Stock Code:2601

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Financial Statements

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

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Table of contents

Representation Letter

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

Company name: First Steamship Company Ltd.
Chairman: Jen-Hao Kuo
Date: March 28, 2024.

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Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As stated in Note 3(a) to the consolidated financial report, the Group 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 to the consolidated financial statements for the year ended December 31, 2022 and the consolidated balance sheet as of January 1, 2022. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023 of the Group. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of goodwill and trademark

   Please refer to Note 4(n) “Impairment of non-financial assets” to the consolidated financial statements for the accounting policies on recognition, 5(b) for accounting assumptions and estimation uncertainties, and 6(k) “Intangible assets” for further details, respectively.

   Description of key audit matter:

   As of December 31, 2023, the Group’s intangible assets, whose primary components were goodwill and trademark obtained upon acquisition of GORG in 2006, constituted approximately 5% of the Group’s total assets. In recent years, the department store industry has been influenced by the COVID 19 pandemic, and the declined profits of the industry have not returned to the pre-epidemic level, making it a tough challenge to maintain revenues and profitability. Therefore, the Group concerned if the carrying amounts of the impacted goodwill, trademark and operating assets that obtained upon the acquisition had exceeded the recoverable amounts thereof. In accordance with IAS 36 “Impairment of Assets”, the Group’s management estimated the present value of the Department Store Segment’s discounted future cash flows, in order to determine the recoverable amounts of the aforementioned assets. For 2023, impairment losses of $306,421 thousand were recognized. As the high degree of estimation uncertainty regarding the recoverable amounts involved management’s subjective judgment, there was risk of overestimation with respect to the carrying amounts of the goodwill, trademark, and operating assets. Therefore, we determined the assessment of impairment of the aforementioned assets to be a key audit matter.

   How the matter was addressed in our audit:

   We obtained the model and related assumptions that the Group’s management adopted to evaluate impairment of assets, in order to ascertain whether management had identified all the cash generating units (“CGU”) which might had been impaired and whether all the assets requiring impairment tests had been included in the valuation. In addition, we reviewed each financial assumption adopted by management and the supporting documents related to recoverable amounts, so as to verify both the reasonableness of management’s assumptions and the accuracy of calculation based on available relevant information. Also, we assessed whether historical financial performance was in accordance with management’s previous forecasts, with a view to verifying the accuracy of the forecasts made by management. Apart from that, we examined the appropriateness of the Group’s disclosure of the aforementioned assets.

2. Impairment of assets

   Please refer to 4(n) “Impairment of non-financial assets” to the consolidated financial statements for the accounting policies on recognition, 5(a) “Impairment assessment for property, plant, equipment, and right-of-use assets” for accounting assumptions and estimation uncertainties regarding the impairment, and 6(i) “Property, plant, and equipment” and (j) “Right-of-use assets” for further details, respectively.

   Description of key audit matter:

   As of December 31, 2023, the Group’s property, plant, equipment and right of use assets, whose primary components were operating assets of both the Department Store Segment and the Marine Transportation Segment, constituted approximately 68% of the Group’s total assets. In recent years, the mainland region has been influenced by COVID-19. The decreased profits of the department store industry have not yet returned to the pre-epidemic level. The decline in consumer spending has led to deflation, which has also caused changes in real estate value in the mainland region. This further raised the concern over whether the carrying amounts of the above-mentioned assets used in the operations of First Steamship Group exceeded their recoverable amounts. In accordance with IAS 36 “Impairment of Assets”, the Group’s management estimated the present values of the Department Store Segment’s discounted future cash flows, in order to determine the recoverable amounts of the aforementioned assets. For 2023, impairment losses of $702,859 thousand were recognized. As the high degree of estimation uncertainty regarding recoverable amounts involved management’s subjective judgment, there was risk of overestimation with respect to the carrying amounts of operating assets. Therefore, we considered the assessment of impairment of the aforementioned assets to be a key audit matter.

How the matter was addressed in our audit

We obtained the model and related assumptions that the Group's management adopted to assess impairment of assets, so as to examine whether management had identified all the cash generating units ("CGU") which might had been impaired and whether all the assets requiring impairment tests had been included in the assessment. In addition, we reviewed each financial assumption adopted by management and the supporting documents related to recoverable amounts, so as to verify both the reasonableness of management' s assumptions and the accuracy of calculation based on available relevant information. Also, we assessed whether historical financial performance was in accordance with management's previous forecasts, with a view to verifying the accuracy of the forecasts made by management. Moreover, we obtained fair value appraisal reports issued by external experts for property, plant, equipment, and right-to-use assets from management. Apart from that, we entrusted our internal experts to review those fair value assessment reports and relevant information, with a view to confirming the reasonableness of valuation methodology. Furthermore, we looked into the Group' s disclosure of the impairment of the aforementioned assets to ascertain the appropriateness.

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 audit report of another auditor. The total assets of Mariner Finance Ltd. constituted 1% and 2% of the total consolidated assets as of December 31, 2023 and 2022, respectively, and both its net operating revenues constituted 1% of net consolidated operating revenues for both years then ended.

We did not audit the financial statements of certain associates of the Group, which represented the investments in other entities accounted for using the equity method. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those associates, is based solely on the audit reports of other auditors. As of December 31, 2023 and 2022, the Group accounted for certain associates using the equity method, and the investments in those associates constituted 1% and 2% of total consolidated assets, respectively. As of December 31, 2023 and 2022, the share of profits or losses of equity-accounted associates constituted 8% and 41% of the consolidated net losses before tax, respectively.

First Steamship Co., Ltd has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion with other matter paragraphs.

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

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

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

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chang, Shu-Ying and Pan, Chun-Ming.

KPMG

Taipei, Taiwan (Republic of China)
March 28, 2024

Notes to Readers

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

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022, January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6(a))	$ 1,834,232	5	2,987,197	8	4,275,526	10
1110	Current financial assets at fair value through profit or loss (Note 6(b))	167,661	-	245,828	1	111,216	-
1150	Notes receivable, net (Note 6(c))	-	-	265	-	-	-
1170	Accounts receivable, net (Notes 6(c), 7 and 8)	353,770	2	535,679	1	539,068	1
1200	Other receivables, net (Notes 6(b), (d), (g), (x) and 7)	134,141	-	177,838	-	644,357	2
1300	Inventories	203,576	1	239,288	1	264,967	1
1320	Inventories (for construction business) (Notes 6(e), 8 and 9)	1,748,420	5	1,738,391	5	1,365,621	3
1461	Non-current assets classified as held for sale (Note 6(f))	-	-	-	-	196,292	-
1476	Other current financial assets (Notes 6(l), (x), 7, 8 and 9)	526,454	1	104,901	-	103,179	-
1479	Other current assets (Notes 7 and 9)	319,069	1	448,880	1	416,199	1
		5,287,323	15	6,478,267	17	7,916,425	18
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss	-	-	-	-	127,578	-
1535	Non-current financial assets at amortized cost (Note 13)	59,900	-	59,900	-	59,900	-
1550	Investments accounted for using equity method (Note 6(g))	481,510	1	786,283	2	762,825	2
1600	Property, plant and equipment (Notes 6(i) and 8)	12,305,871	35	13,739,553	37	13,833,681	34
1755	Right-of-use assets (Notes 6(j) and 8)	11,501,840	33	11,089,224	30	12,448,250	30
1760	Investment property, net (Note 8)	140,116	-	141,090	-	142,063	-
1780	Intangible assets (Note 6(k))	1,691,118	5	2,061,101	5	2,038,984	5
1840	Deferred tax assets (Note 6(r))	2,782,429	8	2,804,815	7	3,225,179	8
1915	Prepayments for business facilities	-	-	-	-	470	-
1935	Long-term lease payments receivable (Notes 6(c), 7 and 8)	6,684	-	132,425	-	309,003	1
1975	Net defined benefit asset, non-current	2,975	-	2,939	-	894	-
1980	Other non-current financial assets (Notes 6(l), 7 and 8)	818,884	2	221,238	1	263,794	1
1990	Other non-current assets (Notes 6(g), (s) and 7)	290,303	1	284,723	1	221,603	1
		30,081,630	85	31,323,291	83	33,434,224	82
	Total assets	**$ 35,368,953**	**100**	**37,801,558**	**100**	**41,350,649**	**100**

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets (CONT'D)

December 31, 2023 and 2022, January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Note 6(m))	3,657,193	10	2,827,445	6	3,396,693	8
2110	Short-term notes and bills payable	-	-	-	-	99,846	-
2170	Accounts payable (Note 6(o))	1,272,029	4	970,940	3	2,013,436	5
2200	Other payables (Notes 6(o), 7 and 9)	1,232,947	4	992,246	3	986,971	2
2230	Current tax liabilities	41,489	-	50,051	-	54,547	-
2260	Liabilities related to non-current assets classified as held for sale	-	-	-	-	340	-
2280	Current lease liabilities (Notes 6(p), 7 and 9)	838,426	3	947,988	3	837,940	2
2322	Long-term borrowings, current portion (Note 6(n))	1,018,680	3	1,334,503	4	1,621,462	4
2399	Other current liabilities (Notes 6(f), (x), 7 and 9)	81,677	-	87,708	-	230,303	1
		8,142,441	24	7,210,881	19	9,241,538	22
	Non-Current liabilities:						
2500	Non-current financial liabilities at fair value through profit or loss (Note 6(b))	27,813	-	26,125	-	23,234	-
2540	Long-term borrowings (Note 6(n))	4,020,116	11	5,182,200	14	4,932,646	12
2570	Deferred tax liabilities (Note 6(r))	2,227,375	6	2,101,143	6	2,422,888	6
2580	Non-current lease liabilities (Notes 6(p), 7 and 9)	9,431,523	27	9,044,616	23	10,770,711	25
2645	Guarantee deposits	573,039	2	591,528	2	700,582	2
		16,279,866	46	16,945,612	45	18,850,061	45
	Total liabilities	24,422,307	70	24,156,493	64	28,091,599	67
	Equity attributable to owners of parent (Notes 6(g) and (s)):						
3100	Capital stock	8,247,761	23	8,347,761	22	8,347,761	20
3200	Capital surplus	1,932,221	5	1,926,712	5	1,906,116	5
3300	Retained earnings	(1,095,839)	(3)	648,789	2	641,378	2
3400	Other equity interest	(354,024)	(1)	(303,885)	(1)	(982,609)	(2)
3500	Treasury shares	-	-	(94,491)	-	(94,491)	-
	Total equity attributable to owners of parent:	8,730,119	24	10,524,886	28	9,818,155	25
36XX	**Non-controlling interests (Notes 6(h) and (s))**	2,216,527	6	3,120,179	8	3,440,895	8
	Total equity	10,946,646	30	13,645,065	36	13,259,050	33
	Total liabilities and equity	$ 35,368,953	100	37,801,558	100	41,350,649	100

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(q), (u) and 7)**	$ 5,501,923	100	6,326,043	100
5000	**Operating costs (Notes 6(q) and (w))**	1,893,928	34	2,007,316	32
	Gross profit from operations	3,607,995	66	4,318,727	68
	Operating expenses:				
6000	Operating expenses (Notes 6(p), 7 and 9)	3,658,570	66	3,539,484	56
6450	Expected credit loss (Notes 6(c) and 7)	200,234	4	177,611	3
6300		3,858,804	70	3,717,095	59
	Net operating income	(250,809)	(4)	601,632	9
	Non-operating income and expenses :				
7100	Interest income (Notes 6(w) and 7)	67,243	1	40,466	1
7010	Other income (Note 6(w))	15,779	-	3,616	-
7020	Other gains and losses, net (Notes 6(f), (g), (i), (j), (k), (w), 7 and 9)	(823,342)	(15)	334,431	5
7050	Finance costs (Notes 6(p), (w) and 7)	(922,705)	(17)	(853,698)	(12)
7055	Expected credit loss (Notes 6(d), (l), (x) and 7)	(102,298)	(2)	(214,172)	(3)
7060	Share of loss of associates accounted for using equity method, net (Note 6(g))	(288,744)	(5)	(49,801)	(1)
		(2,054,067)	(38)	(739,158)	(10)
7900	**Loss before income tax**	(2,304,876)	(42)	(137,526)	(1)
7950	**Less: Income tax expenses (Note 6(r))**	227,531	4	217,904	3
	Loss	(2,532,407)	(46)	(355,430)	(4)
8300	**Other comprehensive income (loss) after tax:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	(75)	-	1,376	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(75)	-	1,376	-
8360	**Items that may be reclassified subsequently to profit or loss: (Notes 6(g) and (s))**				
8361	Exchange differences on translation of foreign financial statements	(96,331)	(2)	623,065	10
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	5,453	-	73,259	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(90,878)	(2)	696,324	11
8300	**Other comprehensive income (loss) after tax**	(90,953)	(2)	697,700	11
	Comprehensive income	**$ (2,623,360)**	**(48)**	**342,270**	**7**
	Profit (loss) attributable to:				
8610	Owners of parent	$ (1,669,494)	(30)	6,035	2
8620	Non-controlling interests	(862,913)	(16)	(361,465)	(6)
		$ (2,532,407)	**(46)**	**(355,430)**	**(4)**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (1,719,708)	(32)	686,135	12
8720	Non-controlling interests	(903,652)	(16)	(343,865)	(5)
		$ (2,623,360)	**(48)**	**342,270**	**7**
	Earnings per share (Note 6(t))				
9750	Basic earnings per share (NT dollars)	**$**	**(2.02)**		**0.01**
9850	Diluted earnings per share (NT dollars)	**$**	**(2.02)**		**0.01**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings				Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 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 year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035	(361,465)	(355,430)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100	17,600	697,700
Comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135	(343,865)	342,270
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,548	-	(7,548)	-	-	-	-	-	-
Special reserve	-	-	-	67,938	(67,938)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	15,249	-	-	-	-	-	-	15,249	(25,626)	(10,377)
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347	3,775	9,122
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	45,000	45,000
Balance at December 31, 2022	8,347,761	1,926,712	7,548	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886	3,120,179	13,645,065
Profit for the year ended December 31, 2023	-	-	-	-	(1,669,494)	(1,669,494)	-	-	(1,669,494)	(862,913)	(2,532,407)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(75)	(75)	(50,139)	-	(50,214)	(40,739)	(90,953)
Comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,669,569)	(1,669,569)	(50,139)	-	(1,719,708)	(903,652)	(2,623,360)
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	741	-	(741)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(329,945)	329,945	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method(Note 6(g))	-	-	-	-	(75,059)	(75,059)	-	-	(75,059)	-	(75,059)
Retirement of treasury share	(100,000)	5,509	-	-	-	-	-	94,491	-	-	-
Balance at December 31, 2023	**$ 8,247,761**	**1,932,221**	**8,289**	**303,885**	**(1,408,013)**	**(1,095,839)**	**(354,024)**	**-**	**8,730,119**	**2,216,527**	**10,946,646**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from operating activities:			
Loss before tax	$	(2,304,876)	(137,526)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,998,259	2,075,818
Amortization expense		58,719	54,220
Expected credit loss		302,532	391,783
Net gain on financial assets or liabilities at fair value through profit or loss		(86,791)	(18,108)
Interest expense		922,705	853,698
Operating costs (interest expense)		13,440	19,975
Interest income		(67,243)	(40,466)
Dividend income		(759)	(3,616)
Share of loss of associates accounted for using equity method		288,744	49,801
Loss from disposal of property, plant and equipment		2,901	1,359
Gain from disposal of intangible assets		(3,181)	(5,776)
Gain from disposal of investments		(5,113)	(124,895)
Impairment loss on financial assets		1,168,757	155,795
Gain on lease modification		(495,197)	(353,564)
Property, plant and equipment charged to expenses		-	594
Gain (loss) on rent concessions		173,760	(101,425)
Total adjustments to reconcile profit		4,271,533	2,955,193
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit or loss		83,550	20,909
Notes receivable		265	(265)
Accounts receivable		102,706	18,134
Other receivables		9,296	46,628
Inventories		22,847	(341,153)
Other current assets		(48,918)	(66,924)
Net defined benefit assets		(111)	(669)
Total changes in operating assets		169,635	(323,340)
Changes in operating liabilities:			
Increase in financial liabilities at fair value though profit or loss		1,688	2,891
Accounts payable		323,228	(1,081,445)
Other payables		340,047	32,567
Other current liabilities		(25,879)	(8,485)
Total changes in operating liabilities		639,084	(1,054,472)
Total changes in operating assets and liabilities		808,719	(1,377,812)
Total adjustments		5,080,252	1,577,381
Cash inflow generated from operations		2,775,376	1,439,855
Interest received		48,419	61,829
Dividends received		759	3,616
Interest paid		(936,074)	(862,615)
Income taxes paid		(96,104)	(114,257)
Net cash flows from operating activities		1,792,376	528,428

