

Stock Code:2601

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

**FIRST STEAMSHIP COMPANY LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the three Months Ended March 31, 2024 and 2023**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	15
(6) Explanation of significant accounts	15~49
(7) Related-party transactions	50~55
(8) Pledged assets	56
(9) Significant commitments and contingencies	56~60
(10) Losses due to major disasters	60
(11) Subsequent events	60
(12) Other	61
(13) Other disclosures	
(a) Information on significant transactions	61~62
(b) Information on investees	62
(c) Information on investment in mainland China	62
(d) Major shareholders	62
(14) Segment information	63

## **Independent Auditors' Review Report**

To the Board of Directors First Steamship Company Ltd.:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the First Steamship Company Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of March 31, 2024 and 2023 and the consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, as well as the changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ( "IASs" ) 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As stated in Note 4(2) of the consolidated financial report, some of the non-important subsidiaries included in the consolidated financial report above are based on the financial reports of the investee companies that have not been reviewed by accountants during the same period. As of March 31, 2024 and 2023, the total assets were \$ 365,812 thousand and \$ 432,640 thousand, both accounting for 1% of the total consolidated assets, the total liabilities were \$ 342,578 thousand and \$ 382,981 thousand, accounting for 1% and 2% of the total consolidated liabilities, the comprehensive profit and loss were \$ (3,427) thousand and \$3,186 thousand, accounting for (1)% and 7% of the consolidated comprehensive profit and loss for the three months ended March 31, 2024 and 2023.

In addition to those mentioned in the preceding paragraph, as stated in Note 6(f), the equity accounted investments of the First Steamship Company Ltd. and its subsidiaries in its investee companies of \$ 709,831 thousand and \$ 776,042 thousand as of March 31, 2024 and 2023. And its equity in net earnings on these investee companies of \$ 7,206 thousand and \$ 1,255 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Notes to Readers**

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

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## Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors and audited by another auditor (please refer to other matter), based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the First Steamship Company Ltd. and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance for the three months ended March 31, 2024 and 2023, as well as its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

## Other Matter

We did not audit the financial statements of Mariner Finance Ltd., a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mariner Finance Ltd., is based solely on the report of other auditor. The financial statements of Mariner Finance Ltd. had total assets of \$ 334,529 thousand and \$ 680,278 thousand; reflect the total assets constituting 1% and 2% of the consolidated total assets on March 31, 2024 and 2023. The net operating income was \$ 7,275 thousand and \$15,488 thousand; reflect the total operating revenues constituting both 1% of the consolidated total operating revenues for the three months ended March 31, 2024 and 2023.

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

KPMG

Taipei, Taiwan (Republic of China)

May 13, 2024

## Notes to Readers

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(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Reviewed only, not audited in accordance with the generally accepted auditing standards  
**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**(Expressed in Thousands of New Taiwan Dollars)**

<b>Assets</b>		<b>March 31, 2024</b>		<b>December 31, 2023</b>		<b>March 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,547,183	4	1,834,232	5	2,710,342	7
1110	Current financial assets at fair value through profit or loss (Notes 6(b))	154,299	-	167,661	-	195,927	1
1170	Accounts receivable, net (Notes 6(c), 7, 8 and 9)	299,929	1	353,770	2	442,799	1
1200	Other receivables, net (Notes 6(b), (d), (f), (w) and 7)	134,824	-	134,141	-	180,084	-
1300	Inventories, net	208,609	1	203,576	1	224,750	1
1320	Inventories (for construction business), net (Notes 6(e), 8 and 9)	1,755,090	5	1,748,420	5	1,738,662	4
1476	Other current financial assets (Notes 6(k), (w), 7, 8 and 9)	543,990	2	526,454	1	171,119	-
1479	Other current assets, others (Notes 7 and 9)	285,238	1	319,069	1	501,521	1
		<u>4,929,162</u>	<u>14</u>	<u>5,287,323</u>	<u>15</u>	<u>6,165,204</u>	<u>15</u>
<b>Non-current assets:</b>							
1535	Non-current financial assets at amortised cost (Note 7 and 13)	49,900	-	59,900	-	59,900	-
1550	Investments accounted for using equity method (Note 6(f) and 7)	709,831	2	481,510	1	776,042	2
1600	Property, plant and equipment (Notes 6(h) and 8)	12,609,781	35	12,305,871	35	13,574,595	36
1755	Right-of-use assets (Notes 6(i) and 8)	11,674,125	33	11,501,840	33	11,882,194	31
1760	Investment property, net (Not 8)	139,873	-	140,116	-	140,846	-
1780	Intangible assets (Note 6(j))	1,750,788	5	1,691,118	5	2,051,984	5
1840	Deferred tax assets (Note 6(q))	2,833,008	8	2,782,429	8	3,000,820	8
1935	Long-term lease payments receivable(Notes 6(c) , 7 and 8)	2,845	-	6,684	-	114,676	-
1975	Net defined benefit asset, non-current	2,975	-	2,975	-	2,999	-
1980	Other non-current financial assets(Notes 6(k), 7, 8 and 9)	849,383	2	818,884	2	738,518	2
1990	Other non-current assets(Notes 6(f), (r) and 7)	294,025	1	290,303	1	269,911	1
		<u>30,916,534</u>	<u>86</u>	<u>30,081,630</u>	<u>85</u>	<u>32,612,485</u>	<u>85</u>
<b>Total assets</b>		<b>\$ <u>35,845,696</u></b>	<b><u>100</u></b>	<b><u>35,368,953</u></b>	<b><u>100</u></b>	<b><u>38,777,689</u></b>	<b><u>100</u></b>

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Reviewed only, not audited in accordance with the generally accepted auditing standards**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****(Expressed in Thousands of New Taiwan Dollars)**

