

(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 Six Months Ended June 30, 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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	15
(6) Explanation of significant accounts	15~55
(7) Related-party transactions	56~61
(8) Pledged assets	62
(9) Significant commitments and contingencies	62~64
(10) Losses due to major disasters	64
(11) Subsequent events	64
(12) Other	64~65
(13) Other disclosures	
(a) Information on significant transactions	65
(b) Information on investees	65
(c) Information on investment in mainland China	65
(d) Major shareholders	65~66
(14) Segment information	66~67

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 June 30, 2023 and 2022 and the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting 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 6(g), the equity accounted investments of the First Steamship Company Ltd. and its subsidiaries in its investee companies of \$ 791,565 thousand and \$ 825,252 thousand as of June 30, 2023 and 2022. And its equity in net earnings on these investee companies of \$ (1,947) thousand, \$ 20,078 thousand, \$ (692) thousand, and \$11,926 thousand for the three months and six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 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 \$ 571,171 thousand and \$ 1,018,231 thousand; reflect the total assets constituting 2% and 3% of the consolidated total assets on June 30, 2023 and 2022. The net operating income was \$ 13,006 thousand, \$ 14,177 thousand, \$ 28,494 thousand, and \$46,009 thousand; reflect the total operating revenues constituting 1% of the consolidated total operating revenues for the three months and six months ended June 30, 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 second 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)

August 14, 2023

Notes to Readers

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

	June 30, 2023		December 31, 2022		June 30, 2022		January 1, 2022		
	Amount	%	(revised)		(revised)		(revised)		
			Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100	Cash and cash equivalents (Note 6(a))	\$ 2,384,141	7	2,987,197	8	3,726,330	9	4,275,526	10
1110	Current financial assets at fair value through profit or loss (Notes 6(b))	157,719	-	245,828	1	106,248	-	111,216	-
1150	Notes receivable, net (Notes 6(c))	-	-	265	-	-	-	-	-
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	403,038	1	535,679	1	569,960	1	539,068	1
1200	Other receivables, net (Notes 6(d) 、(x) and 7)	78,120	-	177,838	-	396,088	1	644,357	2
1300	Inventories, net	212,826	1	239,288	1	249,998	1	264,967	1
1320	Inventories (for construction business), net (Notes 6(e) 、8 and 9)	1,739,368	5	1,738,391	5	1,457,262	4	1,365,621	3
1461	Non-current assets classified as held for sale(Notes 6(f))	-	-	-	-	196,001	-	196,292	-
1476	Other current financial assets (Notes 6(l) 、(x),7 and 8)	190,584	1	104,901	-	126,298	-	103,179	-
1479	Other current assets, others (Notes 7 and 9)	476,495	1	448,880	1	353,511	1	416,199	1
		<u>5,642,291</u>	<u>16</u>	<u>6,478,267</u>	<u>17</u>	<u>7,181,696</u>	<u>17</u>	<u>7,916,425</u>	<u>18</u>
Non-current assets:									
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))	791,565	2	786,283	2	825,252	2	762,825	2
1600	Property, plant and equipment (Notes 6(i) and 8)	13,329,649	38	13,739,553	37	14,030,585	35	13,833,681	34
1755	Right-of-use assets (Notes 6(j) and 8)	10,703,926	29	11,089,224	30	12,174,918	30	12,448,250	30
1760	Investment property, net (Not 8)	140,603	-	141,090	0	141,576	-	142,063	-
1780	Intangible assets (Note 6(k))	1,990,869	5	2,061,101	5	2,080,018	5	2,038,984	5
1840	Deferred tax assets (Note 6(r))	2,559,786	7	2,804,815	7	3,152,188	8	3,225,179	8
1915	Prepayments for business facilities	-	-	-	-	1,946	-	470	-
1935	Long-term lease payments receivable(Notes 6(c) , 7 and 8)	109,840	-	132,425	-	273,711	1	309,003	1
1975	Net defined benefit asset, non-current	2,999	-	2,939	-	891	-	894	-
1980	Other non-current financial assets(Notes 6(l),(x), 7 and 8)	716,376	2	221,238	1	251,565	1	263,794	1
1990	Other non-current assets(Notes 6(s) and 7)	417,111	1	284,723	1	215,172	1	221,603	1
		<u>30,822,624</u>	<u>84</u>	<u>31,323,291</u>	<u>83</u>	<u>33,335,300</u>	<u>83</u>	<u>33,434,224</u>	<u>82</u>
Total assets		\$ 36,464,915	100	37,801,558	100	40,516,996	100	41,350,649	100

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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)

	June 30, 2023		December 31, 2022 (revised)		June 30, 2022 (revised)		January 1, 2022 (revised)		
	Amount	%	Amount	%	Amount	%	Amount	%	
Liabilities and Equity									
Current liabilities:									
2100	Short-term borrowings (Notes 6(m))	\$ 3,533,153	10	2,827,445	6	3,335,354	8	3,396,693	8
2110	Short-term notes and bills payable	-	-	-	-	99,809	-	99,846	-
2170	Accounts payable (Note 6(o))	1,004,306	3	970,940	3	1,428,150	3	2,013,436	5
2200	Other payables (Notes 6 (o) 、(v) 、(w)and 7)	1,178,431	3	992,246	3	881,696	2	986,971	2
2230	Current tax liabilities	39,948	-	50,051	-	37,829	-	54,547	-
2260	Liabilities related to non current assets classified as held for sale(Notes 6(f))	-	-	-	-	270	-	340	-
2280	Current lease liabilities (Notes 6(p) and 7)	708,229	2	947,988	3	1,188,559	3	837,940	2
2322	Current portion of long-term borrowings (Note 6(n))	1,029,274	3	1,334,503	4	1,246,781	3	1,621,462	4
2399	Other current liabilities (Notes 6(f) 、(x) and7)	83,857	-	87,708	-	216,970	1	230,303	1
		<u>7,577,198</u>	<u>21</u>	<u>7,210,881</u>	<u>19</u>	<u>8,435,418</u>	<u>20</u>	<u>9,241,538</u>	<u>22</u>
Non-Current liabilities:									
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))	4,690,398	13	5,182,200	14	4,767,433	12	4,932,646	12
2570	Deferred tax liabilities (Note 6(r))	1,984,762	5	2,101,143	6	2,339,266	6	2,422,888	6
2580	Non-current lease liabilities (Notes 6(p) and 7)	8,435,103	23	9,044,616	23	10,466,482	25	10,770,711	25
2645	Guarantee deposits	558,041	2	591,528	2	685,620	2	700,582	2
		<u>15,694,429</u>	<u>43</u>	<u>16,945,612</u>	<u>45</u>	<u>18,282,035</u>	<u>45</u>	<u>18,850,061</u>	<u>45</u>
		<u>23,271,627</u>	<u>64</u>	<u>24,156,493</u>	<u>64</u>	<u>26,717,453</u>	<u>65</u>	<u>28,091,599</u>	<u>67</u>
Equity attributable to owners of parent(Notes 6(s):									
3100	Capital stock	8,247,761	23	8,347,761	22	8,347,761	21	8,347,761	20
3200	Capital surplus	1,932,221	5	1,926,712	5	1,926,530	5	1,906,116	5
3300	Retained earnings	484,210	1	648,789	2	748,893	2	641,378	2
3400	Other equity interest	(327,120)	(1)	(303,885)	(1)	(490,280)	(1)	(982,609)	(2)
3500	Treasury stock	-	-	(94,491)	-	(94,491)	-	(94,491)	-
	Total equity attributable to owners of parent:	<u>10,337,072</u>	<u>28</u>	<u>10,524,886</u>	<u>28</u>	<u>10,438,413</u>	<u>27</u>	<u>9,818,155</u>	<u>25</u>
36XX	Non-controlling interests (Notes 6(h)and (s))	<u>2,856,216</u>	<u>8</u>	<u>3,120,179</u>	<u>8</u>	<u>3,361,130</u>	<u>8</u>	<u>3,440,895</u>	<u>8</u>
	Total equity	<u>13,193,288</u>	<u>36</u>	<u>13,645,065</u>	<u>36</u>	<u>13,799,543</u>	<u>35</u>	<u>13,259,050</u>	<u>33</u>
	Total liabilities and equity	<u>\$ 36,464,915</u>	<u>100</u>	<u>37,801,558</u>	<u>100</u>	<u>40,516,996</u>	<u>100</u>	<u>41,350,649</u>	<u>100</u>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended				For the six months ended			
	June 30				June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (Notes 6(q) 、(u) and 7)	\$ 1,330,980	100	1,531,363	100	2,858,094	100	3,301,064	100
5000 Operating costs (Notes 6(q) and (w))	470,730	35	502,349	33	963,962	34	1,032,592	31
Gross profit from operations	860,250	65	1,029,014	67	1,894,132	66	2,268,472	69
Operating expenses:								
6000 Operating expenses (Notes 6(p) , (v) and 7)	859,095	65	846,956	55	1,670,086	58	1,797,119	55
6450 Expected credit loss(Notes 6(c) and 7)	10,712	1	36,140	2	46,366	2	69,301	2
	869,807	66	883,096	57	1,716,452	60	1,866,420	57
Net operating income	(9,557)	(1)	145,918	10	177,680	6	402,052	12
Non-operating income and expenses:								
7100 Interest income(Notes 6(w) and 7)	16,750	1	7,644	-	30,274	1	18,521	1
7010 Other income(Notes 6(w))	310	-	4,885	-	13,042	-	5,785	-
7020 Other gains and losses, net (Notes 6(i),(k), (w)and 7)	84,465	7	1,512	-	128,946	5	45,337	1
7050 Finance costs(Notes 6 (p), (w) and7)	(238,898)	(17)	(211,681)	(14)	(463,798)	(16)	(410,481)	(12)
7055 Expected credit loss (Notes 6(d),(x)and 7)	(87,985)	(7)	(10,418)	(1)	(61,231)	(2)	(10,537)	-
7060 Share of profit (loss) of associates accounted for using equity method, net(Notes 6(g))	(1,947)	-	20,078	1	(692)	-	11,926	-
	(227,305)	(16)	(187,980)	(14)	(353,459)	(12)	(339,449)	(10)
7900 Profit (loss) from continuing operations before tax	(236,862)	(17)	(42,062)	(4)	(175,779)	(6)	62,603	2
7950 Less: Tax expense (Note 6(r))	168,051	13	21,404	1	170,664	6	59,656	2
Profit (loss)	(404,913)	(30)	(63,466)	(5)	(346,443)	(12)	2,947	-
8300 Other comprehensive income:								
8360 Components of other comprehensive income that will be reclassified to profit or loss(Notes 6(g) and(s))								
8361 Exchange differences on translation of foreign financial statements	(112,848)	(8)	(9,578)	(1)	(111,308)	(4)	488,612	15
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	17,470	1	20,026	1	5,974	-	50,501	1
8399 Less:Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	(95,378)	(7)	10,448	-	(105,334)	(4)	539,113	16
8300 Other comprehensive income, net	(95,378)	(7)	10,448	-	(105,334)	(4)	539,113	16
Comprehensive income (loss)	\$ (500,291)	(37)	(53,018)	(5)	(451,777)	(16)	542,060	16
8300 Profit (loss), attributable to:								
8610 Owners of parent	\$ (226,755)	(17)	1,338	(1)	(164,579)	(6)	107,515	3
8620 Non-controlling interests	(178,158)	(13)	(64,804)	(4)	(181,864)	(6)	(104,568)	(3)
	\$ (404,913)	(30)	(63,466)	(5)	(346,443)	(12)	2,947	-
Comprehensive income (loss) attributable to:								
8710 Owners of parent	\$ (218,874)	(16)	96,401	6	(187,814)	(7)	599,844	18
8720 Non-controlling interests	(281,417)	(21)	(149,419)	(11)	(263,963)	(9)	(57,784)	(2)
	\$ (500,291)	(37)	(53,018)	(5)	(451,777)	(16)	542,060	16
Earnings per share (Note 6(t))								
9750 Basic earnings per share (NT dollars)	\$ (0.27)		0.00		(0.20)		0.13	
9850 Diluted earnings per share(NT dollars)	\$ (0.27)		0.00		(0.20)		0.13	