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(178,879)	-
Proceeds from disposal of investments accounted for using equity method	30,157	-
Proceeds from disposal of subsidiaries	-	(8,984)
Proceeds from disposal of non-current assets classified as held for sale	-	186,922
Acquisition of property, plant and equipment	(275,450)	(216,322)
Proceeds from disposal of property, plant and equipment	17,369	10,436
Decrease in other receivables	52,868	240,219
Acquisition of intangible assets	(1,348)	(4,687)
Proceeds from disposal of intangible assets	42,248	55,560
(Increase) decrease in other financial assets	(1,043,524)	17,295
Increase in other non-current assets	(63,426)	(62,901)
Increase in prepaid equipment	-	507
Net cash flows from (used in) investing activities	(1,419,985)	218,045
Cash flows from financing activities:		
Increase (Decrease) in short-term borrowings	859,140	(685,387)
Decrease in short-term notes and bills payable	-	(99,846)
Proceeds from long-term loans	1,031,963	2,021,767
Repayments of long-term loans	(2,518,725)	(2,454,676)
Decrease in guarantee deposits received	(9,025)	(120,794)
Repayments of lease liabilities	(883,157)	(877,100)
Disgorgment of profits	-	9,122
Acquisition of ownership interests in subsidiaries	-	(10,377)
Change in non-controlling interests	-	45,000
Net cash flows used in financing activities	(1,519,804)	(2,172,291)
Effect of exchange rate changes on cash and cash equivalents	(5,552)	117,960
Net decrease in cash and cash equivalents	(1,152,965)	(1,307,858)
Cash and cash equivalents at beginning of period	2,987,197	4,295,055
Cash and cash equivalents at end of period	$ **1,834,232**	**2,987,197**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history

First Steamship Company Ltd. (the "Company") was incorporated in October 1963 in accordance with the Company Act of the Republic of China. The Company's registered office is at 14F, No. 237, Sec. 2, Fuxing S. Rd., Taipei City, R.O.C. The principal business activities of the Company and its subsidiaries ("the Group") are domestic and international marine transportation and related businesses, wholesale of vessels and related components, car and equipment rental, business management consultancy, department store retail industry, domestic and foreign investments, as well as development, rental and sale of both residential and commercial buildings.

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2024.

(3) New standards, amendments and interpretations adopted:

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

The details of impact on the Group's adoption of the new amendments beginning January 1, 2023 are as follows：

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

The amendments narrow the scope of the recognition exemption. When the initial recognition of the transaction results in an equal taxable amount 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 estimated that the above-mentioned amendments might increase the deferred income tax assets and deferred income tax liabilities arising from book-tax difference of leases by $2,363,273 thousand and $2,035,972 thousand as of January 1,2022 and December 31, 2022, respectively.

If the Group carried out accounting treatment in accordance with the previous accounting policies for 2023, both deferred income tax assets and deferred income tax liabilities would be reduced by $2,201,514 thousand as of December 31, 2023.

(ii) Other amendments

The following amendments are not expected to have a significant impact on the Group’s consolidated financial statements.

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

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

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

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

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

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

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

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

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

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(Continued)

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

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include.

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Trading of real estate, and rental and management of buildings	55.00 %	55.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
First Steamship Co., Ltd.	FIRST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	10.00 %	10.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.(Note 1)
First Steamship Co., Ltd.	FIRST MARINER HOLDING LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
First Steamship Co., Ltd.	Yee Young Investment Co, Ltd.	General investing	- %	100.00 %	This is a subsidiary in which the Company owned more than 50% shares, directly or indirectly. On June 9, 2023, the subsidiary has ceased operation and completed its liquidation procedures.
First Steamship Co., Ltd.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	PRAISE MARITIME S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	BEST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	GRAND STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
First Steamship Co., Ltd.	BLACK SEA STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	SHIP BULKER STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
First Steamship Co., Ltd.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	100.00 %	A subsidiary wherein the Company had more than 50% shareholding, directly or indirectly. (Note 2)
FIRST STEAMSHIP S.A.	AHEAD CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST STEAMSHIP S.A.	MEDIA ASSETS GLOBAL LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST STEAMSHIP S.A.	NATURE SOURCES LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST STEAMSHIP S.A.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	46.83 %	46.83 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST STEAMSHIP S.A.	HERITAGE RICHES LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
AHEAD CAPITAL LTD.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	1.79 %	1.79 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST MARINER HOLDING LTD.	FIRST MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST MARINER HOLDING LTD.	MARINER FAR EAST LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
FIRST MARINER CAPITAL LTD.	MARINER CAPITAL LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
MARINER CAPITAL LTD.	Mariner Finance Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Nanjing Youcheng Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Fuzhou Youli Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Dongguan Youcheng Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Guangzhou Youqiang Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Mariner Finance Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance lease	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
GRAND CITI LTD	Grand Ocean Classic Commercial Group Co., Ltd.	Trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commerce Co., Ltd.	Trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan-Commercial Management Co., Ltd.	Management -business, and trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Grand Ocean Classic Commercial Group Co., Ltd.	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	Management consultancy, e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	30.00 %	30.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	70.00 %	70.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Fuzhou Grand Ocean Classic Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Management consultancy,e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	35.30 %	35.30 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly. On October 31, 2022, it would cease operation, and liquidation was in process.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	50.00 %	50.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly. On August 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Optics Valley Grand Ocean Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	100.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	64.70 %	64.70 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly. October 31, 2022,it would cease operation, and liquidation was in process.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	50.00 %	50.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly. On August 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	100.00 %	99.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.
Wuhan Hanyang Grand Ocean Classic Commerce Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, apparels, shoes, hat etc. etc.	- %	1.00 %	An entity wherein the Company had more than 50% shareholding, directly or indirectly.

Note 1: The Group successively purchased the shares in Grand Ocean Retail Group Ltd. in the amount of $10,377 thousand during 2022, increasing the shareholding ratio from 9.69% to 10% recognizing capital surplus of $15,249 thousand.

Note 2: On December 15, 2022, a subsidiary, FIRST STEAMSHIP S.A., pursuant to a board resolution, resolved to reduce capital by $5,264,843 thousand (USD$170,600 thousand) divided into cancelled 1,706 shares by returning cash of $614,315 thousand and equity in 11 vessel subsidiaries in $4,650,528 thousand due to the Group's reorganization. The record date of the capital reduction was December 16, 2022 and related registration procedures have been completed accordingly.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

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

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

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

(ii) Foreign operations

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

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

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

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

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

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

An entity shall classify a liability as current and non-current when:

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

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

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

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through profit or loss (FVTPL)

All financial assets (e.g., financial assets that are held for trading and with performance managed and evaluated at fair value) not classified as amortized cost or FVOCI as described above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivables, long-term lease payments receivable and other financial assets).

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

· debt securities that are determined to have low credit risk at the reporting date；and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

(Continued)

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

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

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

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

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

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

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

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 1 year past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Based on its experience, it would not be possible to recover the overdue amount from the company account after 1 year.

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

7) Financial guarantee contract

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

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

(h) Inventories

The Department Store Segment

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

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

The Construction Segment

The initial costs of inventories include all necessary expenditures on bringing them to a condition and location wherein they are available for sale or construction. The developing costs for real estate include construction, land, borrowings, and project expenses. When the construction is finished, construction in progress will be reclassified as buildings held for sale, and the Group will recognize operating costs in accordance with the ratio of sales to development costs. Subsequently, inventories are measured at the lower of cost and net realizable value. When the costs exceed net realizable values, the costs should be written down to their net realizable values, and the amount of write-down should be recognized as costs of sale for the current period. The net realizable values were measured as follows:

(i) Land held for construction site : Net realizable value is calculated based on the replacement cost or the estimated selling price (based on market condition), less the estimated selling expenses.

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

(iii) Buildings held for sale: Net realizable value is calculated based on the estimated selling price (based on the market condition), less the estimated selling expenses.

(i) Investment in associates

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

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

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

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

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

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

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

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

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

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

(Continued)

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and structures	10～50 years
2) Transportation equipment	1～ 5 years
3) Vessel equipment	3～26 years
4) Office equipmentt	1～ 5 years
5) Leasehold improvement	1～20 years

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

(iv) Reclassification to investment property

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

(l) Lease

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

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

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

— there is any lease modifications

(Continued)

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

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

The Group presents right-of-use assets and lease liabilities as a separate line item respectively in the statement of financial position.

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

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

(ii) As a lessor

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

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

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

(m) Intangible assets

(i) Recognition and measurement

Both intangible assets with indefinite useful lives and goodwill arising from acquisition of subsidiaries are measured at cost, less accumulated impairment losses.

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

(ii) Subsequent expenditures

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

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

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

1) Computer software 5～10 years

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

(n) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

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

(o) Revenue

(i) Revenue from contracts with customers

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

1) Sales of goods

The Group’ s sells general merchandise in the retail market. The Group recognizes revenue when the control of the product has transferred. Payment of the transaction price is due immediately when the customer purchases the product.

2) Customer loyalty program

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

3) Services

Revenue from rendering of services is recognized in profit or loss in proportion to the extent of completion of the transaction at the reporting date.

4) Marine transportation revenue

The Group' s Marine Transportation Segment provides vessels, personnel and, transportation services for customers, and recognizes revenue over time for the period agreed upon in the contract. The revenue is applicable to IFRS 16.

5) Commission revenue

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

6) Land development and sale of real estate

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

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

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7) Financing components

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

The Group preliminarily assesses whether there is a difference between the consideration for contractual commitment and the current selling price on an individual contract basis, and whether the advance real estate receipts include financing factors. Reducing both the resale price risk and losses to be compensated by the Group, advance real estate receipts are a protective measure against breach of contract by the customer, rather than a significant financing component of the financing funds obtained from the customer.

(ii) Contract costs — incremental costs of obtaining a contract

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

The Group recognizes the incremental costs which meet the expectation to recover the costs of obtaining a contract through the sale of the real estate as assets and amortizes the amounts on the basis of the transfer of pre-sold houses.

(p) Government grants

When the Group is entitled to receive related government subsidies, it recognizes the unconditional subsidies as other income.

Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(q) Income taxes

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

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

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (1) affects neither accounting nor taxable profits (losses) and (2) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(r) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. The Group's potential dilutive ordinary shares included employee share options.

(s) Operating segments

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

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

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

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

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

(a) Judgment about substantive control over investees

The Group holds 42.11% of the voting shares of Sandmartin International Holdings Limited, becoming the single largest shareholder of the investee; however, a persons acting in concert (PAC) agreement has been reached among specific shareholders. Consequently, the Group obtained neither more than 50% of the investee' s board seats nor more than 50% of the voting rights in a shareholders' meeting. Therefore, it was determined that the Group only had significant influence on this investee.

The Group held 29.11% of the outstanding voting shares in Da Yu Financial Holdings Limited, however, it was not the single largest shareholder of the investee. Besides, the Group obtained neither more than 50% of investee's board seats nor more than 50% the voting rights in a shareholders' meeting, Therefore, it was determined that the Group only had significant influence on this investee.

Assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

(a) Impairment assessment for property, plant and equipment and right of use assets

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

(b) Impairment assessment for goodwill and intangible assetss

The assessment of impairment of goodwill and intangible assets requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Please refer to note 6(k) for further description of the impairment of both goodwill and intangible assets.

Assessment

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

The Group has established relevant internal control systems for fair value measurement. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. Significant unobservable inputs and adjustments are regularly reviewed by the evaluation team. If third party information, such as broker quotes or pricing services, is used to measure fair values, the valuation team will entrust the revaluation to a professional rating agency, so as to ascertain that the fair value classification is in compliance with IFRS.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

Inter-level transfer policy

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

Further information on the assumptions used to measure fair value

Please refer to Note 6(x) "Financial instruments" for information on assumptions used to measure fair values.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash	$ 27,768	25,227
Cash in Bank	1,289,620	2,066,096
Time deposits	516,844	895,874
Cash and cash equivalents in the consolidated statement of cash flows	**$ 1,834,232**	**2,987,197**

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

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets—current		
Shares of stock of listed companies	$ 46,603	94,135
Open fund	11,689	10,852
Foreign Corporate bonds	109,369	5,893
Beneficial interests in construction projects	-	134,948
Total	**$ 167,661**	**245,828**
Held-for-trading financial liabilities:		
Non-derivative financial liabilities—non-current		
Beneficial interests of landowners	**$ 27,813**	**26,125**

(i) In September 2020, the Group and Honor Construction Co., Ltd. (“Honor Construction”), for a residential buildings construction project at Mingde Section, Tucheng District, entered into an interest purchase agreement, whereby the Group purchased 32% of the beneficial interests of the builder at a total contract price of $117,000 thousand. Impacted by the progress of both the overall project and the license review, the Group signed the 2nd supplemental agreement with Honor Construction thereafter on August 18, 2023; Honor Construction shall complete project clearance profit distribution (in the amount of 32% of the agreed minimum profit of $255,377 thousand) by October 31, 2023 and the project profit distribution by December 31, 2023. As of December 31, 2023, the Group has recovered capital invested by in the project it in full, reclassified minimum profit share of $81,708 thousand as other receivables.

(ii) In 2021, the Group and Sanlinger Investment Development Co., Ltd. entered into an interest sale agreement for a land investment project located at Wushigang section, Toucheng township, Yilan County, whereby the Group sold 20% of its beneficial interests in the project and received a price of $20,400 thousand. Thereafter, Sanlinger Investment Development Co., Ltd. shall bear the costs of land development and holding on a pro rata basis, and the accumulated costs collected by the Group amounted to $7,413 thousand and $5,725 thousand as of December 31, 2023 and 2022, respectively.

(iii) Please refer to Note 6(x) for disclosure of credit risk and market risk.

(iv) All of the financial assets mentioned above have not been pledged as collateral.