<b>Liabilities and Equity</b>		<b>March 31, 2024</b>		<b>December 31, 2023</b>		<b>March 31, 2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current liabilities:</b>							
2100	Short-term borrowings (Notes 6(l))	\$ 3,844,154	11	3,657,193	10	3,139,293	9
2151	Notes payable	97	-	-	-	-	-
2170	Accounts payable (Note 6(n))	1,012,147	3	1,272,029	4	1,156,321	3
2200	Other payables (Notes 6(n), (u), 7 and 9)	1,155,619	3	1,232,947	4	896,548	2
2230	Current tax liabilities	46,782	-	41,489	-	65,904	-
2280	Current lease liabilities (Notes 6(o), 7 and 9)	920,990	3	838,426	3	823,353	2
2322	Current portion of long-term borrowings (Note 6(m))	1,176,811	3	1,018,680	3	1,199,084	3
2399	Other current liabilities (Notes 6(w), 7 and 9)	71,504	-	81,677	-	88,790	-
		<u>8,228,104</u>	<u>23</u>	<u>8,142,441</u>	<u>24</u>	<u>7,369,293</u>	<u>19</u>
<b>Non-Current liabilities:</b>							
2500	Current financial liabilities at fair value through profit or loss (Note 6(b))	29,707	-	27,813	-	26,125	-
2540	Long-term borrowings (Note 6(m))	3,832,916	11	4,020,116	11	4,995,876	13
2570	Deferred tax liabilities (Note 6(q))	2,251,029	6	2,227,375	6	2,261,367	6
2580	Non-current lease liabilities (Notes 6(o), 7 and 9)	9,615,670	27	9,431,523	27	9,868,450	26
2645	Guarantee deposits	594,311	2	573,039	2	562,999	1
		<u>16,323,633</u>	<u>46</u>	<u>16,279,866</u>	<u>46</u>	<u>17,714,817</u>	<u>46</u>
		<u>24,551,737</u>	<u>69</u>	<u>24,422,307</u>	<u>70</u>	<u>25,084,110</u>	<u>65</u>
<b>Equity attributable to owners of parent(Notes 6(f) and (r)):</b>							
3100	Capital stock	8,247,761	23	8,247,761	23	8,247,761	21
3200	Capital surplus	1,932,221	5	1,932,221	5	1,932,221	5
3300	Retained earnings	(1,154,181)	(3)	(1,095,839)	(3)	710,965	2
3400	Other equity interest	30,926	-	(354,024)	(1)	(335,001)	(1)
	<b>Total equity attributable to owners of parent:</b>	<u>9,056,727</u>	<u>25</u>	<u>8,730,119</u>	<u>24</u>	<u>10,555,946</u>	<u>27</u>
36XX	<b>Non-controlling interests (Notes 6(g) and (r))</b>	<u>2,237,232</u>	<u>6</u>	<u>2,216,527</u>	<u>6</u>	<u>3,137,633</u>	<u>8</u>
	<b>Total equity</b>	<u>11,293,959</u>	<u>31</u>	<u>10,946,646</u>	<u>30</u>	<u>13,693,579</u>	<u>35</u>
	<b>Total liabilities and equity</b>	<u><u>\$ 35,845,696</u></u>	<u><u>100</u></u>	<u><u>35,368,953</u></u>	<u><u>100</u></u>	<u><u>38,777,689</u></u>	<u><u>100</u></u>

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**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		For the three months ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(p), (t) and 7)	\$ 1,293,337	100	1,527,114	100
5000	Operating costs (Notes 6(p) and (v))	452,281	35	493,232	32
	<b>Gross profit from operations</b>	<b>841,056</b>	<b>65</b>	<b>1,033,882</b>	<b>68</b>
6000	Operating expenses (Notes 6(o), (u), 7 and 9)	759,617	60	810,991	54
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c) and 7)	7,861	1	35,654	2
	<b>Net operating income</b>	<b>73,578</b>	<b>4</b>	<b>187,237</b>	<b>12</b>
	<b>Non-operating income and expenses:</b>				
7100	Interest income(Notes 6(v) and 7)	15,950	1	13,524	1
7010	Other gains and losses(Notes 6(v))	388	-	12,732	1
7020	Other gains and losses, net (Notes 6(v), 7 and 9)	25,625	2	44,481	3
7050	Finance costs(Notes 6(o), (v) and 7)	(230,494)	(18)	(224,900)	(15)
7055	Impairment loss determined in accordance with IFRS 9 (Notes 6(d), (w) and 7)	10,756	1	26,754	2
7060	Share of profit (loss) of associates accounted for using equity method, net(Notes 6(f))	7,206	1	1,255	-
		<b>(170,569)</b>	<b>(13)</b>	<b>(126,154)</b>	<b>(8)</b>
7900	<b>Profit (loss) from continuing operations before tax</b>	<b>(96,991)</b>	<b>(9)</b>	<b>61,083</b>	<b>4</b>
7950	Less: Tax expense (Note 6(q))	21,176	2	2,613	-
	<b>Profit (loss)</b>	<b>(118,167)</b>	<b>(11)</b>	<b>58,470</b>	<b>4</b>
8300	<b>Other comprehensive income:</b>				
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss(Notes 6(f) and (r))</b>				
8361	Exchange differences on translation of foreign financial statements	446,694	35	1,540	-
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	19,750	2	(11,496)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<b>466,444</b>	<b>37</b>	<b>(9,956)</b>	<b>(1)</b>
8300	<b>Other comprehensive income, net</b>	<b>466,444</b>	<b>37</b>	<b>(9,956)</b>	<b>(1)</b>
	<b>Comprehensive income (loss)</b>	<b>\$ 348,277</b>	<b>26</b>	<b>48,514</b>	<b>3</b>
	<b>Profit (loss), attributable to:</b>				
8610	Owners of parent	\$ (57,378)	(6)	62,176	4
8620	Non-controlling interests	(60,789)	(5)	(3,706)	-
		<b>\$ (118,167)</b>	<b>(11)</b>	<b>58,470</b>	<b>4</b>
	<b>Comprehensive income (loss) attributable to:</b>				
8710	Owners of parent	\$ 327,572	24	31,060	2
8720	Non-controlling interests	20,705	2	17,454	1
		<b>348,277</b>	<b>26</b>	<b>48,514</b>	<b>3</b>
	<b>Earnings per share (Note 6(s))</b>				
9750	Basic earnings per share (NT dollars)	<b>\$ (0.07)</b>		<b>0.08</b>	
9850	Diluted earnings per share(NT dollars)	<b>\$ (0.07)</b>		<b>0.08</b>	

