ocean Modern Shopping Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	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			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	64.70%	64.70%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in October 31,2022
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Ltd..	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	99.00%	99.00%	99.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	1.00%	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 100% equity of the subsidiary, Yee Shin Investment Co., Ltd. to a related party, Yonghenghui Investment Co., Ltd. For more information, please refer to note 6(f).
- Note 2: The Group successively purchased the shares of Grand Ocean Retail Group Ltd. for the amount of \$10,377 thousand from January 1 to December 31, 2022, which increased the shareholding ratio from 9.69% to 10%, and recognized as the capital surplus of \$ 15,249 thousand.
- Note 3: 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.
- Note 4: Because it is not the major subsidiary, the March 31, 2023 financial report has not been reviewed by accountants.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Government subsidy

When the Group can receive government subsidies, it will recognize the unconditional subsidies as other income. For other grants related to assets, when the merged company can be reasonably sure that the conditions attached to the government grant will be followed and the grant will be received, it will be recognized as deferred income at fair value, and it will be included in the deferred income within the useful life of the asset. The deferred income is recognized as other income on a systematic basis. Government grants to compensate for the expenses or losses incurred by the merged company are recognized in profit or loss on a systematic basis and related expenses at the same time.

(d) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated financial report, the significant judgments made by management when adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with note 5 of the 2022 consolidated financial report.

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

Except the following explanation mentioned below, the explanation of significant accounts described in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Pretty cash	\$ 27,187	25,227	27,501
Demand deposits	2,129,147	2,066,096	3,621,720
Time deposits	554,008	895,874	-
<b>Total</b>	<b>\$ 2,710,342</b>	<b>2,987,197</b>	<b>3,649,221</b>

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	<u>March 31,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u>	<u>March 31,</u> <u>2022</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets—current			
Shares of stock of listed companies	\$ 44,108	94,135	88,927
Open fund	10,978	10,852	12,605
Foreign corporate bonds	5,893	5,893	5,893
Beneficial rights-Specific construction project	134,948	134,948	-
Subtotal	<u>195,927</u>	<u>245,828</u>	<u>107,425</u>
Non-derivative financial assets—non-current			
Beneficiary rights - Specific construction project	-	-	127,578
Total	<u><u>\$ 195,927</u></u>	<u><u>245,828</u></u>	<u><u>235,003</u></u>
<b>Held-for-trading financial liabilities:</b>			
Non-derivative financial liabilities—non-current			
Landlord beneficiary rights	<u><u>\$ 26,125</u></u>	<u><u>26,125</u></u>	<u><u>23,234</u></u>

- (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 March 31, 2023, December 31, 2022 and March 31, 2022, 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, \$5,725 thousand and \$2,834 thousand, respectively.
- (iii) Please refer to Note 6(x) 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.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Trade receivables and other receivables

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<b>Current</b>			
Accounts notes	\$ -	265	-
Accounts receivables	234,641	304,113	222,567
Less: Allowance for impairment	(30,567)	(30,669)	(17,489)
	<u>204,074</u>	<u>273,709</u>	<u>205,078</u>
Leases payment receivables (included operating lease)	611,656	590,647	591,951
Less: Unearned interest	(101,728)	(93,059)	(96,914)
Allowance for impairment	(271,203)	(235,353)	(126,733)
	<u>238,725</u>	<u>262,235</u>	<u>368,304</u>
<b>Subtotal of current asset</b>	<u>442,799</u>	<u>535,944</u>	<u>573,382</u>
<b>Non-current</b>			
Leases payment receivables	224,911	245,363	384,719
Less: Unearned interest	(20,097)	(24,341)	(37,113)
Allowance for impairment	(90,138)	(88,597)	(74,929)
	<u>114,676</u>	<u>132,425</u>	<u>272,677</u>
<b>Subtotal of non-current asset</b>	<u>114,676</u>	<u>132,425</u>	<u>272,677</u>
<b>Total</b>	<u><b>\$ 557,475</b></u>	<u><b>668,369</b></u>	<u><b>846,059</b></u>

(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 pandemic and the changes in economic environment, the overdue account, receivable from the Group's related parties amounting, incurred from the rental service departments in China, resulted in a significant increase in credit risk; therefore, the Group evaluated the value of collateral and recognized allowance for uncollectible as follow:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Leases payment receivables	\$ 487,914	474,292	363,820
Less: Allowance for impairment	(210,723)	(177,491)	(73,598)
	<u><b>\$ 277,191</b></u>	<u><b>296,801</b></u>	<u><b>290,222</b></u>

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

<b>March 31, 2023</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 20,185	1.03%	207
1 to 30 days past due	2,428	7.08%	172
31 to 60 days past due	269	7.88%	21
61 to 90 days past due	4,426	18.64%	825
More than 91 days past due (Note)	199,520	74.88%	149,393
	<b>\$ 226,828</b>		<b>150,618</b>
<b>December 31, 2022</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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 91 days past due (Note)	197,360	73.06%	144,198
	<b>\$ 244,318</b>		<b>146,459</b>
<b>March 31, 2022</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 115,807	0.74%	854
1 to 30 days past due	172,219	1.19%	2,046
61 to 90 days past due	32	22.16%	7
More than 91 days past due (Note)	190,765	65.61%	125,157
	<b>\$ 478,823</b>		<b>128,064</b>

Note: As of March 31, 2023, December 31, 2022 and March 31, 2022, the Group had filed lawsuits for collecting the overdue receivables from leasing business with total amount of \$ 127,951 thousand (CNY\$ 28,884 thousand), \$128,676 thousand (CNY\$ 29,192 thousand) and \$ 119,119 thousand (CNY\$ 26,422 thousand) thousand, respectively. The Group assessed the recoverability of those overdue receivables, and recognized provision for allowance of \$ 85,927 thousand (CNY\$ 19,398 thousand), \$84,769 thousand (CNY\$ 19,231 thousand) and \$ 62,631 thousand (CNY\$ 13,892 thousand)

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

less 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, it's recognized as an allowance loss based on the result of the court's first-instance judgment:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Amount involved in mediation or litigation	\$ 17,879	18,589
Less: Allowance for impairment	(17,879)	(18,589)
	<b>\$ -</b>	<b>-</b>

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

<b>March 31, 2023</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 170,805	0%	-
1 to 90 days past due	20,947	0%	-
91 to 180 days past due	10,358	0~9%	905
181 to 270 days past due	5,037	43%	2,168
271 to 365 days past due	681	100%	681
More than 365 days past due	8,934	100%	8,934
	<b>\$ 216,762</b>		<b>12,688</b>
<b>December 31, 2022</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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
	<b>\$ 266,637</b>		<b>12,080</b>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>March 31, 2022</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-averag e loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 161,735	0%	-
1 to 90 days past due	13,451	0%	-
91 to 180 days past due	5,305	3%	185
181 to 270 days past due	5,385	32%	1,676
271 to 365 days past due	4,333	100%	4,333
More than 365 days past due	11,295	100%	11,295
	<b>\$ 201,504</b>		<b>17,489</b>

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

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<b>Current</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<b>Current</b>	<b>\$ 18,887</b>	<b>-</b>	<b>-</b>

	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<b>Current</b>	<b>\$ 21,063</b>	<b>-</b>	<b>-</b>

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

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
<b>Current</b>	<b>\$ 265</b>	<b>-</b>	<b>-</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 354,619	178,338
Impairment losses recognized	35,654	33,161
Amount written off due to irrecoverability in the current year	(47)	-
Foreign exchange gain (loss)	1,682	7,652
Balance on March 31	<b>\$ 391,908</b>	<b>219,151</b>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	\$ 611,656	590,647	591,951
One to two years	210,620	237,241	235,368
Two to three years	14,291	8,122	149,351
Total lease payments receivable	836,567	836,010	976,670
Unearned finance income	(121,825)	(117,400)	(134,027)
Present value of lease payments receivable	<b>\$ 714,742</b>	<b>718,610</b>	<b>842,643</b>

(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:

March 31, 2022					
Resale company	Transferred accounts receivable amount	Credit lines	Advanced amount(recognized under Short-term borrowings)	Range of interest rates	Guarantee item
CDIB International Leasing Corp.	<b>\$ 28,012</b>	<b>90,167</b>	<b>822</b>	9.3%	Accounts receivables

(vi) For credit risk information, please refer to note 6(x).