(c) Trade receivables and notes receivable

	December 31, 2023	December 31, 2022
Current		
Notes receivable	$ -	265
Accounts receivable	237,137	304,113
Less: Loss allowance	(38,259)	(30,669)
	198,878	273,709
Lease payments receivable (including operating leases)	759,787	590,647
Less:unearned financing income	(113,406)	(93,059)
Loss allowance	(491,489)	(235,353)
	154,892	262,235
Subtotal	353,770	535,944
Non-current		
Leases payment receivables	21,722	245,363
Less:unearned financing income	(1,417)	(24,341)
Loss allowance	(13,621)	(88,597)
Subtotal	6,684	132,425
Total notes and accounts receivable, net	**$ 360,454**	**668,369**

(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) Impacted by COVID-19, the Lease Segment' s overdue lease receivables from related parties increased its credit risk significantly; therefore, its credit risk has been assessed on an individual basis. The following table presents the loss allowance recognized by the Group after evaluating the value of the collateral:

	December 31, 2023	December 31, 2022
Lease payments receivable	$ 481,288	474,292
Less: Loss allowance	(370,553)	(177,491)
	$ 110,735	296,801

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

	December 31, 2023		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	$ 8,080	0.97%	78
1 to 30 days past due	9	8.28%	1
31 to 60 days past due	2,336	7.69%	180
61 to 90 days past due	1,880	18.06%	339
More than 90 days past due (Note)	173,093	77.39%	133,959
	$ 185,398		134,557

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

Note: As of December 31, 2023 and 2022, the Group filed a lawsuit to collect the above-mentioned overdue receivables totaling $114,820 thousand (RMB26,481 thousand) and $128,676 thousand (RMB29,192 thousand) arising from its rental business. The Group assessed the recoverability of those overdue receivables and recognized loss allowances of $78,242 thousand (RMB18,045 thousand) and $84,769 thousand (RMB19,231 thousand), respectively, after deducting unrealized financing income and guarantee deposits.

(Continued)

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

2) The main trade receivables of the Group's Department Store Segment were credit card payments to be collected from banks, and the average credit period was 2 to 3 days; there was no concern about recoverability. Additionally, customers running rental businesses were impacted by COVID-19, resulting in delays in a portion of payments. The Group applies the simplified approach to provide for its expected credit losses (ECLs) on receivables from customers running rental businesses.

A portion of accounts receivable of the Group's Department Store Segment was in the processes of either mediation or litigation, for which the Group has recognized loss allowances in accordance with the ruling of the 1st instance. The details were as follows:

	December 31, 2023	December 31, 2022
Amount related to mediation or litigations	$ 19,411	18,589
Less: Loss allowance	(19,411)	(18,589)
	$ -	-

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

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 156,380	0%	-
1 to 90 days past due	30,364	0%	-
91 to 180 days past due	4,338	0%~9%	389
181 to 270 days past due	1,436	41%	591
271 to 365 days past due	6,421	100%	6,421
More than 365 days past due	11,447	100%	11,447
	$ 210,386		**18,848**

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

(Continued)

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

3) The analysis of ECLs on accounts receivables of the Marine Transportation Segment was as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 7,340	-	-

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

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

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

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

	For the years ended December 31	
	2023	2022
Balance on January 1	$ 354,619	178,338
Impairment losses recognized	200,234	177,611
Amounts written off	(1,778)	(3,004)
Foreign exchange gains (losses)	(9,706)	1,674
Balance on December 31	$ 543,369	354,619

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

	December 31, 2023	December 31, 2022
Less than one year	$ 759,787	590,647
One to two years	20,657	237,241
Two to three years	1,065	8,122
Total investments in lease	781,509	836,010
Unearned financing income	(114,823)	(117,400)
Present value of lease payments receivable	$ 666,686	718,610

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

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

(v) The accounts receivable mentioned above have been pledged as collateral for both bank loans and facilities; please refer to Note 8 for details.

(d) Other receivable

		December 31, 2023	December 31, 2022
Other receivables－loans (Note 7)	$	15,289	71,018
Other receivables－investment contributions		264,491	268,888
Other receivables－lease deposits		61,793	62,820
Other receivables－beneficial interests in construction projects		81,708	-
Other receivables－others		74,124	62,934
Less: Loss allowance		(363,264)	(287,822)
	$	**134,141**	**177,838**

(i) The Group's other receivables－ others were mainly the advance payments made by the Department Store Segment on behalf of its dealers for promotional activities. As the Group and the dealers have been in a long term business relationship, the Group assessed that there should be no concern over the recoverability of these receivables, taking into consideration historical experience. Therefore, loss allowances for the period were measured based on 12-month ECLs. Please refer to Note 6(x) for other credit risk information.

(ii) Xiangtan Grand Ocean Department Store Co., Ltd. (Xiangtan), one of the Group's subsidiaries, pursuant to a board resolution, would cease operation when its lease contract expired in December 2018, and a guarantee deposit amounting to RMB15,000 thousand for lease of the mall should be refunded. 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 RMB14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court's decision. Therefore, the Group filed an appeal on November 13, 2019. However, the 2nd-instance court made the final decision to uphold the 1st-instance ruling on January 16, 2020. Furthermore, Xiangtan filed an appeal with the court to freeze the property of Xiangyuan, which was approved by the court. 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 enforced payment of $1,952 thousand (RMB448 thousand). The Group considered that the department store industry had been seriously affected by COVID-19 recently and the future development of this region would be highly uncertain. As of December 31, 2023 and 2022, the Group recognized lease deposits of $61,793 thousand (RMB14,252 thousand) and $62,820 thousand (RMB14,252 thousand) as well as loss allowances of $61,793 thousand (RMB14,252 thousand) and $31,410 thousand (RMB7,126 thousand) based on conservatism.

(iii) In 2012, the Group paid a guarantee deposit of RMB124,000 thousand to Quanzhou Fengsheng Group for the purchase of the commercial real estate of the Fengsheng Junyuan Development Project at Fengze District, Quanzhou. After assessing the investment value of the project, the Board of Directors of the Group resolved during a meeting held in July 2015 to invest in Quanzhou Fengan Real Estate Development Co., Ltd. (Fengan), and expected to obtain 100% shareholding in the company at a contract price of RMB325,000 thousand. As of December 31, 2015, the Group has paid the amount of RMB200,000 thousand, which was recognized as prepayment for investments. The management of the Group evaluated the uncertainty over the investment and thus terminated the investment. Therefore, the original prepayment for investments of RMB200,000 thousand and other current financial assets of RMB124,000 thousand were reclassified as other receivables on June 30, 2016.

The Group reviewed the nature of other receivables and analyzed the current financial position of the transaction counterparty. In order to secure the aforementioned debt, the Group had acquired equity interests in Fengan to serve as collateral. At the same time, the debtor promised that other investment profits thereof should first be used to repay the debt. On December 31, 2016, the Group assessed that the aforementioned claims would not become doubtful debts. As it should took time for the debtor to complete relevant legal procedures for disposal of investments, the Group and the debtor renegotiated the repayment deadlines, which were changed to April 30, 2017, September 30, 2017, and December 31, 2017; the repayment should be 10%, 40% and 50% of the total amounts, respectively. Upon breach of the agreement, the aforementioned collateral would be transferred to the Group for debt repayment. As of December 31, 2017, the Group had recovered RMB162,000 thousand according to aforesaid agreement. On December 19, 2017, the Board of Directors of the Group resolved to modify the repayment agreement and extended the remaining repayment to June 30, 2018. Due to the delay in disposals of investment, the Fengsheng group still failed to make the repayment by the aforementioned date.

To ensure both the collection schedule of the aforementioned debt claims and the progress of development of Fengan's land, pursuant to a board resolution made on August 12, 2019, the Group entered into a"Debt Confirmation and Repayment Plan Arrangement" with Damahua Investment Co., Ltd. (Damahua), Fengsheng and Fengan, whereby Damahua would grant a loan to Fengan for the development, construction, and sale of real estate on Fengan's land, and the future proceeds from sales would surely be used to settle the aforementioned debt claims. As the development progress of Fengan's property, the collection period would exceed 1 year; therefore, the debt claim was reclassified as other non current receivable (recognized as other non current financial assets). The Group assed that the aforementioned debt should have no impairment concern based on the evaluation report on the collateral.

The Board of Directors resolved to sign the "Agreement for protection and conditional transfer of debt claim"whereby the Group and Damahua were entitled to oversee the development and construction of Fengan's property to ensure that the future sales proceeds would be used to settle the aforementioned debt claims. Damahua agreed that the credit transfer condition would be met under certain circumstances mentioned in transfer agreement (e.g., the construction could not resume as scheduled, judicial sale in a court, or enforced execution). The aforementioned "Agreement for protection and conditional transfer of debt claim" stated that the development project of the Fengan property must be resume by June 30, 2020. However, the progress of approval and the commencement of construction were delayed because of the COVID 19 pandemic, hence the Group agreed to extend the commencement date to December 31, 2020.

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On December 31, 2020, the aforementioned “Agreement for protection and conditional transfer of debt claim” has been reached, whereby Damahua assumed the debt claim. On February 9, 2021, the Group agreed to modify the original repayment terms and timeline because of the impact of the COVID 19 pandemic and the real estate policy in Quanzhou, both of which were force majeure. The repayment schedule was as follows:

1) Damahua agreed to pay RMB30,000 thousand before February 9, 2021.

2) Damahua agreed to pay RMB51,000 thousand before December 31, 2021.

3) Damahua agreed to pay RMB81,000 thousand before June 30, 2022.

4) Under the premise of a written consent of the Group, Damahua was entitled to transfer the title of properties located on Citong road to the Group, as the repayment of debt.

However, due to the force majeure factors of COVID 19, which have seriously affected the society, various industries, as well as the businesses of Damahua, Damahua had to retain part of its working capital. Therefore, Damahua proposed to postpone the payment of the remaining payables the Group until June 30, 2023, for which an agreement was reached in August 2022. As of September 30, 2022, the Group has collected RMB101,000 thousand of the receivables totaling RMB162,000 thousand, leaving RMB61,000 outstanding. The repayment schedule was as follows:

1) Damahua agreed to repay RMB16,000 thousand before December 31, 2022.

2) Damahua agreed to repay RMB16,000 thousand before March 31, 2023.

3) Damahua agreed to repay RMB29,000 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 the above-mentioned debt claim should be the senior debt repaid with the proceeds from disposal of the land.

In 2021, the Group has collected RMB55,500 thousand. In March and June 2022, the Group has collected RMB25,500 thousand and RMB20,000 thousand, respectively. Subsequently, Damahua failed to pay the Group RMB29,000 thousand, RMB16,000 thousand, and RMB16,000 on June 30, 2023, March 31, 2023, and December 31, 2022 as agreed. As of December 31, 2023 and 2022, outstanding receivables amounted to $264,491 thousand (RMB 61,000 thousand) and $268,888 thousand (RMB61,000 thousand), respectively. Recently the Quanzhou government has approved that the development and construction of the Fengan’s property should be undertaken in a cooperative way with existing developers, which should be implemented by the government of Fengze District that has been coordinating to promote the resumption of the construction of Fengan’s property. As the circumstance above and the debt resulted from the purchase of land reserved for Fengan’project, the Group planned to negotiate with Damahua on the subsequent proceeds from the development project, so as to use the proceeds to settle all debt claims.

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

Although the Group assessed that Damahua should be able to repay its debts after distribution of the gains on disposal of Fengan' s land, the China' s economy has not returned to pre-epidemic level. Based on conservatism, the Group recognized allowances for ECLs on the overdue receivables. As of December 31, 2023 and 2022, loss allowances of $264,491 thousand and $169,134 thousand were recognized, respectively.

(e) Inventories (construction department)

	December 31, 2023	December 31, 2022
Land held for construction site	$ 519,010	518,796
Construction in progress	887,205	878,704
Buildings and land held for sale	41,931	41,931
Prepayments for land and development	300,274	298,960
	$ 1,748,420	**1,738,391**

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

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

On July 30, 2021, the Group' s board of directors resolved to dispose of 100% equity in its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui Investment Co., Ltd. for a price of $356,000 thousand, and the Group received a deposit of $150,000 thousand (recognized as other current liabilities) on November 24, 2021, with the all of the remaining amount deposited into a trust account. All related procedures were still in progress, and the transaction was expected to be completed within one year; therefore, the assets and liabilities were recognized in disposal groups held for sale.

On November 7, 2022, equity transfer with respect to the aforementioned non current assets held for sale have been completed, and the final payment of $206,000 thousand has been received. In 2022, the amount of $125,133 thousand was recognized as gains on disposal, including the losses previously related to the subsidiary of $35,136 thousand recognized as other comprehensive income.

Assets and liabilities of Yee Shin investment Co, Ltd. as of November 7, 2022 were as follows:

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

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

(g) Investments accounted for using equity method

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

Investee	December 31, 2023	December 31, 2022
Jiawang Assets Development Co., Ltd.	$ 15,333	4,186
Da Yu Financial Holdings Limited	466,177	754,461
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	-	27,636
Sandmartin International Holdings Ltd.	-	-
Hainan Sanhe Licheng Business Service Co., Ltd.	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-
	$ 481,510	786,283

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

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

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	$ 481,510	786,283

	For the years ended December 31	
	2023	2022
Attributable to the Group:		
Loss from continuing operations	$ (288,744)	(49,801)
Other comprehensive income	5,453	73,259
Total comprehensive income	$ (283,291)	23,458

(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") in the amount of RMB7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as " Nanjing Dongfadao"), wherein the Group obtained 49% equity interest. As of June 30, 2023, the Group has invested $30,157 thousand (RMB7,000).

2) The share repurchase clauses specified in the investment agreement

a) If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity interest in 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 RMB5,000 thousand, the Group has the right to request Shanghai Dongfadao with a written notice to repurchase its shares unconditionally, at a price in the amount of the difference between the total investment amount of the Group and the profit share for the previous period.

3) As Nanjing Dongfadao has been incurring losses for 6 consecutive months and has not distributed profits, the Group signed an agreement for equity repurchase and urban investment termination with Shanghai Dongfadao on June 28, 2023. The equity was repurchased at a total price of $30,157 thousand (RMB7,000 thousand). On August 30, 2023, the Group completed equity transfer procedures and recognized gains of $5,113 thousand (RMB1,156 thousand) on disposal of investment. According to the agreement, the Group collected the equity repurchasing price in installments. As of December 31, 2023, the uncollected amount was $17,516 thousand (RMB4,040 thousand), for which other receivables of $8,324 thousand (RMB1,920 thousand) and other non-current assets of $9,192 thousand (RMB2,120 thousand) were recognized.

(iii) In 2023, the Group signed a cash capital increase underwriting agreement with an affiliated company to subscribe for shares issued by it, Sandmartin International Holdings Ltd., pursuant to a resolution of the board of directors; the Group acted as the lead underwriter. The Group subscribed for a total of 375,438 thousand shares according to the shareholding ratio and the underwriting agreement. The subscription price was HK$0.12 per share, and the investment amount was $178,879 thousand, increasing shareholding from 28.98% to 42.11% and recognizing retaining earnings of $(75,059) thousand. The Group determined that it only had significant influence rather than substantive control over Sandmartin International Holdings Ltd. Please refer to Note 5 for further details.

(iv) The Group conducted impairment tests for goodwill and other intangible assets identified during original investment in Dayu Financial Holdings Limited. The recoverable amount was estimated based on its value in use and, as assessed by management, its carrying amount higher than the recoverable amount of $466,177 thousand. Accordingly, impairment losses amounting to $100,258 thousand were recognized in other gains and losses. As of December 31, 2023, the estimated growth rate of value in use was calculated using a pre-tax discount rate of 10.52% and a growth rate of 2.5%.