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**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars )**

	Equity attributable to owners of parent										
	Share capital	Retained earnings					Total other equity interest				
							Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
Balance at January 1, 2023	\$ 8,347,761	1,926,712	7,548	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886	3,120,179	13,645,065
Gain (loss) for the three months ended March 31, 2023	-	-	-	-	62,176	62,176	-	-	62,176	(3,706)	58,470
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(31,116)	-	(31,116)	21,160	(9,956)
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	62,176	62,176	(31,116)	-	31,060	17,454	48,514
Retirement of treasury share	(100,000)	5,509	-	-	-	-	-	94,491	-	-	-
Balance at March 31, 2023	\$ 8,247,761	1,932,221	7,548	633,830	69,587	710,965	(335,001)	-	10,555,946	3,137,633	13,693,579
Balance at January 1, 2024	\$ 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
Loss for the three months ended March 31, 2024	-	-	-	-	(57,378)	(57,378)	-	-	(57,378)	(60,789)	(118,167)
Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	384,950	-	384,950	81,494	466,444
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	(57,378)	(57,378)	384,950	-	327,572	20,705	348,277
Changes in the associated for using equity method	-	-	-	-	(964)	(964)	-	-	(964)	-	(964)
Balance at March 31, 2024	\$ 8,247,761	1,932,221	8,289	303,885	(1,466,355)	(1,154,181)	30,926	-	9,056,727	2,237,232	11,293,959



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**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars )**

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>(Loss) Profit before tax</b>	\$ (96,991)	61,083
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	502,472	494,948
Amortization expense	18,339	14,732
Expected credit impairment losses and reversal gains	(2,895)	8,900
Net gain on financial assets or liabilities at fair value through profit or loss	(11,307)	(10,148)
Interest expense	230,494	224,900
Operating costs (Interest expense)	3,128	3,461
Interest income	(15,950)	(13,524)
Share of loss (profit) of associates accounted for using equity method	(7,206)	(1,255)
Loss on disposal of property, plan and equipment	115	1,310
Gain (loss) on disposal of intangible assets	757	(672)
Gain on rent concessions	-	(712)
<b>Total adjustments to reconcile profit (loss)</b>	<b>717,947</b>	<b>721,940</b>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	29,600	59,199
Notes receivable	-	265
Accounts receivable	54,587	78,174
Other receivables	(3,772)	(2,569)
Inventories	(3,559)	15,224
Other current assets	45,379	(50,771)
Net defined benefit assets	-	(60)
<b>Total changes in operating assets</b>	<b>122,235</b>	<b>99,462</b>
<b>Changes in operating liabilities :</b>		
Notes payable	97	-
Accounts payable	(304,900)	181,046
Other payables	(148,296)	(80,184)
Other current liabilities	-	3,264
<b>Total changes in operating liabilities</b>	<b>(453,099)</b>	<b>104,126</b>
<b>Total changes in operating assets and liabilities</b>	<b>(330,864)</b>	<b>203,588</b>
<b>Total adjustments</b>	<b>387,083</b>	<b>925,528</b>
Cash inflow generated from operations	290,092	986,611
Interest received	15,252	13,781
Interest paid	(233,585)	(225,981)
Income taxes paid	(22,745)	(18,445)
<b>Net cash flows from (used in) operating activities</b>	<b>49,014</b>	<b>755,966</b>

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Reviewed only, not audited in accordance with generally accepted auditing standards**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars )**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of financial assets at amortised cost	10,000	-
Acquisition of or from investments accounted for using equity method	(202,329)	-
Acquisition of property, plant and equipment	(44,301)	(123,821)
Proceeds from disposal of property, plant and equipment	3,987	11,752
Decrease in other receivables	11,762	25,617
Acquisition of intangible assets	(90)	(1,016)
Proceeds from disposal of intangible assets	6,317	14,080
Decrease (increase) in other financial assets	5,636	(582,837)
(Increase) decrease in other non-current assets	(9,830)	1,656
<b>Net cash flows used in investing activities</b>	<b>(218,848)</b>	<b>(654,569)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	91,535	311,052
Proceeds from long-term loans	50,009	533,533
Repayments of long-term loans	(214,761)	(826,078)
Decrease in guarantee deposits received	(1,485)	(31,499)
Payments of lease liabilities	(139,591)	(359,451)
<b>Net cash flows from financing activities</b>	<b>(214,293)</b>	<b>(372,443)</b>
Effect of exchange rate changes on cash and cash equivalents	97,078	(5,809)
Net decrease in cash and cash equivalents	(287,049)	(276,855)
Cash and cash equivalents at beginning of period	1,834,232	2,987,197
Cash and cash equivalents at end of period	<b>\$ 1,547,183</b>	<b>2,710,342</b>

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

## **FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**March 31, 2024 and 2023**

**(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:**

These consolidated financial statements were authorized for issuance by the Board of Directors on May 13, 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. ( “FSC” ) which have already been adopted.

The Group has been subject to the following newly revised IFRS accounting standards since January 1, 2024, and has not had a significant impact on the financial report of the Group.