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital	Retained earnings					Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155	3,440,895	13,259,050
Profit for the six months ended June 30, 2022	-	-	-	-	107,515	107,515	-	-	107,515	(104,568)	2,947
Other comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	492,329	-	492,329	46,784	539,113
Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	107,515	107,515	492,329	-	599,844	(57,784)	542,060
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	7,549	-	(7,549)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	67,938	(67,938)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	15,249	-	-	-	-	-	-	15,249	(25,626)	(10,377)
Changes in ownership interests in subsidiaries	-	5,165	-	-	-	-	-	-	5,165	3,645	8,810
Balance at June 30, 2022	\$ 8,347,761	1,926,530	7,549	633,830	107,514	748,893	(490,280)	(94,491)	10,438,413	3,361,130	13,799,543
Balance at January 1, 2023	\$ 8,347,761	1,926,712	7,548	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886	3,120,179	13,645,065
Loss for the six months ended June 30, 2023	-	-	-	-	(164,579)	(164,579)	-	-	(164,579)	(181,864)	(346,443)
Other comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	(23,235)	-	(23,235)	(82,099)	(105,334)
Total comprehensive income for six months ended June 30, 2023	-	-	-	-	(164,579)	(164,579)	(23,235)	-	(187,814)	(263,963)	(451,777)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	741	-	(741)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	(329,945)	329,945	-	-	-	-	-	-
Cancellation of treasury shares	(100,000)	5,509	-	-	-	-	-	94,491	-	-	-
Balance at June 30, 2023	\$ 8,247,761	1,932,221	8,289	303,885	172,036	484,210	(327,120)	-	10,337,072	2,856,216	13,193,288

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended	
	June 30	
	2023	2022
Cash flows from (used in) operating activities:		
(Loss) Profit before tax	\$ (175,779)	62,603
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	986,395	1,037,972
Amortization expense	29,685	24,998
Expected credit loss	107,597	79,838
Net gain on financial assets or liabilities at fair value through profit or loss	(17,155)	(2,183)
Interest expense	463,798	410,481
Operating costs (Interest expense)	5,858	9,299
Interest income	(30,274)	(18,521)
Dividend income	-	(2,686)
Share of loss (profit) of associates and joint ventures accounted for using equity method	692	(11,926)
Loss (gain) on disposal of property, plan and equipment	395	(66)
Gain on disposal of intangible assets	(3,171)	(3,023)
Loss on disposal of investments	-	238
Impairment losses on non-financial assets	59,030	-
Gain on lease modification	(493,615)	-
Gain on rent concessions	(708)	-
Total adjustments to reconcile profit (loss)	1,108,527	1,524,421
Changes in operating assets and liabilities :		
Changes in operating assets :		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	105,551	13,701
Notes receivable	265	-
Accounts receivable	96,905	(46,399)
Other receivable	(1,332)	38,168
Inventories	21,754	(70,199)
Other current assets	(37,398)	65,888
Other operating assets	(60)	3
Total changes in operating assets	185,685	1,162
Changes in operating liabilities :		
Accounts payable	56,329	(626,747)
Other payable	292,480	(83,224)
Other current liabilities	576	(16,148)
Total changes in operating liabilities	349,385	(726,119)
Total changes in operating assets and liabilities	535,070	(724,957)
Total adjustments	1,643,597	799,464
Cash inflow generated from operations	1,467,818	862,067
Interest received	30,525	16,763
Dividend received	-	2,686
Interest paid	(470,395)	(417,626)
Income taxes paid	(64,667)	(81,362)
Net cash flows from (used in) operating activities	963,281	382,528

(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 six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended	
	June 30	
	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of investments using the equity method	(178,879)	-
Proceeds from disposal of subsidiaries	-	(8,984)
Acquisition of property, plant and equipment	(229,153)	(68,009)
Proceeds from disposal of property, plant and equipment	13,608	4,919
Decrease in other receivables	33,867	213,709
Acquisition of intangible assets	(1,163)	(95)
Proceeds from disposal of intangible assets	42,113	20,883
Increase in other financial assets	(598,578)	(159)
Decrease in other non-current assets	15,377	4,597
Increase in prepaid equipment	-	(1,395)
Net cash flows used in investing activities	(902,808)	165,466
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	731,950	(157,739)
Decrease in short-term notes and bills payable	-	(37)
Proceeds from long-term loans	761,314	63,083
Repayments of long-term loans	(1,592,373)	(865,696)
Decrease in guarantee deposits received	(20,610)	(28,995)
Payments of lease liabilities	(546,525)	(211,852)
Disbursement income	-	8,810
Acquisition of ownership interests in subsidiaries	-	(10,377)
Net cash flows from financing activities	(666,244)	(1,202,803)
Effect of exchange rate changes on cash and cash equivalents	2,715	105,322
Net decrease in cash and cash equivalents	(603,056)	(549,487)
Cash and cash equivalents at beginning of period	2,987,197	4,295,055
Cash and cash equivalents at end of period	\$ 2,384,141	3,745,568
Components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	\$ 2,384,141	3,726,330
(Non-current) assets (or disposal groups) classified as held for sale, net	-	19,238
Cash and cash equivalents at end of period	\$ 2,384,141	3,745,568

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

June 30, 2023, and 2022

(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 August 14, 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, \$ 2,291,099 thousand, and \$ 2,035,972 thousand on January 1, June 30, and December 31, 2022, respectively.

If the Group is treated in accordance with the previous accounting policy in the second quarter of 2023, the deferred income tax assets and deferred income tax liabilities are both reduce by \$ 1,959,272 thousand on June 30, 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”
 - Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 comparative information’
 - Amendment to IFRS 16 “Requirements for Sale and Leaseback Transactions”
 - Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’
 - Amendments to IAS 12, ‘International tax reform - pillar two model rules’

(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
			June 30, 2023	December 31, 2022	June 30, 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%	10.00%	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
			June 30, 2023	December 31, 2022	June 30, 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
			June 30, 2023	December 31, 2022	June 30, 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
			June 30, 2023	December 31, 2022	June 30, 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
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 Business 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
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%	35.30%	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 It is expected to close the business on August 31, 2023, and go through liquidation procedures
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
			June 30, 2023	December 31, 2022	June 30, 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%	64.70%	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 It is expected to close the business on August 31, 2023 and go through liquidation procedures
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 \$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.