(v) Guarantees

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

(h) Material non-controlling interests of subsidiaries

The following table sets out a subsidiary whose non controlling interests were material to the Group:

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

(Continued)

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

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.

Financial information of GRAND OCEAN RETAIL GROUP LTD. on an aggregate basis was as follows：

	December 31, 2023	December 31, 2022 (Restatement)	January 1, 2022 (Restatement)
Current assets	$ 2,146,578	2,830,302	4,999,105
Non-current assets	22,089,824	22,550,845	24,641,575
Current liabilities	(6,194,473)	(5,202,977)	(7,225,731)
Non-current liabilities	(12,969,130)	(12,922,923)	(14,376,148)
Net assets	**$ 5,072,799**	**7,255,247**	**8,038,801**
Non-controlling interest	**$ 2,099,126**	**3,002,223**	**3,351,378**

	For the years ended December 31	
	2023	2022
Sales revenue	**$ 3,820,133**	**4,150,142**
Net loss	$ (2,083,997)	(832,847)
Other comprehensive income (loss)	(98,451)	40,171
Comprehensive income (loss)	**$ (2,182,448)**	**(792,676)**
Net loss, attributable to non-controlling interests	**$ (862,358)**	**(344,904)**
Comprehensive income (loss), attributable to non-controlling interests	**$ (903,097)**	**(327,304)**
Net cash flows from operating activities	$ 1,251,054	(281,224)
Net cash flows from investing activities	(1,197,262)	(66,166)
Net cash flows from financing activities	(659,822)	(1,613,599)
Effect of exchange rate changes	(13,119)	74,515
Net decrease in cash and cash equivalents	**$ (619,149)**	**(1,886,474)**

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

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings	Transportation equipment	Vessel equipment	Office equipment	Lease modifications	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	6,986,519	65,802	22,545,806
Additions	-	-	5,661	4,876	9,358	21,903	158,949	200,747
Reclassifications	-	-	-	-	7,253	182,167	(189,420)	-
Disposals and write-offs	-	-	(61,809)	-	(50,194)	(641,019)	-	(753,022)
Effect of change in foreign exchange rates	-	(76,196)	(1,634)	3,255	(3,432)	(105,652)	(439)	(184,098)
Balance at December 31, 2023	**$ 126,409**	**4,657,868**	**109,711**	**10,220,855**	**215,780**	**6,443,918**	**34,892**	**21,809,433**
Balance at January 1, 2022	$ 126,409	4,661,517	191,363	9,191,189	234,509	6,742,847	31,595	21,179,429
Additions	-	579	6,099	14,636	4,779	33,607	159,495	219,195
Reclassifications	-	-	-	-	13,110	107,925	(121,035)	-
Reclassification to intangible assets	-	-	-	-	-	-	(3,951)	(3,951)
Disposals and write-offs	-	-	-	-	-	-	(594)	(594)
Acquisition through business combinations	-	-	(32,730)	-	(3,270)	(1,815)	-	(37,815)
Reclassification to assets held for sale	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	71,968	2,761	1,006,899	3,992	104,900	292	1,190,812
Balance at December 31, 2022	**$ 126,409**	**4,734,064**	**167,493**	**10,212,724**	**252,795**	**6,986,519**	**65,802**	**22,545,806**
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	-	112,580	18,919	419,951	12,221	331,051	-	894,722
Disposals and write-offs	-	-	(42,473)	-	(49,283)	(640,996)	-	(732,752)
Impairment loss	-	527,283	173	-	3,457	110,695	-	641,608
Effect of change in foreign exchange rates	-	(25,305)	(908)	(5,168)	(2,526)	(72,362)	-	(106,269)
Balance at December 31, 2023	**$ -**	**1,430,543**	**59,372**	**3,456,941**	**160,810**	**4,393,579**	**2,317**	**9,503,562**
Balance at January 1, 2022	$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	112,882	27,165	401,781	14,233	432,134	-	988,195
Disposals and write-offs	-	-	(22,113)	-	(2,995)	(912)	-	(26,020)
Impairment loss	-	-	115	-	2,880	150,804	1,791	155,590
Disposal of subsidiaries	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	9,682	1,178	271,023	2,718	59,395	12	344,008
Balance at December 31, 2022	**$ -**	**815,985**	**83,661**	**3,042,158**	**196,941**	**4,665,191**	**2,317**	**8,806,253**
Carrying amounts:								
Balance at December 31, 2023	**$ 126,409**	**3,227,325**	**50,339**	**6,763,914**	**54,970**	**2,050,339**	**32,575**	**12,305,871**
Balance at January 1, 2022	**$ 126,409**	**3,968,096**	**114,047**	**6,821,835**	**54,081**	**2,718,132**	**31,081**	**13,833,681**
Balance at December 31, 2022	**$ 126,409**	**3,918,079**	**83,832**	**7,170,566**	**55,854**	**2,321,328**	**63,485**	**13,739,553**

(Continued)

(i) The Group's buildings and the material components thereof included main buildings, electrical power equipment, and air-conditioners, all of which are depreciated based on the estimated useful lives of 5 to 50 years, 5 to 20 years, and 5 to 20 years, respectively.

(ii) In 2023, the mainland region suffered deflation because of decline in consumer spending caused by COVID-19. On the other hand, the downward trend in its operations compared with the previous years resulted in changes in real estate values in the mainland region. The Group tested impairment of property, plant and equipment, assessing that the recoverable amount was less than their carrying amount. Accordingly, impairment losses of $582,641 thousand were recognized in other gains and losses. The Group assessed the impairment of non-financial assets and calculated the recoverable amounts thereof either as cash generating units' fair values less costs of disposal or as their values in use. Fair value of property, plant and equipment was determined based on the market price of a similar item in the vicinity as well as the valuation of an qualified independent appraiser (who had recent valuation experience in the location and for the type of the property, plant and equipment being valued). The inputs used in the fair value valuation technique were market values classified as Level 3. The key assumptions were as follows:

1) the capitalization rate is 6% to 7%;

2) annual growth rate of rental is 2% to 4%;

3) the remaining period is 12.4 to 38 years;

4) The fair values of property, plant and equipment are measured and adjusted taking into account transaction details, transaction dates and the condition of the underlying subjects.

(iii) Wuhan Hanyang Grand Ocean Classic Commerce Limited, a subsidiary of the Group, ceased operation on August 31,2023 pursuant to a board resolution. Therefore, the Group recognized $58,967 thousand as impairment losses on property, plant and equipment, wrote off related equipment, and derecognized the costs, accumulated depreciation and impairment of $212,609 thousand, respectively.

(iv) Chongqing Optics Valley Grand Ocean Commercial Development Ltd., a subsidiary of the Group, ceased operation on October 31,2022 and recognized $155,590 thousand as impairment losses. In January 2023, it cleared and handed over the site to the owner, wrote off related equipment, and derecognized the costs, accumulated depreciation and impairment of $459,494 thousand, respectively.

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

(Continued)

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

(j) Right-of-use assets

The Group leases many assets, including land, buildings, structures, transportation equipment, and miscellaneous equipment. The movements in related costs, depreciations and impairment losses were as follows:

	Land	Buildings	Transportation and other equipment	Total
Cost:				
Balance at January 1, 2023	$ 3,327,110	10,998,973	66,817	14,392,900
Additions (Note 7)	-	2,447,113	11,610	2,458,723
Disposal and derecognition	-	(10,472)	-	(10,472)
Lease modifications	-	(1,092,802)	-	(1,092,802)
Effect of changes in foreign exchange rates	(54,412)	(206,226)	(971)	(261,609)
Balance at December 31, 2023	**$ 3,272,698**	**12,136,586**	**77,456**	**15,486,740**
Balance at January 1, 2022	$ 3,275,716	11,648,905	58,416	14,983,037
Additions	-	39,779	7,485	47,264
Lease modifications	-	(30,812)	-	(30,812)
Lease modifications	-	(847,391)	-	(847,391)
Effect of changes in foreign exchange rates	51,394	188,492	916	240,802
Balance at December 31, 2022	**$ 3,327,110**	**10,998,973**	**66,817**	**14,392,900**
Accumulated depreciation:				
Balance at January 1, 2023	$ 391,033	2,882,470	30,173	3,303,676
Depreciation for the year	98,089	995,133	9,341	1,102,563
Disposal and derecognition	-	(10,472)	-	(10,472)
Lease modifications	-	(462,429)	-	(462,429)
Disposal and derecognition	120,218	-	-	120,218
Effect of changes in foreign exchange rates	(10,689)	(57,361)	(606)	(68,656)
Balance at December 31, 2023	**$ 598,651**	**3,347,341**	**38,908**	**3,984,900**
Balance at January 1, 2022	$ 288,745	2,224,563	21,479	2,534,787
Depreciation for the year	98,392	979,854	8,404	1,086,650
Disposal and derecognition	-	(30,812)	-	(30,812)
Lease modifications	-	(322,149)	-	(322,149)
Effect of changes in foreign exchange rates	3,896	31,014	290	35,200
Balance at December 31, 2022	**$ 391,033**	**2,882,470**	**30,173**	**3,303,676**
Carrying amounts:				
Balance at December 31, 2023	**$ 2,674,047**	**8,789,245**	**38,548**	**11,501,840**
Balance at January 1, 2022	**$ 2,986,971**	**9,424,342**	**36,937**	**12,448,250**
Balance at December 31, 2022	**$ 2,936,077**	**8,116,503**	**36,644**	**11,089,224**

(Continued)

(i) Wuhan Grand Ocean Jingdian Commercial Ltd., a subsidiary of the Group, aimed to expand its businesses. According to the resolution of the board of directors, it opened a new store on September 1, 2023 and recognized $1,420,603 thousand as right-of-use assets arising from leases of buildings and structures.

(ii) Nanjing Grand Ocean Classic Commercial Ltd., a subsidiary of the Group, leased business premises from a related party in January 2003. As the original contract expired in January 2023, the Group signed another a 10-year lease contract, increasing right-of-use assets by $1,018,088 thousand during the current period.

(iii) In 2023, the mainland region suffered deflation because of decline in consumer spending caused by COVID-19. On the other hand, the downward trend in its operations compared with the previous years resulted in changes in real estate values in the mainland region. The Group tested impairment of right-of-use assets, assessing that the recoverable amount was less than their carrying amount. Accordingly, impairment losses of $120,218 thousand were recognized in other gains and losses. The Group assessed the impairment of non-financial assets and calculated the recoverable amounts thereof either as cash generating units' fair values less costs of disposal or as their values in use. Adopting the income approach, fair values of right-of-use assets were estimated based on the market price of a similar item in the vicinity as well as the valuation of a qualified independent appraiser (who had recent valuation experience in the location and for the type of the right-of-use asset being valued). The inputs used in the fair value valuation technique were market values classified as Level 3. Please refer to Note 6(i) for key assumptions.

(iv) On August 31, 2023 and October 31, 2022, the Group's subsidiaries, Wuhan Hanyang Grand Ocean Classic Commerce Limited and Chongqing Optics Valley Grand Ocean Commercial Development Limited ceased operation pursuant to board resolutions due to continuous operating losses. Lease modifications resulting from the shortened lease term caused by the lease termination are detailed in Note 6(w).

(k) Intangible assets

The costs, amortization, and impairment losses of the Group's intangible assets were as follows:

	Goodwill	Trademark	License Plates	Other	Total
Cost:					
Balance at January 1, 2023	$ 1,473,567	430,294	142,049	43,797	2,089,707
Additions	-	-	-	1,348	1,348
Disposal and derecognition	-	-	(39,067)	-	(39,067)
Effect of change in foreign exchange rates	(24,099)	140	(1,554)	(743)	(26,256)
Balance at December 31, 2023	**$ 1,449,468**	**430,434**	**101,428**	**44,402**	**2,025,732**

(Continued)

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

	Goodwill	Trademark	License Plates	Other	Total
Balance at January 1, 2022	$ 1,450,805	387,825	188,554	34,749	2,061,933
Additions	-	-	-	4,687	4,687
Transferred from construction in progress	-	-	-	3,951	3,951
Disposal and derecognition	-	-	(49,784)	(80)	(49,864)
Effect of change in foreign exchange rates	22,762	42,469	3,279	490	69,000
Balance at December 31, 2022	**$ 1,473,567**	**430,294**	**142,049**	**43,797**	**2,089,707**
Accumulated amortization and impairment loss:					
Balance at January 1, 2023	$ -	-	5,162	23,444	28,606
Amortization for the year	-	-	-	4,387	4,387
Impairment loss	-	306,421	-	252	306,673
Effect of change in foreign exchange rates	-	(4,493)	(84)	(475)	(5,052)
Balance at December 31, 2023	**$ -**	**301,928**	**5,078**	**27,608**	**334,614**
Balance at January 1, 2022	$ -	-	5,082	17,867	22,949
Amortization for the year	-	-	-	5,205	5,205
Reclassifications	-	-	-	205	205
Disposal and derecognition	-	-	-	(80)	(80)
Effect of change in foreign exchange rates	-	-	80	247	327
Balance at December 31, 2022	**$ -**	**-**	**5,162**	**23,444**	**28,606**
Carrying amounts:					
Balance at December 31, 2023	**$ 1,449,468**	**128,506**	**96,350**	**16,794**	**1,691,118**
Balance at January 1, 2022	**$ 1,450,805**	**387,825**	**183,472**	**16,882**	**2,038,984**
Balance at December 31, 2022	**$ 1,473,567**	**430,294**	**136,887**	**20,353**	**2,061,101**

(i) Impairment testing for goodwill and trademarks

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

	December 31, 2023		December 31, 2022	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Goodwill				
Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	$ 102,667	624,745	104,374	749,774
Wuhan Grand Ocean Classic Commercial Development Limited (Note)	189,630	1,142,617	192,783	380,564
Fuzhou Grand Ocean Commerce Limited	1,157,171	1,246,950	1,176,410	1,388,105
	$ 1,449,468	**3,014,312**	**1,473,567**	**2,518,443**

(Continued)

	December 31, 2023		December 31, 2022	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Trademark				
Grand Ocean Classic Commercial Group Co., Ltd.	$ 430,434	128,506	430,294	570,868

Note: During 2023, the recoverable amount, including a new store opened on September 1, 2023, was calculated as fair value of the owner-occupied building less costs of disposal.

The recoverable amount of a CGU is the higher of the fair value less costs of disposal and the value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no concern about impairment loss. The recoverable amount of a CGU as of December 31, 2023 and 2022 was estimated at its value in use, except Fuzhou Grand Ocean Commerce Limited, whose recoverable amount was its fair value, less costs of disposal. Please refer to Note 6(i) for fair value measurement and key assumptions of Fuzhou Grand Ocean Commoncial Ltd.

As the mainland region was affected by the economic environment during 2023, the operating conditions showed a downward trend compared with the previous years. The Group tested impairment of goodwill and trademark rights. It was estimated that the recoverable amount of $128,506 thousand for the CGUs of Grand Ocean Classic Commercial Group Co., Ltd. was less than their carrying amount. Accordingly, the impairment losses on trademark rights of $306,421 thousand were recognized in other gains and losses for 2023.

The recoverable amount of the CGUs of 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 December 31, 2023 and 2022, were estimated at their values in use.