- 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”

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC  
The standards and interpretations that have been issued and revised by the IASB but have not yet been approved by the FSC may be relevant to the Group as follows:

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Newly issued or revised standards	Content of major amend	effective date
IFRS 18 "Presentation and Disclosure of Financial Statements"	<p>The new standard introduces three categories of income and expense, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statements: Under current standards, companies use different formats to present their operating results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPM): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

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

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

## **FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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

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

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

##### **(a) Statement of compliance**

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements is the same as those in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

##### **(b) Basis of consolidation**

###### **(i) List of subsidiaries in the consolidated financial statements**

List of subsidiaries in the consolidated financial statements include.

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

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Real estate development, rental and leasing of building	55.00%	55.00%	55.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	First Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	10.00%	10.00%	10.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	First Mariner Holding Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Yee young Investment Co., Ltd.	General investing	- %	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries. 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%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Praise Maritime S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Best Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Grand Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Black Sea Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Ship Bulker Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Reliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Alliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Sure Success Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Shining Steamship International S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Excellent Steamship International S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Advantage Steamship Co., Ltd	International transportation and shipping agency	100.00%	- %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 1)
First Steamship Co., Ltd.	Mighty Steamship Co., Ltd	International transportation and shipping agency	100.00%	- %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 1)

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

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
First Steamship S.A.	Ahead Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Media Assets Global Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Nature Sources Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Grand Ocean Retail Group Ltd.	Investment holding company	46.83%	46.83%	46.83%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Heritage Riches Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Ahead Capital Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	1.79%	1.79%	1.79%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Holding Ltd.	First Mariner Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Holding Ltd.	Mariner Far East Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Capital Ltd.	Mariner Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Capital Ltd.	Mariner Finance Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Nanjing Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Fuzhou Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Dongguan Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Guangzhou Youqiang Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

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

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Retail Group Ltd.	Grand Citi Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Citi Ltd.	Grand Ocean Classic Commercial Group Ltd.	Trading of cosmetics, apparels, shoes, hat , etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Nanjing Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, apparels, shoes, hat , etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Fuzhou Grand Ocean Commoncial Ltd.	Trading of cosmetics, apparels, shoes, hat , etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Quanzhou Grand Ocean Commercial Ltd.	Trading of cosmetics, apparels, shoes, hat, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Shanghai Jingxuan Business Administration., Ltd.	Management consultancy, e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 2)
Grand Ocean Classic Commercial Group Ltd.	Shanghai Qianshu Commercial Management Co., Ltd.	Management consultancy, e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commercial Ltd.	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, apparels, shoes, hat, etc.	30.00%	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commercial Ltd.	Hefei Grand Ocean Classic Commercial Department Ltd.	Trading of cosmetics, apparels, shoes, hat, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd.	Fuzhou Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, apparels, shoes, hat, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd.	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, apparels, shoes, hat, etc.	70.00%	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd.	Fuzhou Jiaruixing Bussiness Administration Ltd.	Management consultancy, e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (Note 2)



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

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	35.30%	35.30%	35.30%	The company directly (indirectly) holds more than 50% of its subsidiaries. On October 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries. On August 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Grand Ocean Classic Commercial Development Ltd.	Hengyang Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Shiyan Ocean Modern Shopping Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	64.70%	64.70%	64.70%	The company directly (indirectly) holds more than 50% of its subsidiaries On October 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries. On August 31, 2023, it would cease operation, and liquidation was in process.
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	99.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	- %	- %	1.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

Note 1: The Group approved setting the subsidiaries Adventage Steamship Co., Ltd and Mighty Steamship Co., Ltd in Liberia by the board of directors on February 25, 2024. Due to operating demand. The establishment registration process has been completed, but the actual capital contribution has not yet.

Note 2: Because it is not the major subsidiary, the March 31, 2024 financial report has not been reviewed by accountants.

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

(c) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. And allocate current income tax expense and deferred income tax expense according to the estimated

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

proportion of current income tax expense and deferred income tax expense for the whole year.

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

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

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

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

In preparing the consolidated financial report, the significant judgments made by management when adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with Note 5 of the 2023 consolidated financial report.

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

Except the following explanation mentioned below, the explanation of significant accounts described in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Pretty cash	\$ 27,217	27,768	27,187
Cash in Bank	1,219,144	1,289,620	2,129,147
Time deposits	300,822	516,844	554,008
Cash and cash equivalents in the consolidated statement of cash flows	<b>\$ 1,547,183</b>	<b>1,834,232</b>	<b>2,710,342</b>

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

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

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets—current			
Shares of stock of listed companies	\$ 30,328	46,603	44,108
Open fund	12,394	11,689	10,978
Foreign corporate bonds	111,577	109,369	5,893
Beneficial rights-Specific construction project	-	-	134,948
Total	<b>\$ 154,299</b>	<b>167,661</b>	<b>195,927</b>
<b>Held-for-trading financial liabilities:</b>			
Non-derivative financial liabilities—non-current			
Landlord beneficiary rights	<b>\$ 29,707</b>	<b>27,813</b>	<b>26,125</b>

- (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. The Group received four checks from Honor Construction in April 2024, the total amount \$81,708 thousand and the redemption date on the end of May and August 2024, respectively.
- (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. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group received the cost of holding and development from the Sanlinger Investment Development Co., Ltd., based on pro rata basis at the amount of \$9,307 thousand, \$7,413 thousand and \$5,725 thousand, respectively.
- (iii) Please refer to Note 6(w) for disclosure of credit risk and market risk.
- (iv) All of the financial assets mentioned above have not been pledged as collateral.