(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 Group 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 Group 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

	June 30, 2023	December 31, 2022	June 30, 2022
Pretty cash	\$ 25,986	25,227	29,320
Demand deposits	1,568,481	2,066,096	3,573,060
Time deposits	789,674	895,874	123,950
Total	\$ 2,384,141	2,987,197	3,726,330

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

	June 30, 2023	December 31, 2022	June 30, 2022
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets—current			
Shares of stock of listed companies	\$ 27,678	94,135	89,535
Open fund	12,601	10,852	10,820
Foreign corporate bonds	5,893	5,893	5,893
Beneficial rights-Specific construction project	111,547	134,948	-
Subtotal	157,719	245,828	106,248
Non-derivative financial assets—non-current			
Beneficiary rights - Specific construction project	-	-	127,578
Total	\$ 157,719	245,828	233,826
Held-for-trading financial liabilities:			
Non-derivative financial liabilities—non-current			
Landlord beneficiary rights	\$ 26,125	26,125	23,234

- (i) In September 2020, the Group entered into a residential construction project agreement with Honor Construction Co., Ltd. (Honor Construction), wherein the Group will purchase 32% of the beneficial rights from the specific construction project of Honor Construction located in Mingde Section, Tucheng District, at the amount of \$117,000 thousand. Due to the delay of the project caused by the impact of COVID-19, the Group 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 Group has recovered the project investment principal of 23,401 thousand and the remaining amount is delayed due to the delay in licensing and housing delivery. It is estimated that 80% of the total transaction price and the minimum profit distribution amount will be recovered on August 31 and October 31, 2023, respectively, and complete the case before December 31, 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 June 30, 2023, December 31, 2022, and June 30, 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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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.

(c) Trade receivables and other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Accounts notes	\$ -	265	-
Accounts receivables	226,804	304,113	303,130
Less: Allowance for impairment	(37,627)	(30,669)	(12,779)
	<u>189,177</u>	<u>273,709</u>	<u>290,351</u>
Leases payment receivables (included operating lease)	584,870	590,647	496,193
Less: Unearned interest	(102,692)	(93,059)	(81,072)
Allowance for impairment	(268,317)	(235,353)	(135,512)
	<u>213,861</u>	<u>262,235</u>	<u>279,609</u>
Subtotal of current asset	<u>403,038</u>	<u>535,944</u>	<u>569,960</u>
Non-current			
Leases payment receivables	209,095	245,363	424,377
Less: Unearned interest	(13,349)	(24,341)	(48,171)
Allowance for impairment	(85,906)	(88,597)	(102,495)
	<u>109,840</u>	<u>132,425</u>	<u>273,711</u>
Subtotal of non-current asset	<u>109,840</u>	<u>132,425</u>	<u>273,711</u>
Total	<u><u>\$ 512,878</u></u>	<u><u>668,369</u></u>	<u><u>843,671</u></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:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2023	December 31, 2022	June 30, 2022
Leases payment receivables	\$ 474,916	474,292	358,632
Less: Allowance for impairment	(215,555)	(177,491)	(111,191)
	\$ 259,361	296,801	247,441

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

	June 30, 2023		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 16,201	0.99%	161
1 to 30 days past due	4,493	6.90%	310
31 to 60 days past due	246	7.32%	18
More than 91 days past due (Note)	182,068	75.89%	138,179
	\$ 203,008		138,668
	December 31, 2022		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 33,452	1.05%	352
1 to 30 days past due	4,478	7.24%	324
31 to 60 days past due	1,534	8.38%	129
61 to 90 days past due	7,494	19.43%	1,456
More than 91 days past due (Note)	197,360	73.06%	144,198
	\$ 244,318		146,459
	June 30, 2022		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 222,195	0.12%	270
1 to 30 days past due	8,618	2.29%	197
31 to 60 days past due	15,727	9.50%	1,494
61 to 90 days past due	2,982	21.19%	632
More than 91 days past due (Note)	183,173	67.82%	124,223
	\$ 432,695		126,816

Note: As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group had filed lawsuits for collecting the overdue receivables from leasing business with total amount of \$ 119,782 thousand (CNY\$ 27,804 thousand), \$128,676 thousand (CNY\$ 29,192

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

thousand) and \$ 107,092 thousand (CNY\$ 24,192 thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized provision for allowance of \$ 82,475 thousand (CNY\$ 19,144 thousand), \$84,769 thousand (CNY\$ 19,231 thousand) and \$ 57,601 thousand (CNY\$ 13,012 thousand) 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:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Amount involved in mediation or litigation	\$ 19,287	18,589	22,961
Less: Allowance for impairment	(19,287)	(18,589)	(1,460)
	<u>\$ -</u>	<u>-</u>	<u>21,501</u>

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

	<u>June 30,2023</u>		
	<u>Gross carrying amount of leases payment receivable</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 164,515	0%	-
1 to 90 days past due	17,183	0%	-
91 to 180 days past due	4,764	0~12%	584
181 to 270 days past due	6,942	52%	3,643
271 to 365 days past due	5,015	100%	5,015
More than 365 days past due	9,098	100%	9,098
	<u>\$ 207,517</u>		<u>18,340</u>
	<u>December 31, 2022</u>		
	<u>Gross carrying amount of leases payment receivable</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
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
	<u>\$ 266,637</u>		<u>12,080</u>

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2022		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 215,797	0%	-
1 to 90 days past due	10,191	0%	-
91 to 180 days past due	4,494	8%	485
181 to 270 days past due	259	59%	152
271 to 365 days past due	1,080	91%	978
More than 365 days past due	9,704	100%	9,704
	\$ 241,525		11,319

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

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

	June 30, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 38,644	-	-

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

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

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

	For the six months ended June 30	
	2023	2022
Balance on January 1	\$ 354,619	178,338
Impairment losses recognized	46,366	69,301
Amount written off due to irrecoverability in the current year	(46)	(314)
Foreign exchange gain (loss)	(9,089)	3,461
Balance on June 30	\$ 391,850	250,786

(iii) A maturity analysis of lease payments, which reflects the undiscounted lease payments to be

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

received after the reporting date, is as follows

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 584,870	590,647	496,193
One to two years	190,946	237,241	217,962
Two to three years	18,149	8,122	206,415
Total lease payments receivable	793,965	836,010	920,570
Unearned finance income	(116,041)	(117,400)	(129,243)
Present value of lease payments receivable	\$ 677,924	718,610	791,327

(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.

(d) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables–loans (Note 7)	\$ 34,799	71,018	105,020
Other receivables–investment	262,799	268,888	270,035
Other receivables–Lease guarantee deposit	61,398	62,820	63,531
Other receivables–others	64,121	62,934	90,407
Less: Loss allowance	(344,997)	(287,822)	(132,905)
	\$ 78,120	177,838	396,088

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

(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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 \$30,699 thousand (CNY\$7,126 thousand), \$31,410 thousand (CNY\$7,126 thousand) and zero as of June 30, 2023、December 31, 2022 and June 30,2022 for the lease deposit of \$61,398 thousand (CNY\$14,252 thousand), \$62,820 thousand (CNY\$14,252 thousand) and \$63,531 thousand (CNY\$14,352 thousand) based on conservatism.

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

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

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

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

pledge asset.

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

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

- 1) Damahua agrees to pay CNY\$30,000 thousand before February 9, 2021.
- 2) Damahua agrees to pay CNY\$51,000 thousand before December 31, 2021.
- 3) Damahua agrees to pay CNY\$81,000 thousand before June 30, 2022.
- 4) Under the premise of obtaining written consent of the Group, Damahua can transfer the title of properties located in Citong road to the Group, as the payment of debt.

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

- 1) Damahua agrees to pay CNY\$16,000 thousand before December 31, 2022.
- 2) Damahua agrees to pay CNY\$16,000 thousand before March 31, 2023.
- 3) Damahua agrees to pay CNY\$29,000 thousand before June 30, 2023.
- 4) If Damahua fails to pay all the amounts above before the expiration of the deferred payment period, Damahua shall unconditionally cooperate with the liquidation of Quanzhou Jitong Road Project and give priority to the repayment of debts with the proceeds of the land portion to the Group.

In 2021, the Group has collected the payment of CNY\$55,500 thousand. In March and June 2022, the Group has collected the payment of CNY\$25,500 thousand and CNY\$20,000 thousand, respectively. Subsequently, Damahua failed to pay the Group CNY\$29,000, CNY\$16,000 and CNY\$16,000 thousand on June 30, March 31, 2023 and December 31,

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2022, as agreed. And as of June 30, 2023, December 31, 2022, and June 30, 2022, the outstanding receivables were \$262,799 thousand (CNY\$61,000 thousand), \$268,888 thousand (CNY\$61,000 thousand) and \$270,035 thousand (CNY\$61,000 thousand), respectively. Recently the Quanzhou government has agreed with the development and construction of the Fengan's property to be undertaken in a cooperative way with existing developers, which is implemented by the government of Fengze District, and is coordinating to promote the resumption of the construction of Fengan's property. Considering the circumstance above and that the creditor's rights are generated by undertaking the Fengan's property, the Group plans to negotiate with Damahua on the proceeds from the subsequent development project to repay all claims.

Although the Group assessed that Damahua should be able to repay its debts after the distribution of the disposal of Fengan's property, China's economy has yet to return to normal levels due to the impact of the epidemic, based on conservatism, the Group recognized loss allowance for the overdue and upcoming receivables of CNY\$61,000 thousand. As of June 30, 2023, December 31, 2022 and June 30, 2022, the loss allowance of \$262,799 thousand, \$169,134 thousand and \$59,313 thousand are recognized, respectively.