(vii) Details of the above notes receivable and accounts receivable as guarantee for bank loans and financing quota. Please refer to note 8.



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(d) Other receivables

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other receivables—loans (Note 7)	\$ 45,674	71,018	106,947
Other receivables—investment	270,216	268,888	365,178
Other receivables—Lease guarantee deposit	63,130	62,820	64,701
Other receivables—others	65,635	62,934	99,040
Less: Loss allowance	(264,571)	(287,822)	(123,951)
	<b>\$ 180,084</b>	<b>177,838</b>	<b>511,915</b>

- (i) The other receivables – others are the advance payment in accordance with the promotions held by retail business department and vendors. 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. The Group evaluate the other receivable are financial assets with credit risk. Therefore, they do not have significant credit loss in the period by evaluating the amount of credit loss in 12 months.
- (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 \$1,952 thousand (CNY\$448 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 \$31,565 thousand (CNY\$7,126 thousand), \$31,140 thousand (CNY\$7,126 thousand) and zero as of March 31, 2023、December 31, 2022 and March 31,2022 for the lease deposit of \$63,130 thousand (CNY\$14,252 thousand), \$62,820 thousand (CNY\$14,252 thousand) and \$64,701 thousand (CNY\$14,352 thousand) based on conservatism.

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

- (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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

project of the Fengnan 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 March 31, 2023 and December 31, 2022 as agreed. And as of March 31, 2023, December 31, 2022 and March 31, 2022, the outstanding receivables were \$270,216 thousand (CNY\$61,000 thousand), \$268,888 thousand (CNY\$61,000 thousand) and \$365,178 thousand (CNY\$81,000 thousand), respectively. Recently the Quanzhou government has agreed with the development and construction of the Fengnan’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 Fengnan’s property. Considering the circumstance above and- that the creditor's rights are generated by undertaking the Fengnan’s property, the Group plans to negotiate with Damahua on the proceeds from the subsequent development project to repay all claims.

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Although the Group assessed that Damahua should be able to repay its debts after the distribution of the disposal of Fengang'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 March 31, 2023, December 31, 2022 and March 31, 2022, the loss allowance of \$169,969 thousand, \$169,134 thousand and \$52,735 thousand are recognized respectively.

(iv) For credit risk information, please refer to note 6(x).

(e) Inventories (construction department)

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Land held for construction site	\$ 518,796	518,796	518,437
Construction in progress	878,975	878,704	678,002
Buildings and land held for sale	41,931	41,931	41,931
Prepayment for land purchases and development expenses	298,960	298,960	127,357
	<b><u>\$ 1,738,662</u></b>	<b><u>1,738,391</u></b>	<b><u>1,365,727</u></b>

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 March 31, 2022, the disposal group comprised the following assets and liabilities:

	<b>March 31, 2022</b>
Cash and cash equivalents	\$ 19,449
Investments accounted for using equity method	176,763
the assets of disposal groups	<b><u>\$ 196,212</u></b>
the liabilities of disposal groups (other payables)	<b><u>\$ 270</u></b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

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The aforementioned non-current assets to be sold have completed the equity transfer procedure on November 7, 2022. For relevant information, please refer to Note 6(f) of the consolidated financial report of 2022.

(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	March 31, 2023	December 31, 2022	March 31, 2022
Jiawang Assets Development Co., Ltd.	\$ 3,811	4,186	5,234
Da Yu Financial Holdings Limited	745,134	754,461	696,842
Sandmartin International Holdings Limited	-	-	51,633
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	27,097	27,636	31,439
Haikou Zhuke Technology Co., Ltd.	-	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-	-
	<u>\$ 776,042</u>	<u>\$ 786,283</u>	<u>\$ 785,148</u>

(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:

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 776,042</u>	<u>\$ 786,283</u>	<u>\$ 785,148</u>

	For the three months ended March 31	
	2023	2022
Attributable to the Group:		
Gain(Loss) from continuing operations	\$ 1,255	(8,152)
Other comprehensive income	(11,496)	30,475
Total comprehensive income	<u>\$ (10,241)</u>	<u>22,323</u>

(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. As of March 31, 2023, the Group has invested the amount of \$31,009 thousand (CNY\$7,000 thousand).

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(2) The share repurchase agreement of the investment agreement

- 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) Guarantees

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

(iv) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that had not been reviewed.

(h) Material non-controlling interests of subsidiaries

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

Name of Subsidiary	Main operation/place	Percentage of non-controlling interests		
		March 31, 2023	December 31, 2022	March 31, 2022
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.38%	41.38%	41.45%

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.

	March 31, 2023	(revised) December 31, 2022	(revised) March 31, 2022	(revised) January 1, 2022
Current assets	\$ 2,480,451	2,830,302	4,272,601	4,999,105
Non-current assets	24,069,308	22,550,845	25,137,387	24,641,575
Current liabilities	(5,243,887)	(5,202,977)	(6,303,961)	(7,225,731)
Non-current liabilities	(13,995,409)	(12,922,923)	(14,839,631)	(14,376,148)
Net assets	<b>\$ 7,310,463</b>	<b>7,255,247</b>	<b>8,266,396</b>	<b>8,038,801</b>
Non-controlling interests	<b>\$ 3,025,072</b>	<b>3,002,223</b>	<b>3,426,424</b>	<b>3,351,378</b>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Sales revenue	<b>\$ 1,056,582</b>	<b>\$ 1,250,799</b>
Net income (loss)	\$ 4,080	(87,584)
Other comprehensive income	51,136	315,179
Comprehensive income	<b>\$ 55,216</b>	<b>227,595</b>
Net income (loss), attributable to non-controlling interests	<b>\$ 1,689</b>	<b>(36,514)</b>
Comprehensive income , attributable to non-controlling interests	<b>\$ 22,849</b>	<b>94,885</b>
Net cash flows from operating activities	\$ 549,799	(442,335)
Net cash flows from investing activities	(189,703)	67,300
Net cash flows from financing activities	(205,209)	(419,718)
Effect of exchange rate changes	7,432	119,079
Net increase (decrease) in cash and cash equivalents	<b>\$ 162,319</b>	<b>(675,674)</b>