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

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

## (c) Trade receivables and other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b>Current</b>			
Accounts receivables	\$ 165,323	237,137	234,641
Less: Loss allowance	(19,686)	(38,259)	(30,567)
	<u>145,637</u>	<u>198,878</u>	<u>204,074</u>
Leases payment receivables (included operating lease)	828,291	759,787	611,656
Less: unearned financing income	(118,448)	(113,406)	(101,728)
Loss allowance	(555,551)	(491,489)	(271,203)
	<u>154,292</u>	<u>154,892</u>	<u>238,725</u>
<b>Subtotal of current asset</b>	<u>299,929</u>	<u>353,770</u>	<u>442,799</u>
<b>Non-current</b>			
Leases payment receivables	10,120	21,722	224,911
Less: unearned financing income	(859)	(1,417)	(20,097)
Loss allowance	(6,416)	(13,621)	(90,138)
	<u>2,845</u>	<u>6,684</u>	<u>114,676</u>
<b>Subtotal of non-current asset</b>	<u>2,845</u>	<u>6,684</u>	<u>114,676</u>
<b>Total notes and accounts receivable, net</b>	<u><b>\$ 302,774</b></u>	<u><b>360,454</b></u>	<u><b>557,475</b></u>

- (i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

- 1) Due to the COVID-19 pandemic and the changes in economic environment, the overdue account, receivable from the Group's related parties amounting, incurred from the rental service departments in China, resulted in a significant increase in credit risk; therefore, the Group evaluated the value of collateral and recognized allowance for uncollectible as follow:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Leases payment receivables	\$ 523,395	481,288	487,914
Less: Loss allowance	(415,107)	(370,553)	(210,723)
	<u><b>\$ 108,288</b></u>	<u><b>110,735</b></u>	<u><b>277,191</b></u>

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

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

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 6,075	0.92%	56
1 to 30 days past due	10	10.00%	1
61 to 90 days past due	290	18.28%	53
More than 91 days past due (Note)	189,334	77.51%	146,750
	<b>\$ 195,709</b>		<b>146,860</b>

  

	<b>December 31, 2023</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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 91 days past due (Note)	173,093	77.39%	133,959
	<b>\$ 185,398</b>		<b>134,557</b>

  

	<b>March 31, 2023</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 20,185	1.03%	207
1 to 30 days past due	2,428	7.08%	172
31 to 60 days past due	269	7.88%	21
61 to 90 days past due	4,426	18.64%	825
More than 91 days past due (Note)	199,520	74.88%	149,393
	<b>\$ 226,828</b>		<b>150,618</b>

Note: As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group had filed lawsuits for collecting the overdue receivables from leasing business with total amount of \$ 119,398 thousand (RMB 26,481 thousand), \$114,820 thousand (RMB 26,481 thousand) and \$ 127,951 thousand (RMB 28,884 thousand) thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized provision for allowance of \$ 81,367 thousand (RMB 18,046 thousand), \$78,242 thousand (RMB 18,045 thousand) and \$ 85,927 thousand (RMB 19,398 thousand) less unearned interests and guarantee deposits.

- 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. The Group applies the simplified approach

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

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

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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Amount related to mediation or litigations	\$ -	19,411	17,879
Less: Allowance for impairment	-	(19,411)	(17,879)
	<u>\$ -</u>	<u>-</u>	<u>-</u>

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

<b>March 31, 2024</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 98,561	0%	-
1 to 90 days past due	27,533	0%	-
91 to 180 days past due	17,481	0%	-
181 to 270 days past due	6,576	0~69%	4,516
271 to 365 days past due	1,465	100%	1,465
More than 365 days past due	13,705	100%	13,705
	<u>\$ 165,321</u>		<u>19,686</u>

  

<b>December 31, 2023</b>			
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
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
	<u>\$ 210,386</u>		<u>18,848</u>

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

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

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

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	<b>\$ 2</b>	-	-

  

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	<b>\$ 7,340</b>	-	-

  

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1	\$ 543,369	354,619
Impairment losses recognized	7,861	35,654
Amount written off due to irrecoverability in the current year	(19,365)	(47)
Rearrange (Note 9(a))	27,815	-
Foreign exchange gain	21,973	1,682
Balance on March 31	<b>\$ 581,653</b>	<b>391,908</b>

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

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Less than one year	\$ 828,291	759,787	611,656
One to two years	10,120	20,657	210,620
Two to three years	-	1,065	14,291
Total lease payments receivable	838,411	781,509	836,567
Unearned finance income	(119,307)	(114,823)	(121,825)
Present value of lease payments receivable	<b>\$ 719,104</b>	<b>666,686</b>	<b>714,742</b>

- (iv) For credit risk information, please refer to Note 6(w).  
 (v) Details of the above accounts receivable as guarantee for bank loans and financing quota. Please refer to Note 8.

- (d) Other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables—loans (Note 7)	\$ 9,018	15,289	45,674
Other receivables—investment	275,037	264,491	270,216
Other receivables—lease guarantee deposit	64,257	61,793	63,130
Other receivables—beneficial interests in construction project	81,708	81,708	-
Other receivables—others	76,449	74,124	65,635
Less: Loss allowance	(371,645)	(363,264)	(264,571)
	<b>\$ 134,824</b>	<b>134,141</b>	<b>180,084</b>

- (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(w) 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



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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 2<sup>nd</sup>-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 March 31, 2024, December 31, 2023 and March 31, 2023, the Group recognized lease deposit of \$64,257 thousand (RMB14,252 thousand), \$61,793 thousand (RMB14,252 thousand) and \$63,130 thousand (RMB14,252 thousand) as well as loss allowance of \$64,257 thousand (RMB14,252 thousand), \$61,793 thousand (RMB14,252 thousand) and \$31,565 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 Fengnan 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

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 assessed 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.

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 thousand 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.

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

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

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. And as of March 31, 2024, December 31, 2023 and March 31, 2023, the outstanding receivables were \$275,037 thousand (RMB\$61,000 thousand), \$264,491 thousand (RMB\$61,000 thousand) and \$270,216 thousand (RMB\$61,000 thousand), respectively. Recently the Quanzhou government has agreed with the development and construction of the Fengan' s property to be undertaken in a cooperative way with existing developers, which is implement by the government of Fengze District, and is coordinating to promote the resumption of the construction of Fengan' s property. Considering the circumstance above and- that the creditor's rights are generated by undertaking the Fengan' s property, the Group plans to negotiate with Damahua on the proceeds from the subsequent development project to repay all claims.