(e) Inventories (construction department)

	June 30, 2023	December 31, 2022	June 30, 2022
Land held for construction site	\$ 518,796	518,796	518,437
Construction in progress	879,681	878,704	769,537
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
	<u>\$ 1,739,368</u>	<u>1,738,391</u>	<u>1,457,262</u>

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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

As of June 30, 2022, the disposal group comprised the following assets and liabilities:

	June 30, 2022
Cash and cash equivalents	\$ 19,238
Investments accounted for using equity method	176,763
the assets of disposal groups	\$ 196,001
the liabilities of disposal groups (other payables)	\$ 270

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	June 30, 2023	December 31, 2022	June 30, 2022
Jiawang Assets Development Co., Ltd.	\$ 3,392	4,186	4,709
Da Yu Financial Holdings Limited	762,996	754,461	744,879
Sandmartin International Holdings Limited	-	-	45,397
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	25,177	27,636	30,267
Haikou Zhuke Technology Co., Ltd.	-	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-	-
	\$ 791,565	786,283	825,252

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of individually insignificant associates' equity	\$ 791,565	786,283	825,252

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30		June 30	
Attributable to the Group:	2023	2022	2023	2022
Gain(Loss) from continuing operations	\$ (1,947)	20,078	(692)	11,926
Other comprehensive income	17,470	20,026	5,974	50,501
Total comprehensive income	\$ 15,523	40,104	5,282	62,427

- (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 June 30, 2023, the Group has invested the amount of \$30,157 thousand (CNY\$7,000 thousand).
- (2) The share repurchases 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.
- (c) Because Nanjing Dongfadao has been losing money for six consecutive months and has not distributed profits, the Group signed an equity repurchase and urban investment termination agreement with Shanghai Dongfadao on June 28, 2023. The total price of equity repurchase is \$30,157 thousand (CNY\$7,000 thousand). In July 2023, according to the agreement, part of the payment amounting to \$9,489 thousand (CNY\$2,160 thousand) will be collected successively, and the process of equity change is in progress.
- (iii) In 2023, the Group signed a cash capital increase underwriting agreement with the affiliated company Sandmartin International Holdings Ltd. through a resolution of the board of directors and participated in its cash capital increase shares, the Group acts as the lead underwriter. The Group subscribed a total of 375,438 thousand shares according to the shareholding ratio and the underwriting agreement, and the subscription price was HK\$0.12 per share, and the prepaid investment amount as of June 30, 2023 is \$178,879 thousand, which is listed as other non-current assets, and is currently undergoing the cash capital increase procedure.
- (iv) Guarantees
- The Group did not provide any investments accounted for using the equity method as collateral for its loans.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (v) 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		
		June 30, 2023	December 31, 2022	June 30, 2022
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.38%	41.38%	41.38%

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.

	June 30, 2023	(revised) December 31, 2022	(revised) June 30, 2022	(revised) January 1, 2022
Current assets	\$ 2,110,987	2,830,302	4,227,604	4,999,105
Non-current assets	22,079,376	22,550,845	24,273,320	24,641,575
Current liabilities	(5,460,392)	(5,202,977)	(6,600,650)	(7,225,731)
Non-current liabilities	(12,084,723)	(12,922,923)	(13,976,480)	(14,376,148)
Net assets	\$ 6,645,248	7,255,247	7,923,794	8,038,801
Non-controlling interests	\$ 2,749,806	3,002,223	3,278,866	3,351,378

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Sales revenue	\$ 911,872	1,010,023	1,968,454	2,260,822
Net loss	\$ (415,676)	(146,931)	(411,596)	(234,515)
Other comprehensive income	(249,539)	(204,481)	(198,403)	110,698
Comprehensive income	\$ (665,215)	(351,412)	(609,999)	(123,817)
Net loss, attributable to non-controlling interests	\$ (172,007)	(60,800)	(170,318)	(97,314)
Comprehensive income, attributable to non-controlling interests	\$ (275,266)	(145,415)	(252,417)	(50,530)

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the six months ended June 30	
	2023	2022
Net cash flows from operating activities	\$ 614,749	(41,884)
Net cash flows from investing activities	(790,838)	128,005
Net cash flows from financing activities	(336,943)	(702,746)
Effect of exchange rate changes	(23,922)	74,665
Net decrease in cash and cash equivalents	\$ (536,954)	(541,960)

(i) Property, plant and equipment

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

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Cost or deemed cost:								
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	-	-	3,652	4,779	8,016	8,806	127,562	152,815
Reclassifications	-	-	-	-	958	142,938	(143,896)	-
Disposals and obsolescence	-	-	(40,790)	-	(27,936)	(432,529)	-	(501,255)
Disposals subsidiaries	-	-	-	-	-	-	-	-
Effect of change in foreign exchange rates	-	(105,522)	(2,915)	143,136	(5,079)	(150,122)	(1,065)	(121,567)
Balance at June 30, 2023	\$ 126,409	4,628,542	127,440	10,360,639	228,754	6,555,611	48,404	22,075,799
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	-	102	84	-	3,184	22,512	30,613	56,495
Reclassifications	-	-	-	-	3,127	15,141	(18,268)	-
Disposals and obsolescence	-	-	(16,024)	-	(1,812)	(1,597)	-	(19,433)
Disposals subsidiaries	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	91,832	3,443	677,630	5,072	134,925	614	913,516
Balance at June 30, 2022	\$ 126,409	4,753,451	178,866	9,868,819	243,755	6,912,882	44,555	22,128,737
Accumulated depreciation and impairment loss:								
Balance at January 1, 2023	\$ -	815,985	83,661	3,042,158	196,941	4,665,191	2,317	8,806,253
Depreciation	-	56,116	10,595	205,723	6,362	166,495	-	445,291
Disposals and obsolescence	-	-	(27,078)	-	(27,645)	(432,529)	-	(487,252)
Impairment loss	-	-	164	-	3,002	55,613	-	58,779
Effect of change in foreign exchange rates	-	(18,944)	(1,493)	46,523	(3,849)	(99,158)	-	(76,921)
Balance at June 30, 2023	\$ -	853,157	65,849	3,294,404	174,811	4,355,612	2,317	8,746,150
Balance at January 1, 2022	\$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	56,405	15,442	193,501	7,031	216,191	-	488,570
Disposals and obsolescence	-	-	(12,197)	-	(1,688)	(695)	-	(14,580)
Disposals subsidiaries	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	13,169	1,543	181,165	3,574	80,220	11	279,682
Balance at June 30, 2022	\$ -	762,995	82,104	2,744,020	189,022	4,319,486	525	8,098,152

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
Carrying amounts:								
Balance at January 1, 2023	\$ 126,409	3,918,079	83,832	7,170,566	55,854	2,321,327	63,486	13,739,553
Balance at June 30, 2023	\$ 126,409	3,775,385	61,591	7,066,235	53,943	2,199,999	46,087	13,329,649
Balance at January 1, 2022	\$ 126,409	3,968,096	114,047	6,821,835	54,081	2,718,131	31,082	13,833,681
Balance at June 30, 2022	\$ 126,409	3,990,456	96,762	7,124,799	54,733	2,593,396	44,030	14,030,585

- (i) The significant components of the buildings include the main building, electrical equipment and air conditioner with their own estimated useful lives.
- (ii) Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd., a subsidiary of the Group, has suffered continuous operating losses. According to the resolution of the board of directors, it is expected to close its business on August 31, 2023, so it recognizes \$58,779 thousand for impairment losses on property, plant and equipment
- (iii) Chongqing Optics Valley Grand Ocean Commercial Development Ltd., a subsidiary of the Group, it is close the business on October 31, 2022. 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 \$457,148 thousand.
- (iv) 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 :

	Land	Buildings	Machine and transportation equipment	Total
Cost :				
Balance at January 1, 2023	\$ 3,327,110	10,998,973	66,817	14,392,900
Additions(note 7)	-	1,019,629	11,609	1,031,238
Reduce	-	(10,438)	-	(10,438)
Lease modifications	-	(1,049,272)	-	(1,049,272)
Effect of change in foreign exchange rates	(75,353)	(248,004)	(1,344)	(324,701)
Balance at June 30, 2023	\$ 3,251,757	10,710,888	77,082	14,039,727
Balance at January 1, 2022	\$ 3,275,716	11,648,905	58,416	14,983,037
Additions	-	17,948	7,485	25,433
Reduce	-	(30,793)	-	(30,793)
Effect of change in foreign exchange rates	65,576	233,406	1,169	300,151
Balance at June 30, 2022	\$ 3,341,292	11,869,466	67,070	15,277,828

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machine and transportation equipment</u>	<u>Total</u>
Accumulated depreciation and impairment loss:				
Balance at January 1, 2023	\$ 391,033	2,882,470	30,173	3,303,676
Depreciation	48,888	487,107	4,622	540,617
Reduce	-	(10,438)	-	(10,438)
Lease modifications	-	(420,912)	-	(420,912)
Effect of change in foreign exchange rates	(9,971)	(66,425)	(746)	(77,142)
Balance at June 30, 2023	\$ 429,950	2,871,802	34,049	3,335,801
Balance at January 1, 2022	\$ 288,745	2,224,563	21,479	2,534,787
Depreciation	49,166	495,799	3,950	548,915
Reduce	-	(30,793)	-	(30,793)
Effect of change in foreign exchange rates	5,701	43,876	424	50,001
Balance at June 30, 2022	\$ 343,612	2,733,445	25,853	3,102,910
Carrying amounts: :				
Balance at January 1, 2023	\$ 2,936,077	8,116,503	36,644	11,089,224
Balance at June 30, 2023	\$ 2,821,807	7,839,086	43,033	10,703,926
Balance at January 1, 2022	\$ 2,986,971	9,424,342	36,937	12,448,250
Balance at June 30, 2022	\$ 2,997,680	9,136,021	41,217	12,174,918

Wuhan Hanyang Grand Grand Ocean Commerce Limited., a subsidiary of the Group company, is expected to close operations on August 31, 2023, due to continuous losses in operations. Please refer to Note 6(w) for the lease modification benefits arising from the shortening of the lease term due to the closure of operations.