The estimated growth rate of value in use was as follows:

	December 31, 2023	December 31, 2022
Discount rate	10%	10%
Growth rate	1%～10%	5%～11%

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

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

3) The operating income forecast measures the average growth over the past 5 years. Projected based on data of comparable companies, selling prices over the next 5 years would grow at a fixed rate slightly higher than the expected inflation rate.

4) Under the business scheme, operating costs and expenses were estimated based on both past experiences and factors causing movements in each cost and expense.

(Continued)

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

Taking into account the external and internal historical information, these key assumptions represented management's assessment of future trend of the retail industry.

(ii) On August 31, 2023 and October 31, 2022, two subsidiaries of the Group, Wuhan Hanyang Grand Ocean Classic Commerce Limited and Chongqing Optics Valley Grand Ocean Commercial Development Limited ceased operation due to continuous operating losses pursuant to board resolutions, leading to the recognition of impairment losses of $252 thousand and $205 thousand on intangible assets, respectively.

(iii) Impairment testing of license plates

As of December 31, 2023 and 2022, the recoverable amounts of the CGU were as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Intangible assets－license plates	$ 96,350	109,367	136,887	147,836

The fair values of license plates as of December 31, 2023 and 2022 were estimated using the market approach, which was to measure based on transaction prices of items that were identical or similar to the underlying subject, and the fair values were classified as Level 2.

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

	December 31, 2023	December 31, 2022
Other financial assets－current		
Lease deposits	$ 303	28,999
Restricted deposits	457,848	73,241
Debt claims－vehicle purchases	34,687	35,264
Prepaid deposit for extended portion of lease	65,039	-
Others	3,264	2,661
Less: Loss allowance	(34,687)	(35,264)
	$ 526,454	104,901
Other financial assets－non-current		
Lease deposits	$ 191,935	187,228
Performance bonds for cooperation agreements	7,499	8,178
Restricted deposits	523,457	8,186
Litigation security (Note 9)	76,086	-
Others	19,907	17,646
	$ 818,884	221,238

(i) The lease deposit is mainly for lease of malls; the deposit for expansion of leased area was paid by a subsidiary, Yichang Grand Ocean Commerce Limited, to expand the leased area. The deposit will be used to offset the rentals 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 RMB8,000 thousand. Thereafter, Shanghai Zhuke would unconditionally transfer the vehicles to the Group after 3 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 for disposal of vehicles in advance. On August 19, 2021, the Group approved the proposal and reached a supplemental agreement with Shanghai Zhuke, which agreed to pay the amount at a fair value of RMB11,000 thousand upon expiry of the period in use (March 2023). As of December 31, 2023, the aforementioned receivables have not been recovered. Due to significant increase in the credit risk on Shanghai Zhuke, the Group evaluated the credit risk on an individual basis and recognized the full amount as loss allowance.

(iii) For other credit risk information, please refers to Note 6(x).

(m) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 1,143,101	918,080
Secured bank loans	2,514,092	1,909,365
Total	**$ 3,657,193**	**2,827,445**
Unused credit lines	**$ 1,482,815**	**2,073,518**
Range of interest rates	**2.17%~8.09%**	**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:

	December 31, 2023			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Unsecured bank loans	USD	7.72%~8.72%	2024~2026	$ 376,196
	NTD	2.52%-2.78%	2024	150,000
Secured bank loans	USD	6.22%-7.14%	2025~2032	2,595,851
	RMB	4.20%	2025	346,874
	NTD	2.79%-2.85%	2026	1,312,500
Secured notes	NTD	1.31%~1.58%	2026	249,903
Other secured loans	RMB	8.5%~15.6%	2024~2026	7,472
				5,038,796
Less: current portion				(1,018,680)
Total				**$ 4,020,116**
Unused credit lines				**$ 420,441**

(Continued)

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

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

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

(ii) Significant loan contract agreement

The Group signed a syndicated loan agreement with 6 banks (including Chang Hwa Commercial Bank, Ltd.). and obtained a credit line of $2,000,000 thousand. According to the agreement, the Group should maintain the following financial ratios and regulations, and the semi-annual inspection started from the second quarter of 2021:

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

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

3) Interest coverage multiple [(profit before tax + interest expense + depreciation + amortization) /interest expense]: should be maintained at 3 or above;

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

(iii) Breach of a loan contract

The financial ratio of the Group as of December 31, 2023 was in breach of the above-mentioned financial ratio limit. In addition to the additional 0.05% interest rate as agreed in the contract, the Group should immediately propose specific improvement measures to the management bank. If the Group completed improvement before the next examination date of the financial ratio, it shall not be deemed to be in breach of the terms of this commitment clause. The Group intended to communicate with the lending bank to reduce the financial ratio or waive the review thereof for a certain period.

(o) Accounts payable and other payables

		December 31, 2023	December 31, 2022
Accounts payable			
Payments for goods purchased for direct sales	$	61,097	46,335
Payments for goods purchased for concessionaire sales		1,140,001	880,886
Others		70,931	43,719
Total	$	**1,272,029**	**970,940**
Other payables			
Wages and salaries payable	$	177,234	148,002
Construction contract prices payable		95,435	171,473
Compensation payable for store shutdown or matters		19,361	14,150
Litigation damages payable		423,480	148,370
Vessel repair at docks		28,089	-
Others		489,348	510,251
Total	$	**1,232,947**	**992,246**

(p) Lease liabilities

The Group's lease liabilities were as follows:

		December 31, 2023	December 31, 2022
Current	$	838,426	947,988
Non-current		9,431,523	9,044,616
	$	**10,269,949**	**9,992,604**

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

The amounts recognized in profit or loss were as follow:

		For the years ended December 31	
		2023	2022
Interest on lease liabilities	$	**479,543**	**541,342**
Variable lease payments not included in the measurement of lease liabilities	$	**1,226**	**52,335**
Expenses relating to short-term leases	$	**1,049**	**1,286**
Expenses relating to leases of low-value, (excluding short-term leases of low-value assets)	$	**1,695**	**1,967**
Related rent concessions for Covid-19 (recognized as deduction of depreciation expenses)	$	**710**	**101,425**

(Continued)

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

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	$ 1,366,670	1,474,030

(i) Real estate leases

The Group leases land use rights, buildings and structures as office premises, staff dormitories and department stores for business. The lease terms of office premises, staff dormitories and department stores are usually 3 to 5 years, 1 to 3 years, and 10 to 20 years, respectively. Some leases include an option to extend the lease period at the end of the lease term.

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

Some leases of retail stores contain variable lease payments that are based on sales that the Group makes at the store. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the years ended December 31, 2023 and 2022, were as follows:

	For the year ended December 31, 2023			
	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 104,642	1,226	105,868	12

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

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

(ii) Other leases

The Group leases transportation and machinery equipment, with lease terms of 5 to 10 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 transportation equipment with contract terms of 1 year. 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

(i) Leases as lessor

The Group leases bulk carriers and transportation equipment and these lease contracts were classified as operating leases, because it has not substantially transferred all of the risks and rewards affiliated to the ownership of the assets; please refer to Note 6 (i) property, plant, and equipment for more information. For the Group's finance leases for car rental business, please refer to Note 6(c).

A maturity analysis for lease payments, showing the total amount of undiscounted lease payments to be received after the reporting date, was as follows:

1) Bulk carriers

		December 31, 2023	December 31, 2022
Less than one year	$	1,242,938	1,249,073
Between one and two years		577,406	406,514
Between two and three years		17,191	243,724
Between three and four years		-	6,686
Total undiscounted lease payments	$	1,837,535	1,905,997

2) Transportation equipment

		December 31, 2023	December 31, 2022
Less than one year	$	14,568	63,709
Between one and two years		5,177	11,917
Between two and three years		1,531	3,763
Between three and four years		833	39
Total undiscounted lease payments	$	22,109	79,428

During 2023 and 2022, repair and maintenance expenses incurred by bulk carrier equipment were as follows:

		For the years ended December 31	
		2023	2022
Operating costs	$	50,789	44,275

(r) Income Tax

(i) Income tax expense

During 2023 and 2022, the components of income taxes were as follows:

		For the years ended December 31	
		2023	**2022**
Current tax expense			
Current period	$	83,865	108,172
Adjustment for prior periods		4,381	2,330
		88,246	110,502
Deferred tax expense			
Origination and reversal of temporary differences		139,285	107,402
Income tax expense	**$**	**227,531**	**217,904**

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

		For the years ended December 31	
		2023	**2022**
(Loss) profit excluding income tax	$	(2,304,876)	(137,526)
Income tax using the Company’s domestic tax rate	$	(554,055)	(58,195)
Effect of tax rates in foreign jurisdiction		121,744	30,423
Non-deductible expenses		8,706	9,767
Equity-accounted investment profits (losses)		(2,229)	314
Suspended levy on securities transaction income tax		-	(25,027)
Income basic tax		-	14,552
Current-year losses for which no deferred tax asset was recognized		315,838	237,334
Change in unrecognized temporary differences		320,618	(136,640)
Change in provision in prior periods		4,381	2,330
Realized investment losses		1,849	(9)
Recognition of previously unrecognized tax losses		55,439	132,481
Others		(44,760)	10,574
Total	**$**	**227,531**	**217,904**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

Pursuant to a board resolution, FIRST STEAMSHIP S.A., a subsidiary over which the Group had control, adopted a dividend policy, under which its earnings before 2018 should not be distributed.

(Continued)

The Group was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management was sure that such temporary differences would not reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregated amount of temporary differences related to investments in subsidiaries	$ 14,753	1,325,822
Unrecognized deferred tax liabilities	$ 2,951	265,164

2) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 369,516	98,627
The carry forward of unused tax losses	$ 1,037,415	786,327

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Besides, the Law of the People's Republic of China on Enterprise Income Tax allows net losses, as assessed by the tax authorities, to offset taxable net profit over a period of 5 years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information on the Group's unused tax losses for which no deferred tax assets were recognized was as follows:

	Unused tax loss		Expiry date	
Year of loss	Entity in Taiwan	Subsidiaries in Mainland China	Entity in Taiwan	Subsidiary in Mainland China
2016	$ 37,086	-	2026	-
2017	46,055	-	2027	-
2018	20,950	-	2028	2023
2019	2,059	564,668	2029	2024
2020	64,883	1,171,549	2030	2025
2021	1,585	647,720	2031	2026
2022	17,789	663,815	2032	2027
2023	89,964	1,169,479	2033	2028
Total	$ 280,371	4,217,231		

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

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	Loss deduction	Leases expenses and others	Total
Balance at January 1, 2023 (restatement)	$ 141,151	2,663,664	2,804,815
Recognized in profit or loss	(67,520)	91,154	23,634
Effect of change in foreign exchange rates	(664)	(45,356)	(46,020)
Balance at December 31, 2023	**$ 72,967**	**2,709,462**	**2,782,429**
Balance at January 1, 2022	$ 182,884	679,022	861,906
Effects of retrospective application	-	2,363,273	2,363,273
Balance at January 1, 2022 (restatement)	182,884	3,042,295	3,225,179
Recognized in profit or loss	(45,017)	(429,128)	(474,145)
Effect of change in foreign exchange rates	3,284	50,497	53,781
Balance at December 31, 2022 (restatement)	**$ 141,151**	**2,663,664**	**2,804,815**

Deferred tax liabilities:

	Estimated share of subsidiaries' earnings	Leases expenses	Total
Balance at January 1, 2023 (restatement)	$ 65,171	2,035,972	2,101,143
Recognized in profit or loss	(40,517)	203,436	162,919
Effect of change in foreign exchange rates	612	(37,299)	(36,687)
Balance at December 31, 2023	**$ 25,266**	**2,202,109**	**2,227,375**
Balance at January 1, 2022	$ 59,615	-	59,615
Effects of retrospective application	-	2,363,273	2,363,273
Balance at January 1, 2022 (restatement)	59,615	2,363,273	2,422,888
Recognized in profit or loss	-	(366,743)	(366,743)
Effect of change in foreign exchange rates	5,556	39,442	44,998
Balance at December 31, 2022 (restatement)	**$ 65,171**	**2,035,972**	**2,101,143**

The Group began to apply the amendments to IAS 12 "Deferred income tax related to assets and liabilities arising from a single transaction" on January 1, 2023, and the rental expenses of Mainland China subsidiaries were no longer applicable to recognition exemption, deferred income tax assets and deferred income tax liabilities should be recognized in equal amounts; please see Note 3 (a) for details.

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

(iii) Examination and Approval

1) The tax returns the Company and other domestic subsidiaries for the years up to 2021 have been examined and approved by the tax authorities.

2) For the years up to 2022, tax returns of subsidiaries in Mainland China have been examined and approved by the local tax authority.

(s) Capital and other equity

As of December 31, 2023 and 2022, the numbers of authorized share capital were both 1,200,000 thousand shares with a par value of $10 per share. The issued shares were 824,776 thousand and 834,776 thousand shares. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

		December 31, 2023	December 31, 2022
Share capital	$	352,570	352,570
Stock option from convertible corporate bonds		851,231	851,231
Forfeited share options		13,838	13,838
Treasury share transactions		21,476	15,967
Difference arising from subsidiary's share price and its carrying value		617,046	617,046
Changes in ownership interests in subsidiaries		72,728	72,728
Shares gifted from shareholders		3,332	3,332
	$	**1,932,221**	**1,926,712**

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

(ii) Retained earnings

The Company' s Article of Incorporation stipulate that Company's profit after tax for the period, if any, should first be used to offset accumulated losses, after which 10% should be appropriated as legal reserve, unless the amount of legal reserve has reached that of Company's paid-in capital. In addition, special reserve shall be appropriated or reversed according to related laws and regulations. The remaining portion, together with any unappropriated retained earnings at the beginning of the period, shall be distributed according to the Board's proposal and submitted to a shareholders' 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 are less than $0.5 per share, they should not be distributed unless otherwise resolved in a 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

The Company elected to apply the exemption under IFRS 1"First-time Adoption of International Financial Reporting Standards" upon initial adoption of IFRS. Accumulated translation adjustments recognized in shareholders' equity increased retained earnings, except that the retained earnings arising from first-time adoption of IFRS endorsed by the FSC on the transition date experienced net decrease; the Company was not required to appropriate the same amount of special reserve according to the regulations stipulated by the FSC.

As stipulated 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 as special reserve as mentioned in the preceding subparagraph, the Company shall make supplemental allocation of special reserve, in the amount of the difference between the amount it has already allocated and the amount of the current period total net reduction of other shareholders' equity from undistributed current-period and prior-period earnings, including the after tax net profit for the period, plus items other than after tax net profit for the period. (When the Company distributed its 2021 earnings in 2020, a portion of its current period profits and undistributed prior period earnings shall be reclassified as special reserve. When the Company distributed its 2022 earnings in 2021, the after tax net profit for the period, plus items other than the after tax net profit for the period, shall be included in the amount of undistributed current period and prior period earnings for appropriation as special reserve.) A portion of undistributed prior period earnings shall be reclassified as special reserve (and shall not qualify for earnings distribution) to account for cumulative changes to net reduction in other shareholders' equity for prior periods. Amounts of subsequent reversals pertaining to the net reduction in other shareholders' equity shall qualify for additional distributions. Resolutions were passed during the shareholders' meetings held on June 16, 2023 and June 24, 2022 to reverse and appropriate special reserves in the amounts of $329,945 thousand of $67,938 thousand.