Although the Group assessed that Damahua should be able to repay its debts after distribution o 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 March 31, 2024, December 31, 2023 and March 31, 2023, loss allowances of \$275,037 thousand, \$264,491 thousand and \$169,969 thousand were recognized, respectively.

**(e) Inventories (Construction department)**

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Land held for construction site	\$ 519,760	519,010	518,796
Construction in progress	893,125	887,205	878,975
Buildings and land held for sale	41,931	41,931	41,931
Prepayment for land purchases and development expenses	300,274	300,274	298,960
	<b>\$ 1,755,090</b>	<b>1,748,420</b>	<b>1,738,662</b>

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

**(f) Investments accounted for using equity method**

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

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

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

<b>Investee</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Jiawang Assets Development Co., Ltd.	\$ 15,019	15,333	3,811
Da Yu Financial Holdings Limited	694,812	466,177	745,134
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	-	-	27,097
Sandmartin International Holdings Limited	-	-	-
Hainan Sanhe Licheng Business Service Co., Ltd.	-	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-	-
	<b>\$ 709,831</b>	<b>481,510</b>	<b>776,042</b>

## (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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 709,831</b>	<b>481,510</b>	<b>776,042</b>

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Attributable to the Group:		
Gain(Loss) from continuing operations	\$ 7,206	1,255
Other comprehensive income	19,750	(11,496)
Total comprehensive income	<b>\$ 26,956</b>	<b>(10,241)</b>

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

- (1) On May 6, 2021, the Group signed 5 year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as “Shanghai Dongfadao”) at the amount of RMB 7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as Nanjing Dongfadao), wherein the Group will acquire 49% of the entire equity. As of June 30, 2023, the Group has invested the amount of \$30,157 thousand (RMB 7,000 thousand).
- (2) The share repurchase agreement of the investment agreement
  - a) If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity of Nanjing Dongfadao can be repurchased via written consent.
  - b) If the deficit of Nanjing Dongfadao continues to accumulate for six months or has reached the amount of RMB 5,000 thousand, the Group has the right to notify Shanghai Dongfadao to repurchase its shares unconditionally, at a price deemed as the difference between the total investment amount of the Group and the profit distribution obtained in previous period.

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

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

- (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 (RMB 7,000 thousand). On August 30, 2023, the Group completed equity transfer procedures and recognized gains of \$5,113 thousand (RMB 1,156 thousand) on disposal of investment. According to the agreement, the Group collected the equity repurchasing price in installments. As of March 31, 2024 and December 31, 2023 the uncollected amount were \$16,051 thousand (RMB 3,560 thousand), and \$17,516 thousand (RMB 4,040 thousand) for which other receivables of \$8,657 thousand (RMB 1,920 thousand), \$7,394 thousand (RMB 1,640 thousand) and other non-current assets of \$8,324 thousand (RMB 1,920 thousand), \$9,192 thousand (RMB 2,120 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 of the consolidated financial statements for the year ended December 31, 2023
- (iv) The Group's approved the resolution to participate in the cash capital increase of 331,660 thousand shares in Da Yu Financial Holdings Limited in accordance with the shareholding ratio by the board of directors on January 17, 2024. The subscription price is HK\$0.15 per share, with a total amount of \$ 202,329 thousand. The relevant legal registration procedures have been completed.
- (v) Guarantees
- The Group did not provide any investments accounted for using the equity method as collateral for its loans.
- (vi) The equity method of investments on uncensored
- The share of profits and losses and other comprehensive profits and losses enjoyed by investment and merger companies using the equity method are calculated based on financial reports that have not been reviewed by accountants.
- (g) Material non-controlling interests of subsidiaries

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

Name of Subsidiary	Main operation/place	Percentage of non-controlling interests		
		March 31, 2024	December 31, 2023	March 31, 2023
Grand Ocean Retail Group Ltd.	China/Cayman Islands	41.38%	41.38%	41.38%

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

**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.

Collective financial information of Grand Ocean Retail Group Ltd.

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current assets	\$ 1,945,750	2,146,578	2,480,451
Non-current assets	22,550,085	22,089,824	24,069,309
Current liabilities	(6,128,426)	(6,194,471)	(5,243,887)
Non-current liabilities	(13,232,227)	(12,969,130)	(13,995,409)
Net assets	<b>\$ 5,135,182</b>	<b>5,072,801</b>	<b>7,310,464</b>
Non-controlling interests	<b>\$ 2,124,939</b>	<b>2,099,126</b>	<b>3,025,072</b>

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Sales revenue	<b>\$ 910,982</b>	<b>\$ 1,056,582</b>
Net income (loss)	\$ (134,562)	4,080
Other comprehensive income	196,943	51,136
Comprehensive income	<b>\$ 62,381</b>	<b>55,216</b>
Net income (loss), attributable to non-controlling interests	<b>\$ (55,681)</b>	<b>1,689</b>
Comprehensive income , attributable to non-controlling interests	<b>\$ 25,813</b>	<b>22,849</b>
Net cash flows from operating activities	\$ (62,312)	549,800
Net cash flows from investing activities	(55,396)	(702,332)
Net cash flows from financing activities	(103,246)	(205,209)
Effect of exchange rate changes	36,616	8,422
Net decrease in cash and cash equivalents	<b>\$ (184,338)</b>	<b>(349,319)</b>

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(h) Property, plant and equipment**