(k) Intangible assets

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

	<u>Goodwill</u>	<u>Trademark</u>	<u>License Plate</u>	<u>Other</u>	<u>Total</u>
Cost :					
Balance at January 1, 2023	\$ 1,473,567	430,294	142,049	43,797	2,089,707
Additions	-	-	-	1,163	1,163
Disposal and derecognition	-	-	(38,942)	-	(38,942)
Effect of change in foreign exchange rates	(33,374)	6,027	(2,328)	(1,017)	(30,692)
Balance at June 30, 2023	\$ 1,440,193	436,321	100,779	43,943	2,021,236

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Goodwill	Trademark	License Plate	Other	Total
Balance at January 1, 2022	\$ 1,450,805	387,825	188,554	33,734	2,060,918
Additions	-	-	-	95	95
Disposal and derecognition	-	-	(17,860)	-	(17,860)
Effect of change in foreign exchange rates	29,043	28,593	3,803	697	62,136
Balance at June 30, 2022	\$ 1,479,848	416,418	174,497	34,526	2,105,289
Accumulated depreciation and impairment loss:					
Balance at January 1, 2023	\$ -	-	5,162	23,444	28,606
Amortization	-	-	-	2,214	2,214
Impairment loss	-	-	-	251	251
Effect of change in foreign exchange rates	-	-	(117)	(587)	(704)
Balance at June 30, 2023	\$ -	-	5,045	25,322	30,367
Balance at January 1, 2022	\$ -	-	5,082	16,852	21,934
Amortization	-	-	-	2,881	2,881
Effect of change in foreign exchange rates	-	-	102	354	456
Balance at June 30, 2022	\$ -	-	5,184	20,087	25,271
Carrying amounts: :					
Balance at January 1, 2023	\$ 1,473,567	430,294	136,887	20,353	2,061,101
Balance at June 30, 2023	\$ 1,440,193	436,321	95,734	18,621	1,990,869
Balance at January 1, 2022	\$ 1,450,805	387,825	183,472	16,882	2,038,984
Balance at June 30, 2022	\$ 1,479,848	416,418	169,313	14,439	2,080,018

(i) Impairment testing of goodwill

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	\$ 102,010	731,620	104,374	749,774	104,819	336,138
Wuhan Grand Ocean Classic Commercial Development Ltd.	188,417	284,300	192,783	380,564	193,604	243,577
Fuzhou Grand Ocean Commerce Ltd.	1,149,766	1,425,942	1,176,410	1,388,105	1,181,425	1,498,061
	\$ 1,440,193	2,441,862	1,473,567	2,518,443	1,479,848	2,077,776

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Trademark						
Grand Ocean Classic Commercial Group Co.,Ltd.	\$ 436,321	513,127	430,294	570,868	416,418	473,947

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of June 30, 2023, December 31, 2022 and June 30, 2022, was estimated on its value in use, except Fuzhou Grand Ocean Commerce Ltd., its recoverable amount was fair value less costs of disposal.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of June 30, 2023, December 31, 2022 and June 30, 2022, was estimated by market approach, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and the fair value measurement was categorized as a Level 2 fair value based on the inputs in the valuation technique used.

The recoverable amount of the CGUs, Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd., Wuhan Grand Ocean Classic Commercial Department Limited and Grand Ocean Classic Commercial Group Co., Ltd., as of June 30, 2023, December 31, 2022 and June 30, 2022, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Discount Rate	10%	10%	10%
Growth rate	-2%~8%	5%~11%	2%~6%

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 2) Estimates of future cash flows are based on past experience, actual operating results and future lease agreement due date.
- 3) The operating income forecast measures the average growth over the past five years. And based on comparable company data, sales price is projected to grow at a fixed rate slightly higher than the expected inflation rate for the next five years.
- 4) In operational plan, costs and expenses were estimated based on past experiences and other variable factors.

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

(ii) Impairment testing of license plates

Although the key assumptions used by the Group in 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(1) of the annual consolidated financial statements for the year ended December 31, 2022.

- (iii) The Boards of Directors decide to discontinue the business of its subsidiary, Wuhan Hanyang Grand Ocean Classic Commercial Development Limited on August 31, 2023 due to continuous operating losses, leading to the recognition of impairment loss of \$251 thousand.

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

	June 30, 2023	December 31, 2022	June 30, 2022
Other financial assets — current			
Deposits — out for lease(note)	\$ 28,325	28,999	579
Restricted deposits	95,036	73,241	87,099
Vehicle purchase claims	34,465	35,264	35,413
Deposit for rent expansion(note)	64,623	-	-
Others	2,600	2,661	3,207
Less: Allowance for impairment	(34,465)	(35,264)	-
	\$ 190,584	104,901	126,298
Other financial assets — non-current			
Deposits — out for lease(note)	\$ 173,478	187,228	215,560
Deposits — out for cooperation	7,722	8,178	-
Restricted deposits	515,118	8,186	5,942
Others	20,058	17,646	30,063
	\$ 716,376	221,238	251,565

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) The lease deposit is mainly the deposit deposited by the lessee; the deposit for rent expansion is the deposit paid by the subsidiary Yichang Grand Ocean Commerce Limited. to expand the leased area, which will be used to offset the rental expenses after the contract is signed.
- (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 June 30, 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).
- (m) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 1,228,812	918,080	1,184,754
Secured bank loans	2,304,341	1,909,365	2,150,600
Total	\$ 3,533,153	2,827,445	3,335,354
Unused credit lines	\$ 1,559,375	2,073,518	1,421,274
Range of interest rates	2.17%~7.80%	1.49%~9.30%	1.49%~9.30%

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:

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank loans	\$ 787,240	1,660,457	1,155,560
Secured bank loans	4,661,950	4,559,237	4,534,415
Secured notes	249,860	249,862	249,885
Other secured loans	20,622	47,147	74,354
Less: current portion	(1,029,274)	(1,334,503)	(1,246,781)
Total	\$ 4,690,398	5,182,200	4,767,433
Unused credit lines	\$ 430,981	356,345	754,251
Range of interest rates	1.38%~15.60%	0.58%~15.60%	0.58%~15.60%

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) 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.

(o) Accounts payable and other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts payable			
Arising from direct sales	\$ 51,719	46,335	70,005
Arising from concessionaire sales	927,094	880,886	1,278,477
Others	25,493	43,719	79,668
Total	\$ 1,004,306	970,940	1,428,150
Other payables			
Construction payables	\$ 92,994	171,473	157,841
Compensation payable	488,457	158,258	-
Others	596,980	662,515	723,855
Total	\$ 1,178,431	992,246	881,696

(p) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ 708,229	947,988	1,188,559
Non- Current	\$ 8,435,103	9,044,616	10,466,482

For the six months ended June 30, 2023 and 2022, the Group recognized its lease modification amounting to \$1,121,975 thousand and \$0 thousand.

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

The amounts recognized in profit or loss as follows:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Interest expense of lease liabilities	\$ 119,786	139,020	246,494	278,761
Variable leases payments not included in the measurement of lease liabilities	\$ 142	13,113	318	32,127
Expenses relating to short-term leases	\$ 303	678	636	1,006
Expenses relating to leases of low value (excluding short term leases of low value assets)	\$ 495	483	1,002	8,998
Rent concessions related to COVID-19 (deductible operating expenses)	\$ 4	-	(708)	-

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

	For the six months ended	
	June 30	
	2023	2022
Total cash outflow for leases	\$ 794,975	524,644

(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 five to ten years. In some cases, the Group has options to purchase the assets at the end of the contract term.

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

(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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

1) Bulk carriers

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 861,594	1,249,073	1,323,647
Between one and two years	305,650	406,514	536,029
Between two and three years	102,349	243,724	327,665
Between three and four years	-	6,686	97,681
Total undiscounted lease payments	\$ 1,269,593	1,905,997	2,285,022

2) Transportation equipmen

	June 30, 2023	December 31, 2022	June 30, 2022
Less than one year	\$ 47,736	63,709	42,525
Between one and two years	7,100	11,917	25,751
Between two and three years	796	3,763	6,515
Between three and four years	-	39	354
Total undiscounted lease payments	\$ 55,632	79,428	75,145

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 12,873	11,378	25,615	19,942

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(r) Income Tax

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 16,966	26,388	51,106	57,564
Adjustment for prior periods	4,383	(1,313)	4,383	(1,313)
	<u>21,349</u>	<u>25,075</u>	<u>55,489</u>	<u>56,251</u>
Deferred tax expense				
Origination and reversal of temporary differences	146,702	(3,671)	115,175	3,405
Income tax expense from continuing operations	<u>\$ 168,051</u>	<u>21,404</u>	<u>170,664</u>	<u>59,656</u>

(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
Balance at January 1, 2023 (revised)	\$ 65,171	2,035,972	2,101,143
Recognized in profit or loss	(39,714)	(31,303)	(71,017)
Foreign currency translation differences for foreign operations	33	(45,397)	(45,364)
Balance at June 30, 2023	<u>\$ 25,490</u>	<u>1,959,272</u>	<u>1,984,762</u>
Balance at January 1, 2022	\$ 59,615	-	59,615
The change in revision	-	2,363,273	2,363,273
Balance at January 1, 2022 (revised)	59,615	2,363,273	2,422,888
Recognized in profit or loss	(14,696)	(119,675)	(134,371)
Foreign currency translation differences for foreign operations	3,248	47,501	50,749
Balance at June 30, 2022 (revised)	<u>\$ 48,167</u>	<u>2,291,099</u>	<u>2,339,266</u>

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred tax assets:

	The carry forward of unused tax losses	Rental expenses and others	Total
Balance at January 1, 2023 (revised)	\$ 141,151	2,663,664	2,804,815
Recognized in profit or loss	(27,548)	(158,644)	(186,192)
Foreign currency translation differences for foreign operations	(2,131)	(56,706)	(58,837)
Balance at June 30, 2023	\$ 111,472	2,448,314	2,559,786
Balance at January 1, 2022	\$ 182,884	679,022	861,906
The change in revision	-	2,363,273	2,363,273
Balance at January 1, 2022 (revised)	182,884	3,042,295	3,225,179
Recognized in profit or loss	(33,092)	(104,684)	(137,776)
Foreign currency translation differences for foreign operations	3,714	61,071	64,785
Balance at June 30, 2022 (revised)	\$ 153,506	2,998,682	3,152,188

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).