3) Earnings distribution

The Company did not appropriate earnings for 2022 and 2021, which was pursuant to the resolutions reached in shareholder meetings held on June 16, 2023 and June 24, 2022.

(iii) Treasury stock

1) In 2020, in accordance with Article 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% 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 Company's board of directors approved to cancel all treasury shares, which were 10,000 thousand shares, so as to reduce share capital by $100,000 thousand and record capital surplus of $5,509 thousand. The record date of capital reduction is March 17, 2023, and all the statutory procedures have been completed.

2) The following table sets out subsidiaries' treasury shares transferred to employees:

(In thousands of shares)

	For the years ended December 31	
	2023	**2022**
Outstanding at January 1	8,682	9,007
Vested during the year	(973)	(325)
Outstanding at December 31	**7,709**	**8,682**

The Group's employees were entitled to exercise treasury share options through advances on salaries. As of December 31, 2023 and 2022, the advanced salaries amounted to $122,915 thousand and $139,588 thousand, respectively (recognized as other non current assets). Due to the increasingly tough environment in the retail industry and the impact of the COVID 19, a resolution was made at the general meeting of shareholders held on August 30, 2022 to defer the repayments of prepaid payroll to 2025, so as to retain talents and stabilize company personnel.

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

(iv) Other equity interests

	Exchange differences on translation of foreign financial statements	Non-controlling interests	Total
Balance at January 1, 2023	$ (303,885)	3,120,179	2,816,294
Loss attributable to non-controlling interests	-	(862,913)	(862,913)
Share of exchange differences on equity-accounted associates	5,453	-	5,453
Exchange differences on translation of foreign financial statements	(55,592)	(40,739)	(96,331)
Balance at December 31, 2023	$ (354,024)	2,216,527	1,862,503
Balance at January 1, 2022	$ (982,609)	3,440,895	2,458,286
Profit attributable to non-controlling interests	-	(361,465)	(361,465)
Share of exchange differences on equity-accounted associates	73,259	-	73,259
Acquisition or disposal of subsidiaries	-	(25,626)	(25,626)
Changes in ownership interests in subsidiaries	-	3,775	3,775
Changes in non-controling interests	-	45,000	45,000
Exchange differences on translation of foreign financial statements	605,465	17,600	623,065
Balance at December 31, 2022	$ (303,885)	3,120,179	2,816,294

(t) Earnings per share

During 2023 and 2022, the Group's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31 2023	2022
Basic earnings per share		
(Loss) Profit attributable to ordinary shareholders of the Company	$ (1,669,494)	6,035
Issued ordinary shares at January 1	824,776	834,776
Effect of treasury stock	-	(10,000)
Weighted average number of ordinary shares at December 31	824,776	824,776
Earnings per share (dollars)	**$ (2.02)**	**0.01**
Diluted earnings per share		
(Loss) Profit attributable to ordinary shareholders of the Company (diluted)	$ (1,669,494)	6,035
Weighted average number of ordinary shares at December 31	824,776	824,776
Effect of dilutive potential ordinary shares (basic)		
Effect of employee share compensation	-	71
Weighted average number of ordinary shares (diluted) at December 31	824,776	824,847
Earnings per share (dollars)	**$ (2.02)**	**0.01**

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2023						
		Marine Transportation Segment	Investing department	Department Store Segment	Rental Segment	Construction Segment	Total
Primary geographical markets							
Taiwan	$	-	6,923	-	-	-	6,923
Mainland China		-	-	3,820,133	51,512	-	3,871,645
Other countries		1,623,355	-	-	-	-	1,623,355
	$	1,623,355	6,923	3,820,133	51,512	-	5,501,923
Major products/services lines							
Commissions revenue (department store revenue – joint sales)	$	-	-	1,221,361	-	-	1,221,361
Sales of merchandise (Department store – direct sales)		-	-	705,830	-	-	705,830
Lease revenue (Note)		-	6,923	1,013,233	38,701	-	1,058,857
Marine transportation revenue (Note)		1,623,355	-	-	-	-	1,623,355
Financial lease interest revenue (Note)		-	-	-	8,391	-	8,391
Service revenue and others		-	-	879,709	4,420	-	884,129
	$	1,623,355	6,923	3,820,133	51,512	-	5,501,923

	For the year ended December 31, 2022						
		Marine Transportation Segment	Investment Segment	Department Store Segment	Rental Segment	Construction Segment	Total
Primary geographical markets							
Taiwan	$	-	6,746	-	-	-	6,746
Mainland China		-	-	4,150,142	86,278	-	4,236,420
Other countries		2,082,877	-	-	-	-	2,082,877
	$	2,082,877	6,746	4,150,142	86,278	-	6,326,043
Major products/services lines							
Commissions revenue (department store revenue –joint sales)	$	-	-	1,224,769	-	-	1,224,769
Sales of merchandise (Department store – direct sales)		-	-	825,508	-	-	825,508
Lease revenue (Note)		-	6,746	1,115,858	57,204	-	1,179,808
Marine transportation revenue (Note)		2,082,877	-	-	-	-	2,082,877
Financial lease interest revenue (Note)		-	-	-	25,460	-	25,460
Service revenue and others		-	-	984,007	3,614	-	987,621
	$	2,082,877	6,746	4,150,142	86,278	-	6,326,043

Note: The Group applied IFRS 16 to revenues from marine transportation, rental, and interest on finance leases.

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 remuneration and no more than 3% as director 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 under certain conditions approved by the board of directors. Directors' remuneration should only be distributed in the form of cash. During 2023, the Company incurred net losses before tax, and thus, it was not required to appropriate any employee bonuses or director remuneration.

For 2022, the Company estimated employee remuneration at $13 thousand and remuneration for directors and supervisors at $0 thousand, respectively. The estimated amounts mentioned above were calculated based on net profit before tax, multiplied by the percentages of remunerations for employees, directors and supervisors as specified in the Articles of Incorporation. These remunerations were expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2022. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2023	**2022**
Interest income from bank deposits	$ 63,750	27,758
Loans interest income	2,922	7,683
Open end Funds	978	999
Interest income from corporate bonds	572	231
Other	(979)	3,795
	$ 67,243	**40,466**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2023	**2022**
Dividend income	$ 759	3,616
Subsidy income	15,020	-
	$ 15,779	**3,616**

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

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2023	**2022**
Losses on disposals and write-offs of property, plant and equipment	$ (2,901)	(1,359)
Gains on disposals of intangible assets	3,181	5,776
Gains on disposals of investments	5,113	124,895
Foreign exchange losses	(7,216)	(17,862)
Valuation gains on financial assets/liabilities at FVTPL	86,791	18,108
Impairment losses on property, plant and equipment	(641,608)	(155,590)
Impairment losses on intangible assets	(306,673)	(205)
Impairment loss on right-of-use assets	(120,218)	-
Impairment losses on equity-accounted long-term equity investment	(100,258)	-
Compensation for store shutdown	(31,752)	(46,878)
Compensation losses on litigations	(344,050)	(149,331)
Gains on lease modifications	495,197	353,564
Revenue reclassified from overdue payments	7,236	99,096
Miscellaneous revenue (including credit card transaction fees, etc.)	133,816	104,217
	$ (823,342)	**334,431**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	**2022**
Interest expense on bank deposits	$ 430,830	296,427
Interest on lease liabilities	479,543	541,342
Other finance expenses	12,332	15,929
Financial costs, net	**$ 922,705**	**853,698**

During 2023 and 2022, the interest expenses of the Rental Segment, amounting to $13,440 thousand and $19,975 thousand, respectively, were recognized in operating costs.

(x) Financial instruments

(i) Credit risks

1) Credit risk exposure

As of December 31, 2023 and 2022, the Group's exposure to the maximum credit risk were from providing financial guarantees or failing to execute obligations by counterparty. The maximum credit risk exposure was as follows:

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

· The Group provided financial guarantees and commitments to purchase default debt claims, and the details were as follows:

	December 31, 2023	December 31, 2022
Commitments to purchase default debt claims (residual amount)	$ **33,441**	**90,790**

For 2023 and 2022, the movements in liabilities recognized for the above-mentioned financial guarantees were as follows:

	For the years ended December 31	
	2023	**2022**
Balance at January 1	$ 12,014	1,062
Impairment loss recognized	20,569	11,006
Effect of changes in foreign exchange rates	(601)	(54)
Balance at December 31 (reported as other current liabilities)	$ **31,982**	**12,014**

2) Concentration of credit risk

For credit risk exposure of rentals receivable and accounts receivable, please refer to Note 6(c). Other financial assets at amortized cost included other receivables, other financial assets, investments in preferred shares., etc.; please refer to Notes 6(d), (l) and 13 for details.

For the period, the loss allowances for the above-mentioned financial assets were measured based on the amounts of 12-months ECLs or lifetime ECL measurement.

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

The movements in the loss allowance for other receivables and other financial assets during 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	**2022**
Balance at January 1	$ 323,086	119,383
Impairment losses recognized	81,729	203,166
Effect of foreign exchange rate	(6,864)	537
Balance at December 31	**$ 397,951**	**323,086**

(ii) Liquidity risks

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

	Carrying amount	Contractual cash flows	1 years	1 to 5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 3,078,015	3,078,015	2,506,938	130	570,947
Floating rate instrument	6,842,527	7,557,626	3,520,023	3,287,081	750,522
Fixed rate instruments	1,853,462	1,922,525	1,444,321	478,204	-
Lease liabilities	10,269,949	13,690,447	1,284,945	4,540,608	7,864,894
	$ 22,043,953	**26,248,613**	**8,756,227**	**8,306,023**	**9,186,363**
December 31, 2022					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 2,554,714	2,554,714	1,965,146	10,700	578,868
Floating rate instrument	7,249,114	8,108,571	2,919,128	4,305,605	883,838
Fixed rate instruments	2,095,034	2,197,376	1,564,270	633,106	-
Lease liabilities	9,992,604	13,518,692	1,406,742	4,575,230	7,536,720
	$ 21,891,466	**26,379,353**	**7,855,286**	**9,524,641**	**8,999,426**

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

(iii) Market risk

1) Currency risk

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

	December 31, 2023			December 31, 2022		
	Currency	Exchange rate	NTD	Currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD:NTD	$ 2,983	30.71	91,608	14,059	30.70	431,611
HKD:NTD	8,158	3.9340	32,094	808	3.9410	3,184
HKD:USD	2,670	0.1281	10,504	49,329	0.1284	194,449
NTD:USD	761	0.3260	761	7,180	0.0326	7,180
Financial liabilities						
Monetary items						
USD:RMB	1,250	7.0827	38,387	1,850	6.9646	56,795

2) Sensitivity analysis

The Group's exposure to currency risk arises from exchange gains and losses on cash and cash equivalents, financial assets and liabilities at FVOCI, loans, and other payables that are denominated in foreign currencies.

A strengthening (weakening) of 1% of the NTD or RMB against the USD, EUR, HKD, AUD and RMB as of December 31, 2023 and 2022 would have increased (decreased) the profit before tax by $966 thousand and $5,796 thousand, respectively, with all other variables remaining constant.

Since the Group has many kinds of functional currencies, the information on foreign exchange loss on monetary items was disclosed by aggregate amount. During 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(7,216) thousand and $(17,862) thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and nonderivative financial instruments at the reporting date. Regarding of liabilities with floating interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.5%, the Group's profit before tax would have decreased or increased by $22,858 thousand and $25,508 thousand, respectively for 2023 and 2022 respectively, given that all other variable factors remaining constant. This is mainly due to the Group's borrowings and bank deposits at variable rates.

(v) Other market price risk

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

	For the years ended December 31			
	2023		2022	
	Other comprehensive income after tax	Net Income or Loss	Other comprehensive income after tax	Net Income or Loss
Increase 5%	$ -	8,383	-	5,544
Decrease 5%	$ -	(8,383)	-	(5,544)

(vi) Fair value of financial instruments

1) Fair value hierarchy

For financial instruments not measured at fair value and with carrying amounts reasonably close to the fair values, as well as lease liabilities, disclosure of fair value information is not required. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 167,661	58,292	109,369	-	167,661
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	$ 27,813	-	-	27,813	27,813

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

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

	December 31, 2022				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Nonderivative financial liabilities	$ 26,125	-	-	26,125	26,125

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

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

a) Financial assets and liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values. Market prices published by major stock exchange and OIC market, where high volume of central government bonds are traded, are the foundation of fair value of debt instruments with quoted market price in an active market and listed equity 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. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high-ask spreads is an indication of non-active market.

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

- Stocks in listed companies and fund are financial assets with standard term and quoted prices in active markets. The fair values are determined with referenced to quoted market prices.

- The fair values of corporate bonds are measured based on public quoted market prices provided by third parties.

b) Financial guarantee contract

The discounted cash flow model was applied to estimate the fair value. The main assumption was to incorporate the expected default rate of the transaction counterparty (the weighted-average ECL) and expected losses in the event of default .

c) Beneficial interests in construction projects and of landowners

Measurement of the fair value of the Group's beneficiary interests in construction projects and of landowner is based on the discounted cash flow 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) Transfers between Level 1 and Level 2: None.

5) Reconciliation of Level 3 fair values

	Financial assets and liabilities as held for sale	
	Non-derivative financial assets —beneficial interests in construction projects	**Non-derivative financial liabilities —beneficial interests of landowners**
Opening balance, January 1, 2023	$ 134,948	(26,125)
In issue	-	(1,688)
Amount recovered during the period	(117,000)	-
Reclassification to other receivables	(81,708)	-
In profit or loss	63,760	-
Ending Balance, December 31, 2023	**$ -**	**(27,813)**
Opening balance, January 1, 2022	$ 127,578	(23,234)
In issue	-	(2,891)
In profit or loss	7,370	-
Ending Balance, December 31, 2022	**$ 134,948**	**(26,125)**

The above-mentioned total gains were included in "other gains and losses" , and the amounts related to financial assets and financial liabilities held as of December 31, 2023 and 2022 were as follows :

	For the years ended December 31	
	2023	**2022**
Total gains and losses recognized:		
In profit or loss, and including "other gains and losses"	**$ -**	**7,370**

(Continued)

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

Fair values of the Group’s non-derivative financial assets and liabilities are categorized within Level 3 and have multiple material unobservable inputs.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Beneficial interests-construction projects	Discounted cashflow	· Fluctuations in the selling price of building ($4.1 hundred thousand per ping as of December 31, 2022) · Fluctuations in cost of building ($1.33 hundred thousand per ping as of December 31, 2022)	· Fair value is higher if building selling price is higher or if construction costs are lower.
Liabilities arising from beneficial interests of landowners	Discounted cashflow	· Fluctuations in building selling prices and construction costs ($3.07 hundred thousand and $1.83 hundred thousand as of December 31, 2023 and 2022)	· Fair value is higher if building selling price is higher or if construction costs are lower.

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

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

	Inputs	Upward or downward movements	Profit or loss arising from fair value movements Favorable	Unfavorable
December 31, 2023				
Financial liabilities at fair value through profit or loss				
Liabilities arising from beneficial interests of landowners	Price fluctuation	5%	13,628	(13,403)
December 31, 2022				
Financial assets at fair value through profit or loss				
Beneficial interests-construction projects	Price fluctuation	5%	17,688	(17,688)
Financial liabilities at fair value through profit or loss				
Liabilities arising from beneficial interests of landowners	Price fluctuation	5%	12,151	(12,364)

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

(y) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group’ s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Group’ s financial management department provides services to each business unit, coordinating and facilitating access to domestic and international financial markets. It manages the financial risks related to the operations of the Group by analyzing risk scenarios according to their severity and breadth. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The board of directors has overall responsibility for the establishment and oversight of the derivative financial instruments, and internal auditor undertakes regular reviews of risk management controls and procedures.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investments in debt securities.