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

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
<b>Cost or deemed cost:</b>								
Balance at January 1, 2024	\$ 126,409	4,657,868	109,711	10,220,855	215,780	6,443,918	34,892	21,809,433
Additions	-	-	956	-	726	24,426	10,680	36,788
Reclassifications	-	-	-	-	-	2,263	(2,263)	-
Disposals and obsolescence	-	-	(13,442)	-	(693)	-	-	(14,135)
Effect of change in foreign exchange rates	-	182,744	4,141	426,008	8,503	257,431	1,457	880,284
Balance at March 31, 2024	<b>\$ 126,409</b>	<b>4,840,612</b>	<b>101,366</b>	<b>10,646,863</b>	<b>224,316</b>	<b>6,728,038</b>	<b>44,766</b>	<b>22,712,370</b>
Balance at January 1, 2023	\$ 126,409	4,734,064	167,493	10,212,724	252,795	6,986,518	65,803	22,545,806
Additions	-	-	2,263	2,643	7,444	6,177	81,873	100,400
Reclassifications	-	-	-	-	964	7,614	(8,578)	-
Disposals and obsolescence	-	-	(35,911)	-	(28,044)	(435,428)	-	(499,383)
Effect of change in foreign exchange rates	-	22,996	885	(86,488)	1,109	32,494	172	(28,832)
Balance at March 31, 2023	<b>\$ 126,409</b>	<b>4,757,060</b>	<b>134,730</b>	<b>10,128,879</b>	<b>234,268</b>	<b>6,597,375</b>	<b>139,270</b>	<b>22,117,991</b>
<b>Depreciation and impairment loss:</b>								
Balance at January 1, 2024	\$ -	1,430,543	59,372	3,456,941	160,810	4,393,579	2,317	9,503,562
Depreciation	-	28,163	2,146	105,936	2,956	82,523	-	221,724
Disposals and obsolescence	-	-	(9,407)	-	(626)	-	-	(10,033)
Effect of change in foreign exchange rates	-	56,053	2,231	145,953	6,378	176,721	-	387,336
Balance at March 31, 2024	<b>\$ -</b>	<b>1,514,759</b>	<b>54,342</b>	<b>3,708,830</b>	<b>169,518</b>	<b>4,652,823</b>	<b>2,317</b>	<b>10,102,589</b>
Balance at January 1, 2023	\$ -	815,985	83,661	3,042,158	196,941	4,665,191	2,317	8,806,253
Depreciation	-	28,240	4,963	102,285	3,177	84,404	-	223,069
Disposals and obsolescence	-	-	(23,129)	-	(27,764)	(435,428)	-	(486,321)
Effect of change in foreign exchange rates	-	3,805	441	(25,603)	849	20,903	-	395
Balance at March 31, 2023	<b>\$ -</b>	<b>848,030</b>	<b>65,936</b>	<b>3,118,840</b>	<b>173,203</b>	<b>4,335,070</b>	<b>2,317</b>	<b>8,543,396</b>
<b>Carrying amounts:</b>								
Balance at January 1, 2024	<b>\$ 126,409</b>	<b>3,227,325</b>	<b>50,339</b>	<b>6,763,914</b>	<b>54,970</b>	<b>2,050,339</b>	<b>32,575</b>	<b>12,305,871</b>
Balance at March 31, 2024	<b>\$ 126,409</b>	<b>3,325,853</b>	<b>47,024</b>	<b>6,938,033</b>	<b>54,798</b>	<b>2,075,215</b>	<b>42,449</b>	<b>12,609,781</b>
Balance at January 1, 2023	<b>\$ 126,409</b>	<b>3,918,079</b>	<b>83,832</b>	<b>7,170,566</b>	<b>55,854</b>	<b>2,321,327</b>	<b>63,486</b>	<b>13,739,553</b>
Balance at March 31, 2023	<b>\$ 126,409</b>	<b>3,909,030</b>	<b>68,794</b>	<b>7,010,039</b>	<b>61,065</b>	<b>2,262,305</b>	<b>136,953</b>	<b>13,574,595</b>

- (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) Chongqing Optics Valley Grand Ocean Commercial Development Ltd., a subsidiary of the Group, the board of directors approve to close the business on October 31, 2022. And the impairment loss was recognized in January 2023. Hand over the scrapped related equipment

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

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

with the owner to clear the site and delist the book cost and accumulated depreciation and depreciation of \$460,207 thousand.

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

**(i) Right-of-use assets**

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

		<b>Land</b>	<b>Buildings</b>	<b>Machine and transportation equipment</b>	<b>Total</b>
<b>Cost :</b>					
Balance at January 1, 2024	\$	3,272,698	12,136,586	77,456	15,486,740
Effect of change in foreign exchange rates		130,496	483,954	2,327	616,777
Balance at March 31, 2024	<b>\$</b>	<b>3,403,194</b>	<b>12,620,540</b>	<b>79,783</b>	<b>16,103,517</b>
		<b>Land</b>	<b>Buildings</b>	<b>Machine and transportation equipment</b>	<b>Total</b>
<b>Cost :</b>					
Balance at January 1, 2023	\$	3,327,110	10,998,973	66,817	14,392,900
Additions(Note 7)	\$	-	1,025,410	-	1,025,410
Lease modifications	\$	-	(14,057)	-	(14,057)
Effect of change in foreign exchange rates		16,421	52,281	293	68,995
Balance at March 31, 2023	<b>\$</b>	<b>3,343,531</b>	<b>12,062,607</b>	<b>67,110</b>	<b>15,473,248</b>
<b>Depreciation :</b>					
Balance at January 1, 2024	\$	598,651	3,347,341	38,908	3,984,900
Depreciation		24,539	251,377	4,589	280,505
Effect of change in foreign exchange rates		24,330	138,191	1,466	163,987
Balance at March 31, 2024	<b>\$</b>	<b>647,520</b>	<b>3,736,909</b>	<b>44,963</b>	<b>4,429,392</b>
Balance at January 1, 2023	\$	391,033	2,882,470	30,173	3,303,676
Depreciation		24,608	244,801	2,226	271,635
Effect of change in foreign exchange rates		1,883	13,719	141	15,743
Balance at March 31, 2023	<b>\$</b>	<b>417,524</b>	<b>3,140,990</b>	<b>32,540</b>	<b>3,591,054</b>
<b>Carrying amounts: :</b>					
Balance at January 1, 2024	<b>\$</b>	<b>2,674,047</b>	<b>8,789,245</b>	<b>38,548</b>	<b>11,501,840</b>
Balance at March 31, 2024	<b>\$</b>	<b>2,755,674</b>	<b>8,883,631</b>	<b>34,820</b>	<b>11,674,125</b>
Balance at January 1, 2023	<b>\$</b>	<b>2,936,077</b>	<b>8,116,503</b>	<b>36,644</b>	<b>11,089,224</b>
Balance at March 31, 2023	<b>\$</b>	<b>2,926,007</b>	<b>8,921,617</b>	<b>34,570</b>	<b>11,882,194</b>