(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 2021 were examined and approved by the national tax authorities
- 3) The annual tax returns of subsidiaries in China through 2022 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 six months ended June 30 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:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2023	December 31, 2022	June 30, 2022
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	617,046
Changes in a parent's ownership interest in a subsidiary	72,728	72,728	72,546
Donation from shareholders	3,332	3,332	3,332
	\$ 1,932,221	1,926,712	1,926,530

(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.

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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. (When the Company distributes its 2020 earnings in 2021, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2021 earnings in 2022, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve.) A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. A resolution was passed during the shareholders' meeting held on June 16, 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.

3) Earnings distribution

Resolutions passed by the General Meeting of Shareholders held on June 16, 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:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(In thousands of shares)

For the six months ended June 30

	<u>2023</u>	<u>2022</u>
Outstanding at January 1	\$ 8,682	9,007
Quantity sold in this period	(973)	(310)
Outstanding at June 30	<u>\$ 7,709</u>	<u>8,697</u>

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of June 30, 2023, December 31, 2022 and June 30, 2022, the prepayments amounting to \$122,161 thousand, \$139,588 thousand and \$140,124 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.

(iv) Other equity interests (after tax)

	Exchange differences on translation of foreign financial statements	Non controlling Interest	Total
Balance at January 1, 2023	\$ (303,885)	3,120,179	2,816,294
Profit of non-controlling interests	-	(181,864)	(181,864)
Exchange differences on subsidiaries accounted for using equity method	5,974	-	5,974
Exchange differences on translation of foreign financial statements	(29,209)	(82,099)	(111,308)
Balance at June 30, 2023	<u>\$ (327,120)</u>	<u>2,856,216</u>	<u>2,529,096</u>
Balance at January 1, 2022	\$ (982,609)	3,440,895	2,458,286
Profit of non-controlling interests	-	(104,568)	(104,568)
Exchange differences on subsidiaries accounted for using equity method	50,501	-	50,501
Difference between consideration and carrying amount of subsidiaries acquired	-	(25,626)	(25,626)
Changes in ownership interests in subsidiaries	-	3,645	3,645
Exchange differences on foreign operations	441,828	46,784	488,612
Balance at June 30, 2022	<u>\$ (490,280)</u>	<u>3,361,130</u>	<u>2,870,850</u>

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(t) Earnings per share

The Group's earnings per share were calculated as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Basic earnings (loss) per share				
Profit attributable to ordinary shareholders of the Company	\$ (226,755)	1,338	(164,579)	107,515
Weighted average number of ordinary shares				
Weighted average number of ordinary shares at January 1	824,776	834,776	834,776	834,776
Effect of treasury stock	-	(10,000)	(10,000)	(10,000)
Weighted average number of ordinary shares at June 30	824,776	824,776	824,776	824,776
Earnings per share (dollars)	\$ (0.27)	0.00	(0.20)	0.13

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Diluted earnings per share				
Profit attributable to ordinary shareholders of the Company (diluted)	\$ (226,755)	1,338	(164,579)	107,515
Weighted average number of ordinary shares at June 30	824,776	824,776	824,776	824,776
Effect of dilutive potential ordinary shares (basic)				
Effect of employee share compensation	Note	1	Note	257
Weighted average number of ordinary shares (diluted) at June 30	824,776	824,777	824,776	825,033
Earnings per share (dollars)	\$ (0.27)	0.00	(0.20)	0.13

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

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 June 30, 2023

	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	1,722	-	-	-	1,722
China	-	-	911,872	13,006	-	924,878
Other	404,380	-	-	-	-	404,380
	\$ 404,380	1,722	911,872	13,006	-	1,330,980
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	271,670	-	-	271,670
Commodity sales (Retail revenue – direct sales)	-	-	179,011	-	-	179,011
Lease revenue (Note)	404,380	1,722	237,194	9,665	-	652,961
Financial lease interest income (Note)	-	-	-	3,213	-	3,213
Service revenue and others	-	-	223,997	128	-	224,125
	\$ 404,380	1,722	911,872	13,006	-	1,330,980

For the three months ended June 30, 2022

	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	1,539	-	-	-	1,539
China	-	-	1,010,023	14,177	-	1,024,200
Other	505,624	-	-	-	-	505,624
	\$ 505,624	1,539	1,010,023	14,177	-	1,531,363
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	287,219	-	-	287,219
Commodity sales (Retail revenue – direct sales)	-	-	210,957	-	-	210,957
Lease revenue (Note)	505,624	1,539	275,940	11,851	-	794,954
Financial lease interest income (Note)	-	-	-	701	-	701
Service revenue and others	-	-	235,907	1,625	-	237,532
	\$ 505,624	1,539	1,010,023	14,177	-	1,531,363

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2023

	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	3,443	-	-	-	3,443
China	-	-	1,968,454	28,494	-	1,996,948
Other	857,703	-	-	-	-	857,703
	\$ 857,703	3,443	1,968,454	28,494	-	2,858,094
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	657,616	-	-	657,616
Commodity sales (Retail revenue – direct sales)	-	-	398,891	-	-	398,891
Lease revenue (Note)	857,703	3,443	487,597	22,109	-	1,370,852
Financial lease interest income (Note)	-	-	-	5,279	-	5,279
Service revenue and others	-	-	424,350	1,106	-	425,456
	\$ 857,703	3,443	1,968,454	28,494	-	2,858,094

For the six months ended June 30, 2022

	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	\$ -	3,205	-	-	-	3,205
China	-	-	2,260,822	46,009	-	2,306,831
Other	991,028	-	-	-	-	991,028
	\$ 991,028	3,205	2,260,822	46,009	-	3,301,064
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	702,294	-	-	702,294
Commodity sales (Retail revenue – direct sales)	-	-	480,642	-	-	480,642
Lease revenue (Note)	991,028	3,205	591,922	29,745	-	1,615,900
Financial lease interest income (Note)	-	-	-	14,121	-	14,121
Service revenue and others	-	-	485,964	2,143	-	488,107
	\$ 991,028	3,205	2,260,822	46,009	-	3,301,064

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 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.

For the three months the six months ended June 30, 2023 and 2022, the Company estimated its employee remuneration amounting to (\$622) thousand, \$13 thousand, \$0 thousand and \$1,075 thousand, respectively. And the estimated amounts of directors' remuneration are both \$0 thousand. 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 are both \$0 thousand. 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:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Bank deposit	\$ 16,433	4,701	28,699	12,086
Loans	967	1,982	1,947	4,060
Open-end fund	236	247	490	481
Other	(886)	714	(862)	1,894
	\$ 16,750	7,644	30,274	18,521

(ii) Other income

The details of other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Dividend income	\$ -	2,686	-	2,686
Subsidy income	310	2,199	13,042	3,099
	\$ 310	4,885	13,042	5,785

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Loss (gain) on disposal of property, plant and equipment	\$ 915	(99)	(395)	66
Gain on disposal of intangible asset	2,499	(67)	3,171	3,023
Loss on disposal of investment(note7)	-	-	-	(238)
Foreign exchange gains	(25,405)	(28,571)	(21,000)	(13,974)
Gain on financial assets or liabilities at fair value through profit or loss	7,007	1,240	17,155	2,183
Impairment loss on property, plant and equipment(note)	(58,779)	-	(58,779)	-
Impairment loss on intangible assets(note)	(251)	-	(251)	-
Compensation losses(note)	(359,899)	-	(359,899)	-
Gain on lease modification(note)	493,615	-	493,615	-
Gains from transfer of overdue payments	2,338	-	7,211	-
Others	22,425	29,009	48,118	54,277
	\$ 84,465	1,512	128,946	45,337

Note: Wuhan Hanyang Grand Ocean Classic Commerce Limited, a subsidiary of the Group is expected to close the profit and loss, which estimated compensation payable on June 30,2023 about \$300,146 thousand.