1) Trade receivables other receivables, and other finanacial assets

To minimize the risk of doubtful debt, group entities that mainly engage in marine transportation adhere to their partial prepayment policy for each shipping fee. In addition, Group entities that provide vessel management services collect monthly fees, assess recoverability of receivables, and recognize allowances for doubtful account. Group entities in the retail industry were not expected to have any significant credit risk because its payment collection for primary customers and debtors were through cash or credit cards. To reduce credit risk, a group entity that engages in automobile financing transacts with counterparties with high credit ratings and assesses the ratings based on other publicly available financial information. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, as well as establishes sales limits based on credit ratings for each of its qualified customer. For the management of credit risk on other receivables and other financial assets, please refers to Notes 6(d), (l) and (x).

(Continued)

The Group opened a reserve account for loss allowances that represent its estimates of incurred losses in respect of trade receivables, other receivables and other financial assets. The loss allowances reflected mainly specific losses related to individually material exposure. However, the Group's sales were not concentrated within one single customer, hence the partial prepayment policy should be able to lower the credit risk of accounts receivable.

2) Investment

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks with high credit rating, or financial institutes and corporate organizations with level of professional investor; therefore, the Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group only provides guarantees for counterparties that have passed internal reviews, and assesses their ratings based on other publicly available financial information. Also, the Group continuously monitors the exposure to credit risk and counterparty credit ratings for each of the counterparties qualified for guarantee.

For endorsements/guarantees provided by the Group, please refer to Notes 7, 9 and 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group supports its operations and mitigates the impact of cash flow fluctuations by managing and maintaining adequate levels of cash and cash equivalents. Management supervises the use of bank credit lines and compliance with loan covenants to ensure that the Group has sufficient liquidity to meet its obligations in both normal and stressed conditions, thereby avoiding unacceptable losses or damage to its reputation.

As of December 31, 2023 and 2022, the Group's unused credit line amounted to $1,903,256 thousand and $2,429,863 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

1) Currency risk

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

The subsidiaries of the Group which use the RMB as the functional currency elected to utilize USD borrowings to reduce financing cost, because these borrowings were denominated in currencies that differed from the cash flows generated by the underlying operations of the Group. The Group considered that reduced finance cost and cash outflows should be able to offset the exchange rate risk arising from USD borrowings, and therefore, hedge accounting was not adopted.

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

2) Interest rate risk

The Group's risks with exposure to changes in interest rates arose mainly from bank loans and deposits. Borrowings on a variable–rate basis would give rise to cash flow risk. The Group assessed that the level of interest rates has been stable recently in the business environment. Therefore, material interest rate risk is less likely to occur.

3) Other market price risk

The Group holds various financial instruments to utilize its funds effectively. The management of the Group adjusts the investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy and sell decisions are approved by the management according to authority.

The primary purpose of the Group's investment strategy is to maximize investment returns; both the board of directors and the Investment Department have members that specialize in finance and are thus qualified to make appropriate investment decisions; therefore, the market price risk of investment at FVTPL were under management's control.

(z) Capital management

The Group's objectives for managing capital are ensuring the ability to operate continuously, providing returns to shareholders and other stakeholders, and maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

During 2023 and 2022, the Group adopted the same capital management strategy to maintain debt-to-equity ratios at a certain level, so as to ensure financing at reasonable cost.

The Group's debt-to-equity ratio at the end of the reporting period as of as of December 31, 2023 and 2022, is as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	24,422,307	24,156,493
Less: cash and cash equivalents		(1,834,232)	(2,987,197)
Net debt	$	**22,588,075**	**21,169,296**
Total equity	$	**10,946,646**	**13,645,065**
Adjusted capital	$	**33,534,721**	**34,814,361**
Debt-to-equity ratio		**67 %**	**61 %**

(aa) Investing and financing activities not afftceing cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

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

			Non-cash changes		
	January 1, 2023	**Cash flows**	**Other (Note)**	**Foreign exchange movement**	**December 31, 2023**
Short-term borrowings	$ 2,827,445	859,140	-	(29,392)	3,657,193
Long-term borrowings	6,516,703	(1,486,762)	-	8,855	5,038,796
Lease liabilities	9,992,604	(883,157)	1,332,443	(171,941)	10,269,949
Guarantee deposits	591,528	(9,025)	-	(9,464)	573,039
Total liabilities from financing activities	**$ 19,928,280**	**(1,519,804)**	**1,332,443**	**(201,942)**	**19,538,977**

Note: $2,458,723 thousand (increase during the current period less decrease during the period), excluding $1,125,570 (and lease modifications) and $710 thousand (reduction in operating expenses due to rent concessions).

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

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

Note: The amount represents an increase of $47,264 thousand in right-of-use assets and a decrease of $878,806 thousand in leases, and an adjustment of $101,425 thousand to operating expenses for rent concession.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

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

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Yonghenghui Investment Co., Ltd.	The same owner as the Company
Nanjing Tiandu Co., Ltd. (Nanjing Tiandu)	The Group's executive officer is the chairman of the entity
Tian An Investment Co., Ltd.	The Group's executive officer is the chairman of the entity
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. (Shanghai Kaixuanmen)	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.	Associate (unrelated party since September 2023)
Hainan Sanhe Licheng Business Service Co., Ltd.	A substantial related party
Haikou Zhuke Technology Co., Ltd. (Zhuke Technology)	A substantial related party

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

Name of related party	Relationship with the Group
Wuhan Zhuke Technology Co., Ltd. (Zhuke Technology)	A substantial related party
Shanghai Zhuke Technology Co., Ltd. (Zhuke Technology)	A substantial related party
Chengdu Zhuke Technology Co., Ltd. (Zhuke Technology)	A substantial related party
Changsha Zhuke Technology Co., Ltd. (Zhuke Technology)	A substantial related party
Da Yu Financial Holdings Limited	A substantial related party
Jiawang Assets Development Co., Ltd.	A substantial related party
Sandmartin International Holdings Ltd.	A substantial related party

(c) Significant transactions with related parties

(i) Other current assets (prepayments)

	December 31, 2023	December 31, 2022
Nanjing Tiandu (Note)	$ -	160,877
Shanghai Qianshu Property Management	4,773	7,601
	$ 4,773	**168,478**

Note: The amount represents the Group’s fixed monthly advance payment of variable rent under the lease agreement, and the difference in rents and expenses is refunded or made up after the end of the year. The Group should refund the aforesaid prepaid variable rental based on income under the original lease agreement. At the end of 2023, the Group assessed that the fixed monthly guaranteed rental under the original lease agreement was significantly lower than the market rental in the neighboring commercial district. The aforesaid rental prepayment is closer to the market rental in the commercial circle. Therefore,Based on mutual benefit and cooperation for long-term interests and stable development, the Group will no longer collect the aforementioned payments from contacts and transfer the aforesaid prepaid amount of $174,470 thousand to the line item under operating expenses.

(ii) Other receivables

	December 31, 2023	December 31, 2022
Other related parties	**$ 1,914**	**3,503**

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

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	Associates	$ -	1,411
Other payables	Other related parties	11,142	832
		$ 11,142	**2,243**

(iv) Leases

1) Lease liabilities and interest costs

Relationship	Purpose	Lease liabilities December 31, 2023	Lease liabilities December 31, 2022
Shanghai Kaixuanmen	Department store building	$ 4,272,732	4,408,145
Nanjing Tiandu	Department store building	926,731	-
Other related parties	Office building	2,026	11,675
Other related parties	Energy-saving renovation engineering equipment	10,874	34,101
		$ 5,212,363	**4,453,921**

Note: The prices and payment terms of the above-mentioned lease agreements with related parties are specified in the respective contracts.

Relationship	Purpose	Interest costs For the years ended December 31 2023	Interest costs For the years ended December 31 2022
Shanghai Kaixuanmen	Department store building	$ 204,574	206,755
Nanjing Tiandu	Department store building	40,972	445
Other related parties	Office building	301	465
Other related parties	Energy-saving renovation engineering equipment	1,276	1,841
		$ 247,123	**209,506**

2) Operating lease

Relationship	Purpose	Rent expense For the years ended December 31 2023	Rent expense For the years ended December 31 2022
Other related parties (Note)	Office building	**$ 149**	**215**

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

		Variable lease payments not included in lease liabilities	
		For the years ended December 31	
Relationship	**Purpose**	**2023**	**2022**
Nanjing Tiandu	Office and department store building	$ -	51,400

		Management fee	
		For the years ended December 31	
Relationship	**Purpose**	**2023**	**2022**
Other related parties	Office and department store building	$ 3,800	3,811

Note: These leases are short-term lease, and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

3) Deposits–out for lease

Account	**Relationship**	**December 31, 2023**	**December 31, 2022**
Other non-current financial assets	Shanghai Kaixuanmen	$ 74,106	66,120
Other non-current financial assets	Nanjing Tiandu	8,672	8,816
Other non-current financial assets	Other related parties	3,217	3,270
		$ 85,995	78,206

(v) Operating revenue

Under significant finance leases, the amounts of the Group's interest income, lease revenue and lease payments receivable due from related parties were as follows:

		For the years ended December 31	
Account	**Relationship**	**2023**	**2022**
Interest income from finance lease	Hainan Sanhe Licheng	$ -	9,539
Interest income from finance lease	Zhuke Technology	2,653	6,931
Lease revenue	Zhuke Technology	10,231	8,342
		$ 12,884	24,812

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

Account	Relationship	December 31, 2023	December 31, 2022
Lease receivables	Hainan Sanhe Licheng	$ 136,859	139,135
Lease receivables	Zhuke Technology	344,429	335,157
Less: loss allowance—Hainan Sanhe Licheng		(113,920)	(61,552)
Less: loss allowance—Zhuke Technology		(256,633)	(115,939)
		$ 110,735	296,801

Derived from finance leases, the interest income received by the Group from its associates is based on interest rates agreed by both parties and collected monthly. Those interest rates are not significantly different from those for unrelated parties. The receivables due from related parties were guaranteed by vehicles under finance lease.

The overdue receivables of Hainah Sanhe Licheng and Zhuke Technology resulted from the COVID-19 pandemic, which significantly increased their credit risk. After assessment of the value of collateral, the Group recognized gains of $199,897 thousand on reversal of ECLs and impairment losses $128,885 thousand for 2023 and 2022, respectively.

(vi) Account receivables and payable –related parties

Account	Relationship	December 31, 2023	December 31, 2022
Other receivables (loans)	Hainan Sanhe Licheng	$ 14,309	19,836
Other receivables (loans)	Zhuke Technology	-	50,692
Other receivables (loans)	An associate	980	490
Other receivables (interest)	Hainan Sanhe Licheng	2,384	987
Other receivables (interest)	Zhuke Technology	4,414	2,885
Other receivables	Zhuke Technology	460	467
Less: Allowance for impairment		(21,567)	(74,867)
		$ 980	490
Other financial assets	Zhuke Technology	$ 34,687	35,264
Less: Allowance for impairment		(34,687)	(35,264)
		$ -	-

The Group uses loss provision to provide for its lifetime ECLs on both 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 assessed the values of their collateral, subsequent recoverability, and sources of funds for repayments into consideration, recognizing gains of $53,122 thousand on reversal of ECLs and impairment losses of $57,607 thousand for 2023 and 2022, respectively.

All the loans to related parties were unsecured, with an annual interest rate of 8.4%. Related amounts were as follows:

	Interest income	
	For the years ended December 31	
	2023	2022
Hainan Sanhe Licheng	$ 1,360	1,743
Zhuke Technology	1,517	5,909
Associates	46	29
	$ 2,923	7,681

Account	Relationship	December 31, 2023	December 31, 2022
Other payables (Note)	Zhuke Technology	$ 6,712	-

Note: Receipts of payment for car sale on behalf of related party

(vii) Guarantees

An associate entered into a finance lease agreement with an unrelated party, for which the Group provided enforsement/guarantee. The details were as follows:

	December 31, 2023	December 31, 2022
Zhuke Technology	$ -	42,065

The Group evaluated the value of collaterals, which was adequate to cover the lifetime ECLs on the contract, hence no concern over impairment losses.

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

	December 31, 2023	December 31, 2022
Outstanding contract balance	$ 25,467	50,332
Loss allowance (recognized as other current liabilities)	$ 25,467	2,953

The credit risk of Hainan Sanhe and Zhuke Technology has increased significantly; therefore, the Group assessed that the values of their collateral might fail to fully cover the potential default risk during the contract period and recognized ECLs of $23,015 thousand and $2,972 thousand for 2023 and 2022, respectively.

(ix) Others

1) The Group provided management consulting services and signed service contracts with other related parties. During 2023 and 2022, revenue from consulting services amounted to $1,040 thousand and $10,456 thousand, respectively.

2) On February 25, 2022, the board of directors of the Group resolved to sell 100% equity in a subsidiary, Morton Finance Ltd. to Da Yu Financial Holdings Ltd. for a disposal price of $7,818 thousand (HKD2,178 thousand). After deducting Morton Finance's net assets of $7,818 thousand, the loss on disposal of $238 thousand, including a loss related to the subsidiary, was recognized in other comprehensive income.

3) The Group decided to dispose of 100% equity in its subsidiary, Yee Shin investment Co, Ltd., to Yonghenghui Investment Co., Ltd., for a price of $356,000 thousand, pursuant to a resolution made during the board meeting held on July 30, 2021; the amount was recognized as non-current assets held for sale. In 2022, the aforementioned transaction was completed and gains on disposal of $125,133 thousand were recognized. 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 an associate Sandmartin International Holdings Ltd. and participated in its cash capital increase, with the Group acting as the lead underwriter; please refer to Note 6(g) for further information. 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 years ended December 31	
	2023	**2022**
Short-term employee benefits	$ 57,846	53,670

(ii) The Group granted key management personnel rights to subscribe for treasury shares through advances on salaries. As of December 31, 2023 and 2022, those prepaid salaries amounting to $39,438 thousand (RMB9,096 thousand) and $40,074 thousand (RMB9,091 thousand), respectively, were recorded in the line item of other non current assets.

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

(8) Assets Pledged as security:

The carrying amount of pledged assets were as follows:

Pledged assets	Object		December 31, 2023	December 31, 2022
Lease receivables	Other secured loans	$	-	19,339
Inventories construction industry	Bank loans		1,448,146	1,439,431
Other financial assets	Bank depository funds		15,435	27,117
Other financial assets	Frozen deposits due to lease dispute		31,313	13,621
Other financial assets	Bank loans		934,557	40,689
Other financial assets	Litigation security		76,086	-
Property, plant and equipment (Note)	Bank and other secured loans		10,885,896	12,719,171
Investment Property	Bank loans		140,116	141,090
		$	**13,531,549**	**14,400,458**

Note : Property, plant and equipment included land use rights and were recognized as right of use assets.