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
<b>Cost or deemed cost:</b>								
Balance at January 1, 2023	\$ 126,409	4,734,064	167,493	10,212,724	252,795	6,986,518	65,803	22,545,806
Additions	-	-	2,263	2,643	7,444	6,177	81,873	100,400
Reclassifications	-	-	-	-	964	7,614	(8,578)	-
Disposals and obsolescence	-	-	(35,911)	-	(28,044)	(435,428)	-	(499,383)
Disposals subsidiaries	-	-	-	-	-	-	-	-
Effect of change in foreign exchange rates	-	22,996	885	(86,488)	1,109	32,494	172	(28,832)
Balance at March 31, 2023	<b>\$ 126,409</b>	<b>4,757,060</b>	<b>134,730</b>	<b>10,128,879</b>	<b>234,268</b>	<b>6,597,375</b>	<b>139,270</b>	<b>22,117,991</b>
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	-	-	83	-	2,357	14,461	23,265	40,166
Reclassifications	-	-	-	-	741	15,063	(15,804)	-
Disposals and obsolescence	-	-	(4,913)	-	(1,199)	-	-	(6,112)
Disposals subsidiaries	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	178,048	6,899	315,563	9,479	262,330	1,379	773,698
Balance at March 31, 2022	<b>\$ 126,409</b>	<b>4,839,565</b>	<b>193,432</b>	<b>9,506,752</b>	<b>245,562</b>	<b>7,033,755</b>	<b>40,436</b>	<b>21,985,911</b>
<b>Depreciation and impairment loss:</b>								
Balance at January 1, 2023	\$ -	815,985	83,661	3,042,158	196,941	4,665,191	2,317	8,806,253
Depreciation	-	28,240	4,963	102,285	3,177	84,404	-	223,069
Disposals and obsolescence	-	-	(23,129)	-	(27,764)	(435,428)	-	(486,321)
Effect of change in foreign exchange rates	-	3,805	441	25,603	849	20,903	-	395
Balance at March 31, 2023	<b>\$ -</b>	<b>848,030</b>	<b>65,936</b>	<b>3,118,840</b>	<b>173,203</b>	<b>4,335,070</b>	<b>2,317</b>	<b>8,543,396</b>
Balance at January 1, 2022	\$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	28,063	9,112	94,315	3,558	107,112	-	242,160
Disposals and obsolescence	-	-	(2,478)	-	1,137	-	-	(3,615)
Disposals subsidiaries	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	26,302	3,147	83,388	7,002	158,536	9	278,384
Balance at March 31, 2022	<b>\$ -</b>	<b>747,786</b>	<b>87,097</b>	<b>2,547,057</b>	<b>189,528</b>	<b>4,289,418</b>	<b>523</b>	<b>7,861,409</b>
<b>Carrying amounts:</b>								
Balance at January 1, 2023	<b>\$ 126,409</b>	<b>3,918,079</b>	<b>83,832</b>	<b>7,170,566</b>	<b>55,854</b>	<b>2,321,327</b>	<b>63,486</b>	<b>13,739,553</b>
Balance at March 31, 2023	<b>\$ 126,409</b>	<b>3,909,030</b>	<b>68,794</b>	<b>7,010,039</b>	<b>61,065</b>	<b>2,262,305</b>	<b>136,953</b>	<b>13,574,595</b>
Balance at January 1, 2022	<b>\$ 126,409</b>	<b>3,968,096</b>	<b>114,047</b>	<b>6,821,835</b>	<b>54,081</b>	<b>2,718,131</b>	<b>31,082</b>	<b>13,833,681</b>
Balance at March 31, 2022	<b>\$ 126,409</b>	<b>4,091,779</b>	<b>106,335</b>	<b>6,959,695</b>	<b>56,034</b>	<b>2,744,337</b>	<b>39,913</b>	<b>14,124,502</b>

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



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) Chongqing Optics Valley Grand Ocean Commercial Development Ltd., a subsidiary of the Group, the board of directors approve to close the business on October 31, 2022 due to continuous operating losses. And the impairment loss was recognized in January 2023. Hand over the scrapped related equipment with the owner to clear the site and delist the book cost and accumulated depreciation and depreciation of \$460,207 thousand.
- (iii) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to note 8 for further details.

#### (j) Right-of-use assets

The cost and depreciation of the land, building, machine and transportation equipment of the Group were as follows :

	<b>Land</b>	<b>Buildings</b>	<b>Machine and transportation equipment</b>	<b>Total</b>
<b>Cost :</b>				
Balance at January 1, 2023	\$ 3,327,110	10,998,973	66,817	14,392,900
Additions(note 7)	-	1,025,410	-	1,025,410
Lease modifications	-	(14,507)	-	(14,057)
Effect of change in foreign exchange rates	16,421	52,281	293	68,995
Balance at March 31, 2023	<b>\$ 3,343,531</b>	<b>12,062,157</b>	<b>67,110</b>	<b>15,473,248</b>
Balance at January 1, 2022	\$ 3,275,716	11,648,905	58,416	14,983,037
Effect of change in foreign exchange rates	127,143	452,124	2,267	581,534
Balance at March 31, 2022	<b>\$ 3,402,859</b>	<b>12,101,029</b>	<b>60,683</b>	<b>15,564,571</b>
<b>Depreciation :</b>				
Balance at January 1, 2023	\$ 391,033	2,882,470	30,173	3,303,676
Depreciation	24,608	244,801	2,226	271,635
Effect of change in foreign exchange rates	1,883	13,719	141	15,743
Balance at March 31, 2023	<b>\$ 417,524</b>	<b>3,140,990</b>	<b>32,540</b>	<b>3,591,054</b>
Balance at January 1, 2022	\$ 288,745	2,224,563	21,479	2,534,787
Depreciation	24,458	246,658	1,842	272,958
Effect of change in foreign exchange rates	11,745	91,762	873	104,380
Balance at March 31, 2022	<b>\$ 324,948</b>	<b>2,562,983</b>	<b>24,194</b>	<b>2,912,125</b>
<b>Carrying amounts: :</b>				
Balance at January 1, 2023	<b>\$ 2,936,077</b>	<b>8,116,503</b>	<b>36,644</b>	<b>11,089,224</b>
Balance at March 31, 2023	<b>\$ 2,926,007</b>	<b>8,921,167</b>	<b>34,570</b>	<b>11,882,194</b>
Balance at January 1, 2022	<b>\$ 2,986,971</b>	<b>9,424,342</b>	<b>36,937</b>	<b>12,448,250</b>
Balance at March 31, 2022	<b>\$ 3,077,911</b>	<b>9,538,046</b>	<b>36,489</b>	<b>12,652,446</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(k) Intangible assets

The costs, amortization, and impairment loss of intangible assets were as follows:

	Goodwill	Trademark	License Plate	Other	Total
<b>Cost :</b>					
Balance at January 1, 2023	\$ 1,473,567	430,294	142,049	43,797	2,089,707
Additions	-	-	-	1,016	1,016
Disposal and derecognition	-	-	(13,409)	-	(13,409)
Effect of change in foreign exchange rates	7,273	(3,644)	727	215	4,571
Balance at March 31, 2023	<b>\$ 1,480,840</b>	<b>426,650</b>	<b>129,367</b>	<b>45,028</b>	<b>2,081,885</b>
Balance at January 1, 2022	\$ 1,450,805	387,825	188,554	33,734	2,060,918
Additions	-	-	-	32	32
Disposal and derecognition	-	-	(15,866)	-	(15,866)
Effect of change in foreign exchange rates	56,311	13,316	6,970	1,312	77,909
Balance at March 31, 2022	<b>\$ 1,507,116</b>	<b>401,141</b>	<b>179,658</b>	<b>35,078</b>	<b>2,122,993</b>
<b>Depreciation :</b>					
Balance at January 1, 2023	\$ -	-	5,162	23,444	28,606
Amortization	-	-	-	1,156	1,156
Effect of change in foreign exchange rates	-	-	25	114	139
Balance at March 31, 2023	<b>\$ -</b>	<b>-</b>	<b>5,187</b>	<b>24,714</b>	<b>29,901</b>
Balance at January 1, 2022	\$ -	-	5,082	16,852	21,934
Amortization	-	-	-	2,921	2,921
Effect of change in foreign exchange rates	-	-	197	722	919
Balance at March 31, 2022	<b>\$ -</b>	<b>-</b>	<b>5,279</b>	<b>20,495</b>	<b>25,774</b>
<b>Carrying amounts: :</b>					
Balance at January 1, 2023	<b>\$ 1,473,567</b>	<b>430,294</b>	<b>136,887</b>	<b>20,353</b>	<b>2,061,101</b>
Balance at March 31, 2023	<b>\$ 1,480,840</b>	<b>426,650</b>	<b>124,180</b>	<b>20,314</b>	<b>2,051,984</b>
Balance at January 1, 2022	<b>\$ 1,450,805</b>	<b>387,825</b>	<b>183,472</b>	<b>16,882</b>	<b>2,038,984</b>
Balance at March 31, 2022	<b>\$ 1,507,116</b>	<b>401,141</b>	<b>174,379</b>	<b>14,583</b>	<b>2,097,219</b>

(i) Impairment testing

Although the key assumptions used by the Group in evaluating department store retail and license plate cash-generating units were no significant change of the consolidated financial statements of the year ended December 31, 2022. Please refer to Note 6(l) of the annual consolidated financial statements for the year ended December 31, 2022.

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(l) Other financial assets—current and non-current

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other financial assets—current			
Deposits—out for lease	\$ 29,143	28,999	581
Restricted deposits	72,830	73,241	96,371
Vehicle purchase claims	35,438	35,264	-
Deposit for rent expansion	66,447	-	-
Others	2,699	2,661	3,258
Less: Allowance for impairment	(35,438)	(35,264)	-
	<b>\$ 171,119</b>	<b>104,901</b>	<b>100,210</b>
Other financial assets—non-current			
Deposits—out for lease	\$ 188,151	187,228	219,518
Cooperation margin	8,079	8,178	-
Restricted deposits	524,868	8,186	-
Vehicle purchase claims	-	-	36,067
Others	17,420	17,646	19,353
	<b>\$ 738,518</b>	<b>221,238</b>	<b>274,938</b>

- (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). As of March 31, 2023, the amount has not been recovered. 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.
- (iii) For further credit risk information, please refers to note 6(x).

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(m) Short-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank loans	\$ 1,143,097	918,080	1,258,760
Secured bank loans	1,996,196	1,909,365	2,309,006
Other secured loans	-	-	822
<b>Total</b>	<b>\$ 3,139,293</b>	<b>2,827,445</b>	<b>3,568,588</b>
Unused credit lines	<b>\$ 1,548,909</b>	<b>2,073,518</b>	<b>1,077,505</b>
Range of interest rates	<b>2.13%~7.80%</b>	<b>1.49%~9.30%</b>	<b>1.49%~9.30%</b>

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

(n) Long-term borrowings

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank loans	\$ 1,173,200	1,660,457	1,235,454
Secured bank loans	4,745,267	4,559,237	4,564,577
Secured commercial promissory note	249,868	249,862	249,914
Other secured loans	26,625	47,147	84,774
Less: current portion	(1,199,084)	(1,334,503)	(1,361,887)
<b>Total</b>	<b>\$ 4,995,876</b>	<b>5,182,200</b>	<b>4,772,832</b>
Unused credit lines	<b>\$ 241,534</b>	<b>356,345</b>	<b>326,769</b>
Range of interest rates	<b>1.38%~15.60%</b>	<b>0.58%~15.60%</b>	<b>0.58%~15.60%</b>

For the collateral of long-term borrowings, please refer to note 8

(i) Significant loan contract agreement

The Group signed a joint credit agreement with a joint credit bank group (six banks including Changhua Bank). According to the contract, the Group should maintain the following financial ratios and regulations, and start the inspection from the second quarter of 2021, and the audit shall be performed every six months:

- 1) Current ratio [current assets / (current liabilities - in this case as long-term liabilities due within one year - current lease liabilities)]: not less than 80%;
- 2) Debt ratio (total liabilities - lease liabilities) / total equity: not more than 150%;
- 3) Interest protection multiple (pre-tax net profit + interest expense + depreciation + amortization) / interest expense: should be maintained at 3 times (inclusive) or more;
- 4) Tangible net worth (total equity - intangible assets): should be maintained at NT\$9 billion (inclusive) or more.

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(o) Accounts payable and other payables

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Accounts payable			
Arising from direct sales	\$ 69,947	46,335	91,240
Arising from concessionaire sales	1,022,804	880,886	1,217,929
Others	63,570	43,719	105,023
Total	<b>\$ 1,156,321</b>	<b>970,940</b>	<b>1,414,192</b>
Other payables			
Construction payables	\$ 148,944	171,473	162,915
Compensation payable	151,597	158,258	-
Others	596,007	662,515	702,030
Total	<b>\$ 896,548</b>	<b>992,246</b>	<b>864,945</b>

(p) Lease liabilities

The information of lease liabilities of the Group were as follows :

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	<b>\$ 823,353</b>	<b>947,988</b>	<b>721,001</b>
Non- Current	<b>\$ 9,868,450</b>	<b>9,044,616</b>	<b>11,194,575</b>

For the three months ended March 31, 2023 and 2022, the Group recognized its lease modification amounting to \$14,057 thousand and \$0 thousand.

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

The amounts recognized in profit or loss as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expense of lease liabilities	<b>\$ 126,708</b>	<b>139,741</b>
Variable leases payments not included in the measurement of lease liabilities	<b>\$ 176</b>	<b>19,014</b>
Expenses relating to short-term leases	<b>\$ 333</b>	<b>328</b>
Expenses relating to leases of low value, excluding short term leases of low value assets	<b>\$ 507</b>	<b>415</b>
Rent concessions related to COVID-19 (deductible operating expenses)	<b>\$ 712</b>	<b>-</b>

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Total cash flow for the Group's leases as follows:

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b>\$ 487,175</b>	<b>300,051</b>

(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 years, one to three 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.

(ii) Other lease

The Group leases transportation and machinery equipment, with lease terms of two 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 lease.

(q) Operating lease

**1. 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 (i). In addition, please refer to note 6(c) for the information about the rental business in finance leases of transportation equipment.