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Interest expenses	\$ 113,215	67,138	208,828	123,412
Lease liabilities	119,786	139,020	246,494	278,761
Other financial expense	5,897	5,523	8,476	8,308
	\$ 238,898	211,681	463,798	410,481

For the three months and six months ended June 30,2023 and 2022, the interest expenses of the rental business department amounting to \$2,397 thousand, \$3,988 thousand, \$5,858 thousand and \$9,299 thousand, respectively, and were reported as operating costs.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 June 30, 2023, December 31, 2022 and June 30, 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
- 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Financial guarantee	\$ 426,500	468,565	482,598
Buy defaulted claims	\$ 52,259	90,790	167,022

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

	For the six months ended June 30	
	2023	2022
Balance at January 1	\$ 12,014	1,062
Impairment losses recognized	(3,911)	(646)
Effect of foreign exchange rate	(183)	22
Balance at June 30(other current liabilities)	\$ 7,920	438

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 six months ended June 30, 2023 and 2022 were as follows:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	For the six months ended	
	June 30	
	2023	2022
Balance at January 1	\$ 323,086	119,383
Impairment losses recognized	65,142	11,183
Effect of foreign exchange rate	(8,766)	2,339
Balance at June 30	\$ 379,462	132,905

(ii) Liquidity risks

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

	Carrying amount	Contractual cash flows	1 years	1 to 5 years	Over 5 years
June 30, 2023					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,740,778	2,740,778	2,184,946	2,818	553,014
Floating rate instrument	6,953,323	7,796,843	3,236,102	3,728,411	832,330
Fixed rate instruments	2,299,502	2,401,936	1,851,931	550,005	-
Leases liabilities	9,143,332	12,336,256	1,112,644	4,160,131	7,063,481
	\$ 21,136,935	25,275,813	8,385,623	8,441,365	8,448,825
December 31, 2022					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,554,714	2,554,714	1,965,146	10,700	578,868
Floating rate instrument	7,249,114	8,108,571	2,919,128	4,305,605	883,838
Fixed rate instruments	2,095,034	2,197,376	1,564,270	633,106	-
Leases liabilities	9,992,604	13,518,692	1,406,742	4,575,230	7,536,720
	\$ 21,891,466	26,379,353	7,855,286	9,524,641	8,999,426
June 30, 2022					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,995,466	2,995,466	2,311,801	16,847	666,818
Floating rate instrument	6,984,133	7,463,344	2,215,580	4,399,146	848,618
Fixed rate instruments	2,465,244	2,555,587	2,230,571	325,016	-
Leases liabilities	11,655,041	15,592,992	1,711,668	5,531,505	8,349,819
	\$ 24,099,884	28,607,389	8,469,620	10,272,514	9,865,255

The Group does not expect the cash flows included in the maturity analysis to occur

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	\$ 9,620	31.13	299,471	14,059	30.70	431,611	5,950	29.71	176,775
HKD:USD	20,179	0.1277	80,218	49,329	0.1284	194,449	3,538	0.1275	13,402
NTD:USD	1,853	0.0321	1,853	7,180	0.0326	7,180	10,159	0.0337	10,159
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CNY	1,550	7.2258	48,252	1,850	6.9646	56,795	2,625	6.7114	77,989

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 June 30, 2023, and 2022 would have increased (decreased) the profit before tax by \$3,333 thousand and \$1,223 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 and six months ended June 30, 2023, and 2022, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(25,405) thousand, \$(28,571) thousand, \$(21,000) thousand and \$(13,974) thousand, respectively.

3) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments 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 \$ 11,937 thousand and \$ 8,295 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the six months ended June 30, 2023 and 2022, respectively, given that all other variable factors remaining

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

Prices of securities at the reporting date	For the six months ended June 30			
	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)
Increase 5%	\$ -	2,309	-	5,312
Decrease 5%	\$ -	(2,309)	-	(5,312)

(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 :

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023					
Carrying amount	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 157,719	40,279	5,893	111,547	157,719
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	\$ 26,125	-	-	26,125	26,125
December 31, 2022					
Carrying amount	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 245,828	104,987	5,893	134,948	245,828
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	\$ 26,125	-	-	26,125	26,125
June 30, 2022					
Carrying amount	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 233,826	100,355	5,893	127,578	233,826
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	\$ 23,234	-	-	23,234	23,234

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

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

2.1) Financial assets or liabilities measured at amortized cost

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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) Beneficiary rights-specific construction project and landowner

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

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

5) Reconciliation of Level 3 fair values

On June 30, 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).

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 June 30, 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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

			Impacts of fair value change on profit or loss	
			Favourable	Unfavourable
	Inputs	Fluctuation in inputs		
June 30, 2023				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Price volatility	5%	18,349	(18,349)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Price volatility	5%	12,151	(12,364)
December 31, 2022				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Price volatility	5%	17,688	(17,688)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Price volatility	5%	12,151	(12,364)
June 30, 2022				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Price volatility	5%	18,192	(18,192)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Price volatility	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 six months ended June 30, 2023 and 2022, were as follows:

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

	January 1, 2023	Cash flows	Non cash changes		June 30, 2023
			Other (Note)	Foreign exchange movement	
Short term borrowings	\$ 2,827,445	731,950	-	(26,242)	3,533,153
Long-term borrowings	6,516,703	(831,059)	-	34,028	5,719,672
Leases liabilities	9,992,604	(546,525)	(91,445)	(211,302)	9,143,332
Guarantee deposits	591,528	(20,610)	-	(12,877)	558,041
Total liabilities from financing activities	\$ 19,928,280	(666,244)	(91,445)	(216,393)	18,954,198

Note: The period increases \$1,031,238 thousand, lease modification decreases \$1,121,975 thousand and rent concession decrease operating expenses \$708 thousand.

	January 1, 2022	Cash flows	Non cash changes		June 30, 2022
			Other (Note)	Foreign exchange movement	
Short term borrowings	\$ 3,396,693	(157,739)	-	96,400	3,335,354
Short term notes and bills payable	99,846	(37)	-	-	99,809
Long-term borrowings	6,554,108	(802,613)	-	262,719	6,014,214
Leases liabilities	11,608,651	(211,852)	25,433	232,809	11,655,041
Guarantee deposits	700,582	(28,995)	-	14,033	685,620
Total liabilities from financing activities	\$ 22,359,880	(1,201,236)	25,433	605,961	21,790,038

Note: Adding \$25,433 thousand of the right-of-use assets.

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
Sandmartin International Holdings Ltd.	An associate

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Prepayments

	June 30, 2023	December 31, 2022	June 30, 2022
Nanjing Tiandu (Note)	\$ 169,944	160,877	117,253
Other related parties	3,787	7,601	5,762
	\$ 173,731	168,478	123,015

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

	June 30, 2023	December 31, 2022	June 30, 2022
Other related parties	\$ 3,475	3,503	2,931

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Other payables	An associate	\$ 1,379	1,411	1,417
Other payables	Other related parties	1,839	832	5,959
		\$ 3,218	2,243	7,376

(iv) Leases

1) Lease liabilities and interest costs

Account	Purpose	Lease liabilities		
		June 30, 2023	December 31, 2022	June 30, 2022
Shanghai Kaixuanmen	Department store	\$ 4,278,838	4,408,145	4,482,107
Nanjing Tiandu	Department store	965,841	-	9,959
Other payables	Office building	6,766	11,675	18,264
Other payables	Energy saving renovation engineering equipment	29,621	34,101	37,963
		\$ 5,281,066	4,453,921	4,548,293

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Account	Purpose	Interest costs			
		For the three months ended		For the six months ended	
		June 30		June 30	
		2023	2022	2023	2022
Shanghai Kaixuanmen	Department store	\$ 50,727	52,038	102,315	103,056
Nanjing Tiandu	Department store	10,235	143	20,800	343
Other payables	Office building	88	129	205	149
Other payables	Energy saving renovation engineering equipment	375	474	778	965
		\$ 61,425	52,784	124,098	104,513

2) Operating lease

Account	Purpose	Payments that are not included in the measurement of the variable lease liabilities			
		For the three months ended		For the six months ended	
		June 30		June 30	
		2023	2022	2023	2022
Other payables-Nanjing Tiandu	Office building and department store	\$ -	12,481	-	30,870

Account	Purpose	Property management fee			
		For the three months ended		For the six months ended	
		June 30		June 30	
		2023	2022	2023	2022
Other payables	Office building and department store	\$ 941	849	1,894	1,796

3) Deposits-out for lease

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Other non-current financial assets	Shanghai Kaixuanmen	\$ 73,632	66,120	66,402
Other non-current financial assets	Nanjing Tiandu	8,616	8,816	-
Other non-current financial assets	Other related parties	3,196	3,270	12,138
		\$ 85,444	78,206	78,540

(v) Operating revenue and lease receivables

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Account	Relationship	For the three months ended June 30		For the six months ended June 30	
		2023	2022	2023	2022
Financial lease interest income	Hainan Sanhe Licheng	\$ -	48	-	9,533
Financial lease interest income	Zhuke Technology	1,689	-	2,168	-
Lease revenue	Zhuke Technology	2,078	1,570	5,989	3,721
		\$ 3,767	1,618	8,157	13,254

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Lease receivables	Hainan Sanhe Licheng	\$ 135,984	139,135	139,728
Lease receivables	Zhuke Technology	338,932	335,157	358,632
Less: Allowance for impairment-Hainan Sanhe Licheng		(70,380)	(61,552)	(100)
Less: Allowance for impairment-Zhuke Technology		(145,175)	(115,939)	(111,191)
		\$ 259,361	296,801	387,069

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.

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 \$43,067 thousand and \$61,742 thousand to be recognized for the six months ended June 30, 2023 and 2022, respectively.

(vi) Account receivables-related parties

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

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables (loaning funds)	Hainan Sanhe	\$ 16,586	19,836	22,134
Other receivables (loaning funds)	Zhuke Technology	17,233	50,692	75,255
Other receivables (loaning funds)	An associate	980	490	490
Other receivables (interest)	Hainan Sanhe	1,734	987	-
Other receivables (interest)	Zhuke Technology	4,053	2,885	-
Other receivables	Zhuke Technology	457	467	-
Less: Allowance for impairment		(35,754)	(74,867)	(53,122)
		\$ 5,289	490	44,757

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Account	Relationship	June 30, 2023	December 31, 2022	June 30, 2022
Other financial assets	Zhuke Technology	\$ 34,465	35,264	35,413
Less: Allowance for impairment		(34,465)	(35,264)	-
		<u>\$ -</u>	<u>-</u>	<u>35,413</u>

The Group uses lifetime expected loss provision to provide for its expected credit losses on receivables from its related parties and other financial assets. The credit risk on financial assets of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral and took their other assets and sources of subsequent repayments into consideration, resulting in the expected credit income reversing of \$38,291 thousand and impairment losses of zero thousand to be recognized for the six months ended June 30, 2023 and 2022, respectively.