(9) Significant commitments and contingencies:

Except for those described in Note 6, the Group's other material contingent liabilities and unrecognized contractual commitments were as follows:

(a) Unrecognized contractual commitments

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

		December 31, 2023	December 31, 2022
Contract prices			
Acquisition of buildings and land	$	665,331	665,331
Subcontracted construction projects		21,920	3,355
Price received or paid			
Acquisition of buildings and land (prepayment for land purchases and development costs)	$	279,912	279,912
Subcontracted construction projects (recognized as inventories and other current assets)		5,024	336

(ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) entered into several finance leases contracts with different customers introduced by the Group based on the Finance Lease Business Cooperation Agreement signed by Shangshi and the Group. According to the agreement, the Group should look for customers with good credit ratings, in accordance with the specified risk management standards, before introducing them to Shangshi. Thereafter, the Group will receive a portion of contract prices from Shangshi. In addition, the Group promised to purchase unconditionally the default debt claims from Shangshi for any customer who breached the contracts. There were no material overdue receivables arising from the above-mentioned contract. For 2023 and 2022, the Group took into consideration the possibility of default during the contract period to recognize allowances for ECLs; please refer to Note 6(x) for the ECLs. The details of contracts were as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract value	$ 101,867	259,613	-
Residual amounts	$ 33,441	90,790	-

(iii) The following table sets out joint construction contracts entered into between the Group and other companies:

Construction method	Project name or land lot No.
Joint construction with allocation of buildings	Me island phase III B1
Joint construction	Nan Jing Jian Kang
Joint construction and investment with allocation of buildings	Tucheng Yongfu (Note)

Note: As joint investors and builders, the Group and Honor Construction Ltd. endorsed each other as stipulated in the contract. Please refer to Note 13 for details.

(b) Significant contingencies:

(i) While the Group acquired the Quanzhou store, 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 4th floor of the Quanzhou store with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the 4th floor of the Quanzhou store in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the 4th floor of the Quanzhou store should not be at risk of impairment.

(ii) A 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”), for rent concession and shortening of lease term in 2020 because the business was out of expectation and the rental was higher than market price in the vicinity. However, the negotiation was futile. In November 2020, Chongqing Optics Valley Grand Ocean filed a lawsuit with the court, claiming that the Group should pay both the rental for the use of the space beyond the agreed area and the overdue rentals accumulated during the previous years. The Group has recognized rental of RMB50,974 thousand (RMB11,564 thousand) in lease liabilities in accordance with both the force majeure deadline stipulated by the government and the original lease contract. The Group also counterclaimed the rental pricing in this case and requested for rent reduction. On June 26, 2023, the court ruled against the Group, which shall repay the outstanding rents payable of $18,076 thousand (RMB4,087 thousand) for the excess of the agreed area, and the amount was recognized in operating expenses. In addition, the Group shall pay the default payment and related litigation expenses totaling $12,167 thousand (RMB2,751 thousand), and the amount was recognized in operating expenses as well as other gains and losses. As of December 31, 2023, the amount of $1,088 thousand (RMB251 thousand), recognized in other payables, was outstanding.

(iii) Chongqing Optics Valley Grand Ocean Commercial Development Ltd., a subsidiary of the Group, has incurred continuous operating losses. It ceased operation on October 31, 2022 and terminated the lease contract in advance with, the owner, Chongqing Zhengsheng Real Estate Co., Ltd. ("Chongqing Zhengsheng"). However, Chongqing Zhengsheng filed a litigation against Chongqing Optics Valley Grand Ocean Commercial Development Ltd. on August 17, 2023. Chongqing Zhengsheng's claims were as follows:

1) Demanding the Group to pay early termination default payment of $125,102 thousand (RMB28,285 thousand) under the lease contract. The default payment was offset by a performance bond of $28,183 thousand (RMB6,500 thousand). In addition, the Group estimated and recognized $117,759 thousand (RMB27,159 thousand) as other payables;

2) Demanding the Group to settle rentals overdue and the default payments totaling $112,997 thousand (RMB25,548 thousand) as of the handover date, for which the Group has estimated and recognized an amount in lease liabilities. The case is currently pending before the court;

3) Demanding the Group to pay the rental, penalty and occupancy fee totaling $20,425 thousand (RMB4,618 thousand) owed by Huanyang Cinema from the site clearance date to the litigation date. However, the Group had already sent a mail by post to prove the handover of the site. Besides, the Group was no longer able to use the underlying subject. Therefore, the Group deemed the Chongqing Zhengsheng's request to be ungrounded, and the Group should not be liable for compensation.

4) Demanding the Group to refund the reduced portion of rent for prior years, the penalty fee and related litigation expenses totaling $36,285 thousand (RMB8,204 thousand). However, the Group had already refunded the reduced portion of rentals to Chongqing Zhengsheng. The Group deemed the Chongqing Zhengsheng's request to be ungrounded, hence the Group should not be liable for compensation.

Chongqing Zhengsheng applied property protection to the court on September 7, 2023. The court froze both the Group's bank deposit of $9,621 thousand (RMB2,219 thousand) recognized in other financial assets-current and the equity of $216,796 thousand (RMB50,000 thousand) in Nanjing Grand Ocean Classic Commercial Ltd., a subsidiary of the Group.

According to the Company's assessment, both accumulated overdue rental and related penalties have been recognized. The Group deemed the Chongqing Zhengsheng's other requests to be ungrounded, hence the Group should not be liable for compensation.

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

(iv) Nine floors above the ground of Shiyan International Financial Center were purchased by a subsidiary, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd., from Hubei Grand Ocean Huayu Investment Co., Ltd. (hereinafter referred to as "Hubei Huayu"), which failed to transfer the ownership to the subsidiary in time in accordance with the commercial housing purchase agreement. Therefore, the Group filed a lawsuit on September 6, 2021. In accordance with the PRC law, the Group had adequate protection for the property. On May 12, 2022, the court ruled in favor of the Group oup in the 2nd instance, and Hubei Huayu has transferred the ownership of the real estate to the Group.

On the other hand, Hubei Huayu filed a lawsuit against Grand Ocean Classic Commercial Group Ltd. and Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. in the 3rd quarter of 2021 for the dispute over the equity investment in Hubei Huayu prior to 2017, claiming damages amounting to RMB93 million. 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 as applied 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 time according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it was determined that the Group had no obligation to pay any compensation.

(v) On August 31, 2023, Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd., a subsidiary, ceased operation due to continuing losses and requested early termination of its lease with the landlord, Wuhan Trade State-owned Holdings Group Co.,Ltd. (hereinafter referred to as "Wuhan Trade"). On November 26, 2023, Wuhan Trade filed a lawsuit with the court to request the following:

1) Demanding the Group to pay the rentals overdue, for which the Group has estimated and recognized an amount in lease liabilities. In addition, the Group recognized a default payment for early contract termination amounting to $197,314 thousand (RMB45,507 thousand) in other payables. Moreover, the performance bond of $22,115 thousand (RMB5,000 thousand) was not refunded, for which the Group has recognized losses on bad debts in other gains and losses;

2) Demanding the Group to pay $33,548 thousand (RMB7,585 thousand) for lease losses caused by premature termination of lease contract. However, the Group considered that the claim was of the same nature as the early termination default payment, and Wuhan Trade claimed a duplicate claim. Therefore, the Group should not be liable for compensation;

3) Demanding the Group to refund the reduced portion of rentals and the default payments totaling $84,787 thousand (RMB19,170 thousand), for which the Group has estimated and recognized $81,420 thousand (RMB18,778 thousand) as other payables;

4) Demanding the Group to refund the rentals of $21,190 thousand (RMB4,791 thousand) paid during the 5-month rent-free period in prior years. However, the relevant termination indemnity clause was not stipulated in the original lease contract, so the Group considered that Wuhan Trade was not justified and the Group should not be liable for compensation;

5) Demanded the Group to pay the demolition fees and related litigation costs totaling $10,358 thousand (RMB2,342 thousand) for the cinema on the 5th floor that is to be demolished. However, the Group has entered into a lease termination agreement with the cinema whereby the 2 parties agreed that if the cinema failed to enter into a lease sub-contract with the new lessee in the future, it shall bear the site demolition fee at its own expense. Therefore, the Group shall not be liable for compensation.

On December 21, 2023, Wuhan Trade filed an application for property preservation with the court. The court legally frozen the bank deposits of the Group of $3,725 thousand (RMB859 thousand), and the amount was recognized as other current financial assets.

After the Group's assessment, the amounts of accumulated overdue rentals, the reduced portion of rentals for prior years, and the related compensation for early termination of the lease have been estimated and recognized. However, the Group assessed that Wuhan Trade's other claims were ungrounded, hence the Group should not be liable for compensation. This case is currently pending before the court.

(vi) On August 31, 2023, Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd., a subsidiary, ceased operation due to continuing losses and terminated its lease with a brand vendor, Wuhan Laopai Catering Management Co., Ltd. ("Laopai") before the end of contract term. On December 20, 2023, ("Laopai") filed a request for arbitration to demand the refund of performance bond and default payment for early termination, renovation losses and related litigation costs totaling $26,984 thousand (RMB6,101 thousand), for which the Group has estimated and recognized $25,898 thousand (RMB5,973 thousand) in other payables. This case is currently pending before the court.

(vii) In May 2022, Sure Success Steamship S.A., the Group's subsidiary, contracted with PB to lease a bulk carrier named Ever Success to it. As PB failed to pay the remaining rentals and the differences in fuel oil prices totaling US$431 thousand as well as the fuel expenses paid on behalf of PB of US$350 thousand ($10,749 thousand included in other current assets). In August 2023, the Group filed a lawsuit with the London Court of International Arbitration. During September 2023, PB also filed a counterclaim with the India court, claiming that the Group was liable for business losses caused by its refusal to carry steel rolls and container during the lease period and applying for the seizure of Ever Success, a vessel of subsidiary SSS to use it as the security for the counterclaim. In October 2023, the Group provided the court with a deposit of $76,086 thousand (US$2,478 thousand) (recognized in other non-current financial assets) to release the vessel from seizure. The above-mentioned case is now being arbitrated in London, the UK, where, according to counsel, PB's counterclaim may be in the range of US$1,500 thousand to US$2,000 thousand.

The Group refused to load PB's cargo under the contract on the basis that the charterer's restrictions on the use of the vessel and the rolled materials loading manual and the IMSBC (International Maritime Solid Bulk Cargo Code) were specified in the contract; therefore, PB's claim was ungrounded, and the Group shall not be liable for compensation.

(10) Losses Due to Major Disasters: None

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

(11) Significant subsequent Events:

On January 17, 2024, the Group's board of directors resolved to participate in the cash capital increase of Dayu Financial Holdings Limited, an associate, in proportion to its shareholding within a range not exceeding 331,660 thousand shares. The estimated price of the shares to be issued was HK$0.15 per share.

(12) Other:

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

	For the years ended December 31					
By function	2023			2022		
By item	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	$ 343,761	595,166	938,927	332,008	572,625	904,633
Health and labor insurance	-	6,027	6,027	1,246	4,169	5,415
Pension	-	58,978	58,978	1,135	60,883	62,018
Others	22,702	130,246	152,948	17,471	116,131	133,602
Depreciation	438,458	1,559,801	1,998,259	429,041	1,646,777	2,075,818
Amortization	51,712	7,007	58,719	45,656	8,564	54,220

(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 for the year ended December 31, 2023:

(i) Loans to other parties: Appendix 1. Please refer to the Chinese version consolidated financial statements P80-82.

(ii) Guarantees and endorsements for other parties: Appendix 2. Please refer to the Chinese version consolidated financial statements P83-85.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3. Please refer to the Chinese version consolidated financial statements P86.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

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

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Appendix 4. Please refer to the Chinese version consolidated financial statements P87.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: Appendix 5. Please refer to the Chinese version consolidated financial statements P88.

(b) Information on investees: Appendix 6. Please refer to the Chinese version consolidated financial statements P89-90.

(c) Information on investment in mainland China: Appendix 7. Please refer to the Chinese version consolidated financial statements P91-92.

(d) Major shareholders:

Shareholding / Shareholder's Name	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 %

Note: (1) The information of major shareholders in this table is based on the last business day of each quarter, and is calculated based on the shareholders holding more than 5% of the Company's common shares (including treasury shares) that have been issued without physical registration. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration due to different bases of preparation and calculation.

(2) If the above-mentioned shares have been entrusted, the numbers of shares are disclosed separately according to the sub-accounts opened by the trustees for the trustors. In accordance with the Securities and Exchange Act, significant shareholders reported insider holdings of more than 10% in the Company, including individual holdings, plus entrusted shares whose utilization was at discretion of the owners. For information on the reported insider holdings, please refer to the Market Observation Post System website.

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

(14) Segment information:

(a) General information

The Group has 4 reportable segments: the Marine Transportation Segment, the Investment Segment, the Department Store Segment, and the Rental Segment.

The Marine Transportation Segment mainly engages in international maritime transportation and related businesses. The Investment Segment' s main operating activities are domestic and international investment. The Department Store Segment mainly retails general merchandise. The Rental Segment mainly engages in car finance lease. The reportable segments are the Group' s strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately.

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

	Shipping department	Investing department	Retail department	Rental department	Other segment	Reconciliation and elimination	Total
For the year ended December 31, 2023							
Revenue:							
Revenue from external customers	$ 1,623,355	6,923	3,820,133	51,512	-	-	5,501,923
Intersegment revenues	-	1,566	-	-	-	(1,566)	-
Interest income	5,077	92,074	27,598	3,954	161	(61,621)	67,243
Total revenue	$ 1,628,432	100,563	3,847,731	55,466	161	(63,187)	5,569,166
Interest expenses	$ 154,637	70,317	688,683	44,620	42,760	(64,872)	936,145
Share of profit (loss) of associates accounted for using equity method	-	(284,817)	(15,074)	-	11,147	-	(288,744)
Reportable segment profit or loss	$ 249,129	(452,263)	(1,861,600)	(238,908)	(1,234)	-	(2,304,876)
Investments accounted for using equity method	$ -	466,177	-	-	15,333	-	481,510
Reportable segment assets	$ 7,244,607	4,680,495	24,236,402	368,353	1,374,742	(2,535,646)	35,368,953
Reportable segment liabilities	$ 2,301,079	3,814,000	19,163,603	565,420	1,113,851	(2,535,646)	24,422,307
For the year ended December 31, 2022							
Revenue:							
Revenue from external customers	$ 2,082,877	6,746	4,150,142	86,278	-	-	6,326,043
Intersegment revenues	-	81,108	-	-	-	(81,108)	-
Interest income	1,239	41,622	26,034	8,928	52	(37,409)	40,466
Total revenue	$ 2,084,116	129,476	4,176,176	95,206	52	(118,517)	6,366,509
Interest expenses	$ 83,656	50,285	704,388	43,198	29,555	(37,409)	873,673
Share of profit (loss) of associates accounted for using equity method	-	(38,941)	(9,290)	-	(1,570)	-	(49,801)
Reportable segment profit or loss	$ 856,185	(5,480)	(613,815)	(337,613)	(36,803)	-	(137,526)
Investments accounted for using equity method	$ -	754,461	27,636	-	4,186	-	786,283
Reportable segment assets	$ 7,583,861	5,314,262	25,381,147	763,787	1,379,786	(2,621,285)	37,801,558
Reportable segment liabilities	$ 2,887,340	3,920,912	18,125,900	725,965	1,117,661	(2,621,285)	24,156,493

(Continued)

(c) Product and service information

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

(d) Geographic information

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

(e) Major customers

The major customers of the Group were less than 10% of the operating revenue.