The maturity analysis of the lease payments is reported in the following table for the total amount of undiscounted lease payments to be received in the future :

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

1) Bulk carriers

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Less than one year	\$ 1,085,121	1,249,073	651,051
Between one and two years	298,875	406,514	506,047
Between two and three years	174,595	243,724	347,483
Between three and four years	-	6,686	164,156
Total undiscounted lease payments	<u>\$ 1,558,591</u>	<u>1,905,997</u>	<u>1,668,737</u>

2) Transportation equipmen

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Less than one year	\$ 58,095	63,709	43,400
Between one and two years	8,856	11,917	33,413
Between two and three years	2,225	3,763	8,144
Between three and four years	-	39	1,762
Total undiscounted lease payments	<u>\$ 69,176</u>	<u>79,428</u>	<u>86,719</u>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating costs	<u>\$ 12,742</u>	<u>8,564</u>

(r) Income Tax

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax expense	\$ 34,140	24,820
Current period	-	
Adjustment for prior periods	34,140	24,820
Deferred tax expense		
Origination and reversal of temporary differences	(31,527)	13,432
Income tax expense from continuing operations	<u>\$ 2,613</u>	<u>38,252</u>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

Deferred tax liabilities:

	The estimated appropriated of earnings of subsidiary	Rental expenses	Total
<b>Balance at January 1, 2023 (revised)</b>	\$ 65,171	2,035,972	2,101,143
Recognized in profit or loss	(39,510)	190,593	151,083
Foreign currency translation differences for foreign operations	(558)	9,699	9,141
<b>Balance at March 31, 2023</b>	<b>\$ 25,103</b>	<b>2,236,264</b>	<b>2,261,367</b>
<b>Balance at January 1, 2022</b>	\$ 59,615	-	59,615
The change in revision	-	2,363,273	2,363,273
<b>Balance at January 1, 2022 (revised)</b>	59,615	2,363,273	2,422,888
Recognized in profit or loss	-	(61,772)	(61,772)
Foreign currency translation differences for foreign operations	(4,948)	90,370	85,422
<b>Balance at March 31, 2022 (revised)</b>	<b>\$ 54,667</b>	<b>2,391,871</b>	<b>2,446,538</b>

Deferred tax assets:

	The carry forward of unused tax losses	Rental expenses and others	Total
<b>Balance at January 1, 2023 (revised)</b>	\$ 141,151	2,663,664	2,804,815
Recognized in profit or loss	(9,175)	191,785	182,610
Foreign currency translation differences for foreign operations	619	12,776	13,395
<b>Balance at March 31, 2023</b>	<b>\$ 132,595</b>	<b>2,868,225</b>	<b>3,000,820</b>
<b>Balance at January 1, 2022</b>	\$ 182,884	679,022	861,906
The change in revision	-	2,363,273	2,363,273
<b>Balance at January 1, 2022 (revised)</b>	182,884	3,042,295	3,225,179
Recognized in profit or loss	(23,379)	(51,825)	(75,204)
Foreign currency translation differences for foreign operations	6,585	116,944	123,529
<b>Balance at March 31, 2022 (revised)</b>	<b>\$ 166,090</b>	<b>3,107,414</b>	<b>3,273,504</b>

The Group began to apply the amendment of International Accounting Standard No. 12 "Deferred income tax related to assets and liabilities arising from a single transaction" from January 1, 2023, and the rental expenses of mainland subsidiaries are no longer applicable to recognize the exemption, deferred income tax assets and deferred income tax liabilities should be recognized in equal amounts, please see the Note 3 (a).



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(iii) Examination and Approval

- 1) The Company's tax returns for the years through 2021 were examined and approved by the national tax authorities
- 2) The other ROC subsidiaries' tax returns for the years through 2020 were examined and approved by the national tax authorities
- 3) The annual tax returns of subsidiaries in China through 2021 were examined and approved by the tax authority.

(s) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31 2023 and 2022. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2022.

(i) Capital surplus

The components of the capital surplus were as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Share capital	\$ 352,570	352,570	352,570
Stock option from convertible corporate bonds	851,231	851,231	851,231
Forfeited share options	13,838	13,838	13,838
Treasury share transactions	21,476	15,967	15,967
Difference arising from subsidiary's share price and its carrying value	617,046	617,046	613,586
Changes in a parent's ownership interest in a subsidiary	72,728	72,728	67,381
Donation from shareholders	3,332	3,332	3,332
	<b>\$ 1,932,221</b>	<b>1,926,712</b>	<b>1,917,905</b>

(ii) 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 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.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

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

When the Company first adopted the IFRS recognized by the FSC, the Company chose to apply the IFRS 1 "First time adoption of IFRS" exemption item and recorded the exchange difference on translation of foreign financial statements adjustment under shareholders' equity with additional reservation. 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 proposed during the board of directors on March 31, 2023 for reversing the special reserve of \$329,945 and a resolution was passed during the shareholders' meeting held on June 24, 2022 for the appropriation of special earnings reserve of \$67,938 thousand.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3) Earnings distribution

Resolutions passed by the Board of Directors and the General Meeting of Shareholders held on March 31, 2023 and June 24, 2022, respectively, decided not to distribute the adjusted income distribution for 2022 and 2021.

#### (iii) 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.

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.

On March 16, 2023, the board of directors approved to cancel all of treasury amount of 10,000 thousand shares, reduced Capital amount of \$100,000 thousand and recognized Capital surplus amount of \$5,509 thousand. The Record date of capital reduction is on March 17, 2023 and complete the relation legal process.

- 2) The movement in treasury shares of subsidiaries was as follows:

(In thousands of shares)		
<b>For the three months ended</b>		
<b>March 31</b>		
	<b>2023</b>	<b>2022</b>
Outstanding at January 1	\$ 8,682	9,007
Quantity sold in this period	(973)	(310)
Outstanding at March 31	<b>\$ 7,709</b>	<b>8,697</b>

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of March 31, 2023, December 31, 2022 and March 31, 2022, the prepayments amounting to \$140,255 thousand, \$139,588 thousand and \$146,563 thousand, respectively (reported as other current assets). Considering the changes in the economic environment and the impact of the COVID-19, a resolution adopted was decided at the Board of Directors held on August 31, 2022 to defer the repayments of prepaid payroll to 2025



# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2023						
	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	1,721	-	-	-	1,721
China	-	-	1,056,582	15,488	-	1,072,070
Other	453,323	-	-	-	-	453,323
	<b>\$ 453,323</b>	<b>1,721</b>	<b>1,056,582</b>	<b>15,488</b>	<b>-</b>	<b>1,527,114</b>
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	385,946	-	-	385,946
Commodity sales (Retail revenue – direct sales)	-	-	219,880	-	-	219,880
Lease revenue (Note)	453,323	1,721	250,403	12,444	-	717,891
Financial lease interest income (Note)	-	-	-	2,066	-	2,066
Service revenue and others	-	-	200,353	978	-	201,331
	<b>\$ 453,323</b>	<b>1,721</b>	<b>1,056,582</b>	<b>15,488</b>	<b>-</b>	<b>1,527,114</b>

For the three months ended March 31, 2022						
	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	1,666	-	-	-	1,666
China	-	-	1,250,799	31,832	-	1,282,631
Other	485,404	-	-	-	-	485,404
	<b>\$ 485,404</b>	<b>1,666</b>	<b>1,250,799</b>	<b>31,832</b>	<b>-</b>	<b>1,769,701</b>
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	415,075	-	-	415,075
Commodity sales (Retail revenue – direct sales)	-	-	269,685	-	-	269,685
Lease revenue (Note)	485,404	1,666	315,982	17,894	-	820,946
Financial lease interest income (Note)	-	-	-	13,420	-	13,420
Service revenue and others	-	-	250,057	518	-	250,575
	<b>\$ 485,404</b>	<b>1,666</b>	<b>1,250,799</b>	<b>31,832</b>	<b>-</b>	<b>1,769,701</b>

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

(v) 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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 distributed by cash.