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

	Interest income			
	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Hainan Sanhe	\$ 355	514	\$ 742	878
Zhuke Technology	604	1,460	1,190	3,167
	<u>\$ 959</u>	<u>1,974</u>	<u>\$ 1,932</u>	<u>4,045</u>

(vii) Guarantees

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

	June 30, 2023	December 31, 2022	June 30, 2022
Zhuke Technology	<u>\$ -</u>	<u>42,065</u>	<u>56,098</u>

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 Hainan Sanhe and Zhuke Technology who violated the agreement. Please refer to Note 9(a) for further information. The details were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Contract value	<u>\$ 43,100</u>	<u>92,867</u>	<u>93,262</u>
Residual amounts	<u>\$ 27,536</u>	<u>50,332</u>	<u>58,546</u>
Loss allowance (reported as other current liabilities)	<u>\$ 4,945</u>	<u>2,953</u>	<u>-</u>

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 \$2,107 thousand for the six months ended June 30, 2023.

(ix) Others

- 1) The Group provided management consulting services and signed service contracts with other related parties. For the three months and six months ended June 30, 2023 and 2022, the revenue from consulting services was \$617 thousand, \$2,886 thousand, \$1,037 thousand and \$5,350 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.
- 4) On March 31, 2023, and June 8, 2023, the Group signed a cash capital increase underwriting agreement with the affiliated company Sandmartin International Holdings Ltd. and participated in its cash capital increase, with the Group acting as the lead underwriter; The Group subscribed a total of 375,438 thousand shares according to the shareholding ratio and the underwriting agreement, and the subscription price was HK\$0.12 per share. The prepaid investment amount on June 30, 2023, was \$178,879 thousand (listed in other non-current assets). In addition, the commission income collected by the Group due to the underwriting agreement was \$2,512 thousand.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 13,863	12,903	27,282	25,990

- (ii) The Group granted key management personnel rights to subscribe treasury shares as prepaid salaries. As of June 30, 2023, December 31, 2022 and June 30, 2022, those prepaid salaries amounting to \$39,193 thousand (CNY\$9,097 thousand), \$40,074 thousand (CNY\$9,091 thousand) and \$40,368 thousand (CNY\$9,119 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	June 30, 2023	December 31, 2022	June 30, 2022
Inventories (for construction business)	Bank loans	\$ 1,438,771	1,437,793	1,182,051
Other financial assets	Bank loans, bank depository funds	15,623	27,117	24,832
Other financial assets	Frozen due to lease dispute	14,582	13,621	24,316
Other financial assets	Bank loans	579,949	40,689	43,893
Lease payment receivables	Other secured loans	2,940	19,339	29,493
Property, plant and equipment	Bank loans, other secured loans	12,108,705	12,719,171	10,308,377
Investment Property	Bank loans	140,603	141,090	141,576
		\$ 14,301,173	14,398,820	11,754,538

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:

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Contracted price</u>			
Construction of land and building	\$ 665,331	665,331	665,331
Contracting out of project	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 as 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 six months ended June 30,2023, 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:

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	June 30, 2023	December 31, 2022	June 30, 2022
Contract value	\$ 118,806	259,613	302,031
Residual amounts	\$ 52,259	90,790	151,489

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

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

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

(b) Contingencies

- (i) While the Group acquired the Quanzhou real estate, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the fourth floor of Quanzhou real estate with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the fourth floor of Quanzhou real estate in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the fourth floor of Quanzhou real estate may not be at risk of impairment.
- (ii) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as “Chongqing Zhengsheng”), to reduce the period for the lease payments due to the COVID-19 pandemic in 2020. However, the negotiation failed and Chongqing Zhengsheng filed a lawsuit against the Group in November 2020 demanding for the payment of the arrears and rental of the extended area used by the Group. In addition, the Group also counterclaimed the rental pricing in this case, requesting a reduction of the rent. On June 26, 2023, the court ruled in the second instance that the Group should pay rent exceeding the agreed area and rent arrears of \$67,428 thousand (CNY\$ 15,651 thousand) from the previous year, which were recognized as operating expenses and lease liabilities. Liquidated damages and litigation-related expenses of \$11,848 thousand (CNY\$ 2,750 thousand) were recognized as operating expenses, other gains and other payables.
- (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.

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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. On July 28, 2022, the court ruled in the first instance that the Group won the case, but Hubei Huayu refused to accept the court's judgment and appointed a lawyer to file an appeal, which is still in court. After the assessment of the Group, the right to make a claim occurred in 2017 exceeded the 3-year limitation period for the protection of civil rights according to the law. In addition, the Group has paid on schedule according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it is determined that the Group have no obligation to pay any compensation.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd., a subsidiary of the Group, has suffered continuous operating losses. According to the resolution of the board of directors, it is expected to close its business on August 31, 2023

(12) Other:

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

By function	For the three months ended June 30					
	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 83,546	132,619	216,165	87,293	121,731	209,024
Health and labor insurance	-	1,367	1,367	317	952	1,269
Pension	-	14,318	14,318	287	15,230	15,517
Others	5,620	50,270	55,890	4,683	23,659	28,342
Depreciation	108,971	382,476	491,447	105,633	416,978	522,611
Amortization	13,118	1,835	14,953	11,686	702	12,388

By function	For the six months ended June 30					
	2023			2022		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 161,903	281,005	442,908	164,493	246,992	411,485
Health and labor insurance	-	3,244	3,244	625	2,233	2,858
Pension	-	29,373	29,373	567	29,723	30,290
Others	12,577	76,843	89,420	8,929	49,860	58,789
Depreciation	216,114	770,281	986,395	209,176	828,796	1,037,972
Amortization	26,110	3,575	29,685	20,637	4,361	24,998

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 P57-59.
 - (ii) Guarantees and endorsements for other parties : Appendix 2, please refer to the chinese version consolidated financial statements P60-61.
 - (iii) Securities held as of June 30,2023 (excluding investment in subsidiaries, associates and joint ventures) : Appendix 3, please refer to the chinese version consolidated financial statements P62.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock : None.
 - (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 P63.
 - (ix) Trading in derivative instruments : None
 - (x) Business relationships and significant intercompany transactions : Appendix 5, please refer to the chinese version consolidated financial statements P64.
- (b) Information on investees : Appendix 6, please refer to the chinese version consolidated financial statements P65-66
- (c) Information on investment in mainland China : Appendix 7, please refer to the chinese version consolidated financial statements P67-68
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Henghua Investment Co., Ltd.		57,065,945	6.91%
CAPITAL SECURITIES trusted custody Investment account of Lukfook Financial (HK) Ltd.		46,358,716	5.62%

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Note: 1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.
- 2) In the case of the above information, if a shareholder delivers shares to the trust, the shares will be individually disclosed by the trustee who opened the trust account. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings should include the shares held by the shareholder, as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, please refer to the Market Observation Post System website of the TWSE.

(14) Segment information:

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

	Shipping department	Investing department	Retail department	Rental department	Property department	Reconciliation and elimination	Total
For the three months ended June 30, 2023							
Revenue							
Revenue from external customers	\$ 404,380	1,722	911,872	13,006	-	-	1,330,980
Intersegment revenues	-	394	-	-	-	(394)	-
Total revenue	<u>\$ 404,380</u>	<u>2,116</u>	<u>911,872</u>	<u>13,006</u>	<u>-</u>	<u>(394)</u>	<u>1,330,980</u>
Reportable segment profit or loss	<u>\$ 64,636</u>	<u>(1,308)</u>	<u>(252,758)</u>	<u>(33,763)</u>	<u>(13,669)</u>	<u>-</u>	<u>(236,862)</u>
For the three months ended June 30, 2022							
Revenue							
Revenue from external customers	\$ 505,624	1,539	1,010,023	14,177	-	-	1,531,363
Intersegment revenues	-	19,777	-	-	-	(19,777)	-
Total revenue	<u>\$ 505,624</u>	<u>21,316</u>	<u>1,010,023</u>	<u>14,177</u>	<u>-</u>	<u>(19,777)</u>	<u>1,531,363</u>
Reportable segment profit or loss	<u>\$ 174,501</u>	<u>9,097</u>	<u>(125,520)</u>	<u>(91,243)</u>	<u>(8,897)</u>	<u>-</u>	<u>(42,062)</u>

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Shipping department	Investing department	Retail department	Rental department	Property department	Reconciliation and elimination	Total
For the six months ended June 30, 2023							
Revenue							
Revenue from external customers	\$ 857,703	3,443	1,968,454	28,494	-	-	2,858,094
Intersegment revenues	-	792	-	-	-	(792)	-
Total revenue	\$ 857,703	4,235	1,968,454	28,494	-	(792)	2,858,094
Reportable segment profit or loss	\$ 191,374	(41,909)	(246,065)	(53,522)	(25,657)	-	(175,779)
For the six months ended June 30, 2022							
Revenue							
Revenue from external customers	\$ 991,028	3,205	2,260,822	46,009	-	-	3,301,064
Intersegment revenues	-	38,404	-	-	-	(38,404)	-
Total revenue	\$ 991,028	41,609	2,260,822	46,009	-	(38,404)	3,301,064
Reportable segment profit or loss	\$ 371,833	2,216	(174,852)	(120,474)	(16,120)	-	62,603