The employee compensation from January 1 to March 31, 2023 and 2022 the estimated amounts of employee compensation are \$622 thousand and \$1,062 thousand respectively. The directors' remuneration from January 1 to March 31, 2023 and 2022 the estimated amounts of directors' remuneration are both of zero. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses for each period. The difference between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

For the period of 2022 and 2021, the Company estimated its employee compensation amounting of \$13 thousand and \$3,467 thousand respectively and the directors' remuneration amounting both of zero. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions. Related information would be available at the Market Observation Post System.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposit	\$ 12,266	7,385
Loans	980	2,078
Open-end fund	254	234
Other	24	1,180
Total	<b>\$ 13,524</b>	<b>\$ 10,877</b>

(ii) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidy income	<b>\$ 12,732</b>	<b>900</b>

## 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:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Loss (gains) on disposal of property, plant and equipment	\$ (1,310)	165
Gain on disposal of intangible asset	672	3,090
Loss on disposal of investment	-	(238)
Foreign exchange gains	4,405	14,597
Gain on financial assets or liabilities at fair value through profit or loss	10,148	943
Gains from transfer of overdue payments	4,873	-
Others	25,693	25,268
	<b>\$ 44,481</b>	<b>43,825</b>

(iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest expenses	\$ 95,613	56,274
Lease liabilities	126,708	139,741
Other financial expense	2,579	2,785
	<b>\$ 224,900</b>	<b>198,800</b>

The interest related to leases amounting to \$ 3,461 thousand and \$ 5,311 thousand for the three months ended March 31, 2023 and 2022, respectively, was recognized as interest expense under operating cost.

(x) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Credit risk exposure

Amount of maximum exposure to credit risk Maximum credit risk exposure of the Group's on March 31, 2023, December 31, 2022 and March 31, 2022, which may be caused by the failure of the counterparty to perform its obligations and the financial guarantee provided by the Group's mainly from:

- The carrying amount of financial assets recognized in the balance sheet ; and

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- The amount of financial guarantee provided by the Group's to the outside world and the commitment to purchase the defaulted creditor's rights are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Financial guarantee	<b>\$ 426,500</b>	<b>468,565</b>	<b>298,327</b>
Buy defaulted claims	<b>\$ 62,697</b>	<b>90,790</b>	<b>177,621</b>

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

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 12,014	1,062
Impairment losses recognized	(2,043)	119
Effect of foreign exchange rate	62	44
Balance at March 31 (other current liabilities)	<b>\$ 10,033</b>	<b>1,225</b>

#### 2) Receivables of credit risk

Receivables of credit risk for credit risk exposure of notes and accounts receivables, please refer to note 6(c). Other financial assets at amortized cost include other receivables and corporate bonds, etc.; please refer to notes 6(d) - 6(l) and 6(m).

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 three months ended March 31, 2023 and 2022 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 323,086	119,383
Impairment losses recognized	(24,711)	-
Effect of foreign exchange rate	1,634	4,568
Balance at March 31	<b>\$ 300,009</b>	<b>123,951</b>

#### (ii) Liquidity risks

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



# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	1 years	1 to 5 years	Over 5 years
<b>March 31, 2023</b>					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,615,868	2,615,868	2,054,832	8,137	552,899
Floating rate instrument	7,110,614	7,953,181	2,970,232	4,152,355	830,594
Fixed rate instruments	2,223,639	2,324,928	1,695,996	628,932	-
Leases liabilities	10,691,803	14,278,451	1,296,424	5,189,775	7,792,252
	<b>\$ 22,641,924</b>	<b>27,172,428</b>	<b>8,017,484</b>	<b>9,979,199</b>	<b>9,175,745</b>
<b>December 31, 2022</b>					
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	-
Leases liabilities	9,992,604	13,518,692	1,406,742	4,575,230	7,536,720
	<b>\$ 21,891,466</b>	<b>26,379,353</b>	<b>7,855,286</b>	<b>9,524,641</b>	<b>8,999,426</b>
<b>March 31, 2022</b>					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,994,206	2,994,206	2,281,094	23,800	689,312
Floating rate instrument	7,064,024	7,387,239	2,922,759	3,657,285	807,195
Fixed rate instruments	2,739,129	2,840,489	2,461,684	378,805	-
Leases liabilities	11,915,576	16,065,623	1,133,807	5,701,651	9,230,165
	<b>\$ 24,712,935</b>	<b>29,287,557</b>	<b>8,799,344</b>	<b>9,761,541</b>	<b>10,726,672</b>

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

### (iii) Market risk

#### 1) Currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency	Foreign currency	NTD	Foreign currency	Foreign currency	NTD	Foreign currency	Foreign currency	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	\$ 14,588	30.44	444,059	14,059	30.70	431,611	9,315	28.62	266,595
HKD:USD	49,335	0.1275	191,474	49,329	0.1284	194,449	3,319	0.1278	12,140
NTD:USD	4,269	0.0329	4,269	7,180	0.0326	7,180	1,998	0.0349	1,998
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CN¥	1,700	6.8717	51,748	1,850	6.9646	56,795	3,250	6.3482	93,016

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### 2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from cash and cash equivalents, financial assets at fair value through profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency. strengthening (weakening) of 1% of the NTD or CNY against the USD, EUR, HKD, AUD and CNY as of March 31, 2023 and 2022 would have increased (decreased) the profit before tax by \$5,881 thousand and \$1,877 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 gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$4,405 thousand and \$14,597 thousand, respectively.

### 3) Interest rate analysis

The details of the Group's exposure to interest rate of financial assets and liabilities please refer to the note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative 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 \$ 5,480 thousand and \$ 4,182 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the three months ended March 31, 2023 and 2022, respectively, given that all other variable factors remaining constant.

### 4) Other market price risk

The sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three months ended March 31			
	2023		2022	
	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Prices of securities at the reporting date				
Increase 5%	\$ -	3,049	-	5,371
Decrease 5%	\$ -	(3,049)	-	(5,371)

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iv) Fair value of financial instruments

#### 1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	March 31, 2023				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 195,927	55,086	5,893	134,948	195,927
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 26,125	-	-	26,125	26,125
	December 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 245,828	104,987	5,893	134,948	245,828
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 26,125	-	-	26,125	26,125
	March 31, 2022				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 235,003	101,532	5,893	127,578	235,003
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 23,234	-	-	26,125	26,125

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 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:

##### 2.1) Financial assets measured at amortized cost and financial 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

##### 3.1) 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.

##### 3.2) 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.

##### 3.3) Construction protection right

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to the investee estimated future cash flow, after considering the fluctuations in building prices and construction costs, according to the time value and circulation of money.

#### 4) Transferring from each level 1 and 2 in the fair value hierarchy: None

#### 5) Reconciliation of Level 3 fair values

On March 31,2023, the Group's financial assets and liabilities classified as Level 3 in fair value measurement have not changed significantly from those disclosed in the 2022 consolidated financial report. The related information please refer the 2022 consolidated financial report note 6(z).

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- 6) Quantified information for 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

There were no differences between the quantitative information of the material unobservable input values of the combined company as at March 31, 2023 and those disclosed in the 2022 consolidated financial report. For relevant information, please refer to Note 6(z) of the 2022 Consolidated Financial Report.

- 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	Variation	Impacts of fair value change on net income or loss	
			Favourable	Unfavourable
<b>March 31, 2022</b>				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Sale price	5%	18,032	(18,032)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	12,151	(12,151)
<b>December 31, 2022</b>				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Sale price	5%	17,688	(17,688)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	12,151	(12,364)
<b>March 31, 2022</b>				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Sale price	5%	17,770	(17,770)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	10,946	(11,153)

The favourable and unfavourable change effects represent the change 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.

- (y) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note 6(aa) of the consolidated financial statements for the year ended December 31, 2022.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (z) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(ab) of consolidated financial statements for the year ended December 31, 2022 for further details.

#### (aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which have non-cash flow for the three months ended March 31, 2023 and 2022, were as follows:

##### 1) Adjustment of liabilities from financing activities were as follows:

	January 1, 2023	Cash flows	Non cash changes		March 31, 2023
			Other	Foreign exchange movement	
Short term borrowings	\$ 2,827,445	311,052	-	796	3,139,293
Long-term borrowings	6,516,703	(292,545)	-	(29,198)	6,194,960
Leases liabilities	9,992,604	(359,451)	1,010,641	48,009	10,691,803
Guarantee deposits	591,528	(31,499)	-	2,970	562,999
Total liabilities from financing activities	<b>\$ 19,928,280</b>	<b>(372,443)</b>	<b>1,010,641</b>	<b>22,577</b>	<b>20,589,055</b>

Note: The period increase \$1,025,410 thousand, lease modification decrease \$14,057 thousand and rent concession decrease operating expenses \$712 thousand.

	January 1, 2022	Cash flows	Non cash changes		March 31, 2022
			Other	Foreign exchange movement	
Short term borrowings	\$ 3,396,693	73,877	-	98,018	3,568,588
Short term notes and bills payable	99,846	-	-	-	99,846
Long-term borrowings	6,554,108	(563,900)	-	144,511	6,134,719
Leases liabilities	11,608,651	(140,553)	-	447,478	11,915,576
Guarantee deposits	700,582	(12,357)	-	26,844	715,069
Total liabilities from financing activities	<b>\$ 22,359,880</b>	<b>(642,933)</b>	<b>-</b>	<b>716,851</b>	<b>22,433,798</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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:

<u>Nane of related party</u>	<u>Relationship with the Group</u>
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 Allied Cement Holdings Limited	A substantial related party
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	A substantial related party
Tian An Investment 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
Shanghai Qianshu Property Management 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) Prepayments

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Nanjing Tiandu Co., Ltd.(Note)	\$ 174,741	160,877	113,676
Other related parties	17,996	17,780	6,584
	<u>\$ 192,737</u>	<u>178,657</u>	<u>120,260</u>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note : In accordance with rental agreement, the group prepays a fixed amount monthly for variable rents and it will be settled at the end of the year. On March 31, 2023, the board of directors resolved to sign a ten-year lease contract with a related party, and the aforementioned prepaid rent is in the process of settlement.

(ii) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other related parties	\$ 4,423	3,503	2,236

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	March 31, 2023	December 31, 2022	March 31, 2022
Other payables	An associate	\$ 1,418	1,411	1,443
Other payables	Other related parties	3,791	832	-
		\$ 5,209	2,243	1,443

(iv) Leases

1) Lease liabilities and interest costs

Account	Purpose	Lease liabilities		
		March 31, 2023	December 31, 2022	March 31, 2022
Shanghai Kaixuanmen	Department store	\$ 4,414,839	4,408,145	4,514,194
Nanjing Tiandu Co., Ltd.	Department store	1,030,207	-	15,122
Other payables	Office building	9,358	11,675	845
Other payables	Energy saving renovation engineering equipment	32,375	34,101	40,522
		\$ 5,486,779	4,453,921	4,570,683

Note: To sign the lease agreement with relations on above, the price and the way of payment according to the both of agreement.

Account	Purpose	Interest costs	
		For the three months ended March 31	
		2023	2022
Shanghai Kaixuanmen	Department store	\$ 51,588	51,018
Nanjing Tiandu Co., Ltd.	Department store	10,565	200
Other payables	Office building	117	20
Other payables	Energy saving renovation engineering equipment	403	491
		\$ 62,673	51,729



**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

2) Operating lease

		<b>Payments that are not included in the measurement of the variable lease liabilities</b>	
		<b>For the three months ended March 31</b>	
<b>Account</b>	<b>Purpose</b>	<b>2023</b>	<b>2022</b>
Shanghai Kaixuanmen	Department store	\$ -	18,389

  

		<b>Property management fee</b>	
		<b>For the three months ended March 31</b>	
<b>Account</b>	<b>Purpose</b>	<b>2023</b>	<b>2022</b>
Other payables	Office building and department store	\$ 953	347

3) Deposits-out for lease

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other non-current financial assets	Shanghai Kaixuanmen	\$ 66,447	66,120	67,625
Other non-current financial assets	Nanjing Tiandu Co., Ltd.	8,860	8,816	9,017
Other non-current financial assets	Other related parties	3,287	3,270	3,345
		<b>\$ 78,594</b>	<b>78,206</b>	<b>79,987</b>

(v) Operating revenue

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

		<b>For the three months ended March 31</b>	
<b>Account</b>	<b>Relationship</b>	<b>2023</b>	<b>2022</b>
Financial lease interest income	Hainan Sanhe Licheng	\$ -	9,485
Financial lease interest income	Zhuke Technology	479	-
Lease revenue	Zhuke Technology	3,911	2,151
		<b>\$ 4,390</b>	<b>11,636</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Account	Relationship	March 31, 2023	December 31, 2022	March 31, 2022
Lease receivables	Hainan Sanhe Licheng	\$ 139,821	139,135	142,303
Lease receivables	Zhuke Technology	348,093	335,157	363,820
Less: Allowance for impairment-Hainan Sanhe Licheng		(61,856)	(61,552)	(1,321)
Less: Allowance for impairment-Zhuke Technology		(148,867)	(115,939)	(73,598)
		<b>\$ 277,191</b>	<b>\$ 296,801</b>	<b>\$ 431,204</b>

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 Hainan Sanhe Licheng. The Group measures the loss allowances at an amount equal to lifetime expected credit losses for receivables of related parties.

The overdue receivables of Hainan 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 \$32,419 thousand and \$23,834 thousand to be recognized in from January 1,2023 to March 31,2023 and from January 1,2022 to March 31,2022, respectively.

(vi) Account receivables-related parties

The amounts of account receivables by the Group to related parties were as follows:

Account	Relationship	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables (loaning funds)	Hainan Sanhe	\$ 18,605	19,836	22,542
Other receivables (loaning funds)	Zhuke Technology	26,579	50,692	76,642
Other receivables (loaning funds)	An associate	490	490	490
Other receivables (interest)	Hainan Sanhe	1,402	987	-
Other receivables (interest)	Zhuke Technology	3,519	2,885	637
Other receivables	Zhuke Technology	470	467	-
Less: Allowance for impairment		(50,575)	(74,867)	(54,100)
		<b>\$ 490</b>	<b>490</b>	<b>46,211</b>
Other financial assets	Zhuke Technology	\$ 35,438	35,264	36,067
Less: Allowance for impairment		(35,438)	(35,264)	-
		<b>\$ -</b>	<b>-</b>	<b>36,067</b>

The Group uses lifetime expected loss provision to provide for its expected credit losses on

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 income reversing of \$24,711 thousand and zero thousand to be recognized from January 1,2023 to March 31,2023 and from January 1,2022 to March 31,2022, respectively.

The loans to related parties are all unsecured. The interest charged by 8.4%. The loans to related parties were as follows:

	<b>Interest income</b>	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Hainan Sanhe	\$ 387	364
Zhuke Technology	586	1,707
	<b>\$ 973</b>	<b>2,071</b>

(vii) Guarantees

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

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Zhuke Technology	\$ -	42,065	70,759

The Group evaluated the value of collaterals, which can cover lifetime expected credit losses for the contract and no impairment losses were required.

(viii) The Group promised to buy unconditionally the default claims from Shangshi for Zhuke Technology who violated the agreement. Please refer to Note 9(a) for further information.

The details were as follows:

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Contract value	\$ 44,316	92,867	94,981
Residual amounts	\$ 30,775	50,332	67,457
Loss allowance (reported as other current liabilities)	\$ 5,737	2,953	-

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Contract value	<b>\$ 44,316</b>	<b>92,867</b>	<b>94,981</b>
Residual amounts	<b>\$ 30,775</b>	<b>50,332</b>	<b>67,457</b>
Loss allowance (reported as other current liabilities)	<b>\$ 5,737</b>	<b>2,953</b>	<b>-</b>

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 \$2,775 thousand from January 1, 2023 to March 31, 2023.

(ix) Others

- 1) The Group provided management consulting services and signed service contracts with other related parties. For the three months ended March 31, 2023 and 2022, the revenue from consulting services was \$ 420 thousand and \$ 2,464 thousand, respectively.
- 2) On February 25, 2022, the board of directors of the Group resolved to sell 100% equity of the subsidiary, Morton Finance Ltd. to Da Yu Financial Holdings Ltd. for the disposal price of \$7,818 thousand (HKD\$2,178 thousand). After deducting the company's net assets of \$7,818 thousand, the disposal loss of \$238 thousand was recognized. The disposal loss includes the loss of \$238 thousand that is related to the subsidiary and recognized in other comprehensive profit and loss.
- 3) The Group resolved to dispose its entire equity in its subsidiary, Yee Shin Investment Co., Ltd., to a related party, Yonghenghui Investment Co., Ltd., and completed the trading in 2022. Please refer to note 6(f) for further information.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Short-term employee benefits</b>	<b>\$ 13,405</b>	<b>13,087</b>

- (ii) The Group granted key management personnel rights to subscribe treasury shares as prepaid salaries. As of March 31, 2023, December 31, 2022 and March 31, 2022, those prepaid salaries amounting to \$40,266 thousand (CNY\$9,090 thousand), \$40,074 thousand (CNY\$9,091 thousand) and \$ 41,078 thousand (CNY\$ 9,112 thousand), which were recognized under other non-current assets accounts.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Inventories (for construction business)	Bank loans	\$ 1,438,065	1,437,793	1,181,886
Other financial assets	Bank loans, bank depository funds	19,069	27,117	19,253
Other financial assets	Frozen due to lease dispute	13,688	13,621	23,239
Other financial assets	Bank loans	564,941	40,689	53,879
Accounts receivable	Other secured loans	-	-	28,012
Lease payment receivables	Other secured loans	3,534	19,339	30,734
Property, plant and equipment	Bank loans, other secured loans	12,543,518	12,719,171	10,227,797
Investment Property	Bank loans	140,846	141,090	141,820
		<b>\$ 14,723,661</b>	<b>14,398,820</b>	<b>11,706,620</b>

Note : Property, plant and equipment including the land use rights, which are recognized as right-of-use assets.

#### (9) Significant 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:

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Contracted price</u>			
Construction of land and building	\$ 665,331	665,331	665,331
Purchase vessel equipment	3,355	3,355	3,355
<u>Received or paid price</u>			
Construction of land and building	\$ 279,912	279,912	108,309
Contracting out of project (recognized on other current assets)	336	336	336

(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 for the years ended March 31,2023, the Group can use the lifetime expected loss provision for the contract to provide for its expected credit losses, please refer to Note 6(x). The details of contracts were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Contract value	<b>\$ 213,081</b>	<b>259,613</b>	<b>307,597</b>
Residual amounts	<b>\$ 62,697</b>	<b>90,790</b>	<b>177,621</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

<b>Item</b>	<b>Construction name</b>
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(x).

(b) Contingencie

- (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 March 31, 2023, 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 court ruled against the Group. An appeal to the high court ruled against the Group too and will file an appeal to the highest court.

- (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 May 12, 2022, the court ruled in the second instance that the Group won the case, and Hubei Huayu had registered the property rights of the real estate except the ground floor with the Group.

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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: None**

**(12) Other:**

- (a) The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

By item	By function		For the three months ended March 31			
	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 78,357	148,386	226,743	77,200	125,266	202,466
Health and labor insurance	-	1,877	1,877	308	1,281	1,589
Pension	-	15,055	15,055	280	14,493	14,773
Others	6,957	26,573	33,530	4,246	26,201	30,447
Depreciation	107,143	387,805	494,948	103,543	411,818	515,361
Amortization	12,992	1,740	14,732	8,951	3,659	12,610

- (b) Seasonality of operations

The Group's retail business is subject to seasonal fluctuations as a result of vacation. Thus, this industry typically has higher revenues and results for the first and fourth quarter of the year.

**(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 P54-56.
- (ii) Guarantees and endorsements for other parties : Appendix 2, please refer to the chinese version consolidated financial statements P57-58.
- (iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures) : Appendix 3, please refer to the chinese version consolidated financial statements P59.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock : None.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None.
  - (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock : None
  - (viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock : Appendix 4, please refer to the chinese version consolidated financial statements P60.
  - (ix) Trading in derivative instruments : None
  - (x) Business relationships and significant intercompany transactions : Appendix 5, please refer to the chinese version consolidated financial statements P61.
- (b) Information on investees : Appendix 6, please refer to the chinese version consolidated financial statements P62-63
- (c) Information on investment in mainland China : Appendix 7, please refer to the chinese version consolidated financial statements P64-65
- (d) Major shareholders:

Shareholder's Name	Shareholding	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.



**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

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

	<u>Shipping department</u>	<u>Investing department</u>	<u>Retail department</u>	<u>Rental department</u>	<u>Property department</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
<b>For the three months ended March 31, 2023</b>							
Revenue							
Revenue from external customers	\$ 453,323	1,721	1,056,582	15,488	-	-	1,527,114
Intersegment revenues	-	398	-	-	-	(398)	-
Total revenue	<u>\$ 453,323</u>	<u>2,119</u>	<u>1,056,582</u>	<u>15,488</u>	<u>-</u>	<u>(398)</u>	<u>1,527,114</u>
Reportable segment profit or loss	<u>\$ 126,738</u>	<u>(40,601)</u>	<u>6,693</u>	<u>(19,759)</u>	<u>(11,988)</u>	<u>-</u>	<u>61,083</u>
	<u>Shipping department</u>	<u>Investing department</u>	<u>Retail department</u>	<u>Rental department</u>	<u>Property department</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
<b>For the three months ended March 31, 2022</b>							
Revenue							
Revenue from external customers	\$ 485,404	1,666	1,250,799	31,832	-	-	1,769,701
Intersegment revenues	-	18,627	-	-	-	(18,627)	-
Total revenue	<u>\$ 485,404</u>	<u>20,293</u>	<u>1,250,799</u>	<u>31,832</u>	<u>-</u>	<u>(18,627)</u>	<u>1,769,701</u>
Reportable segment profit or loss	<u>\$ 197,332</u>	<u>(6,881)</u>	<u>- 49,332</u>	<u>(29,231)</u>	<u>(7,223)</u>	<u>-</u>	<u>104,665</u>