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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(j) Intangible assets**

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

	<b>Goodwill</b>	<b>Trademark</b>	<b>License Plate</b>	<b>Other</b>	<b>Total</b>
<b>Cost :</b>					
Balance at January 1, 2024	\$ 1,449,468	430,434	101,428	44,402	2,025,732
Additions	-	-	-	90	90
Disposal and derecognition	-	-	(7,074)	-	(7,074)
Effect of change in foreign exchange rates	57,797	17,941	3,912	1,772	81,422
Balance at March 31, 2024	<b>\$ 1,507,265</b>	<b>448,375</b>	<b>98,266</b>	<b>46,264</b>	<b>2,100,170</b>
Balance at January 1, 2023	\$ 1,473,567	430,294	142,049	43,797	2,089,707
Additions	-	-	-	1,016	1,016
Disposal and derecognition	-	-	(13,409)	-	(13,409)
Effect of change in foreign exchange rates	7,273	(3,644)	727	215	4,571
Balance at March 31, 2023	<b>\$ 1,480,840</b>	<b>426,650</b>	<b>129,367</b>	<b>45,028</b>	<b>2,081,885</b>
<b>Depreciation :</b>					
Balance at January 1, 2024	\$ -	301,928	5,078	27,608	334,614
Amortization	-	-	-	864	864
Effect of change in foreign exchange rates	-	12,584	203	1,117	13,904
Balance at March 31, 2024	<b>\$ -</b>	<b>314,512</b>	<b>5,281</b>	<b>29,589</b>	<b>349,382</b>
Balance at January 1, 2023	\$ -	-	5,162	23,444	28,606
Amortization	-	-	-	1,156	1,156
Effect of change in foreign exchange rates	-	-	25	114	139
Balance at March 31, 2023	<b>\$ -</b>	<b>-</b>	<b>5,187</b>	<b>24,714</b>	<b>29,901</b>
<b>Carrying amounts: :</b>					
Balance at January 1, 2024	<b>\$ 1,449,468</b>	<b>128,506</b>	<b>96,350</b>	<b>16,794</b>	<b>1,691,118</b>
Balance at March 31, 2024	<b>\$ 1,507,265</b>	<b>133,863</b>	<b>92,985</b>	<b>16,675</b>	<b>1,750,788</b>
Balance at January 1, 2023	<b>\$ 1,473,567</b>	<b>430,294</b>	<b>136,887</b>	<b>20,353</b>	<b>2,061,101</b>
Balance at March 31, 2023	<b>\$ 1,480,840</b>	<b>426,650</b>	<b>124,180</b>	<b>20,314</b>	<b>2,051,984</b>

**(i) Impairment testing**

Although the key assumptions used by the Group in evaluating department store retail and license plate cash-generating units were no significant change of the consolidated financial statements of the year ended December 31, 2023. Please refer to Note 6(k) of the annual consolidated financial statements for the year ended December 31, 2023.

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

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

## (k) Other financial assets — current and non-current

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other financial assets — current			
Lease deposits	\$ 315	303	29,143
Restricted deposits	472,559	457,848	72,830
Debt claims — vehicle purchases	36,070	34,687	35,438
Prepaid deposit for extended portion of lease	67,632	65,039	66,447
Others	3,484	3,264	2,699
Less: Loss allowance	(36,070)	(34,687)	(35,438)
	<b>\$ 543,990</b>	<b>526,454</b>	<b>171,119</b>
Other financial assets — non-current			
Lease deposits	\$ 199,589	191,935	188,151
Prepaid deposit for cooperation agreements	7,656	7,499	8,079
Restricted deposits	548,718	523,457	524,868
Litigation security (Note 9)	79,257	76,086	-
Others	14,163	19,907	17,420
	<b>\$ 849,383</b>	<b>818,884</b>	<b>738,518</b>

- (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 RMB 8,000 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 March 31, 2024, the amount has not been recovered. For the year ended December 31, 2022, due to the significant increase in the credit risk of Shanghai Zhuke, the Group evaluated the credit risk on an individual basis and recognized all the amount in loss allowance for expected credit loss.
- (iii) For further credit risk information, please refers to Note 6(w).

## (l) Short-term borrowings

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 1,263,344	1,143,101	1,143,097
Secured bank loans	2,580,810	2,514,092	1,996,196
Total	<b>\$ 3,844,154</b>	<b>3,657,193</b>	<b>3,139,293</b>
Unused credit lines	<b>\$ 1,525,370</b>	<b>1,482,815</b>	<b>1,548,909</b>
Range of interest rates	<b>2.18%~7.81%</b>	<b>2.17%~8.09%</b>	<b>2.13%~7.80%</b>

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

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

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

## (m) Long-term borrowings

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 587,079	526,196	1,173,200
Secured bank loans	4,169,778	4,255,225	4,745,267
Secured commercial promissory note	249,912	249,903	249,868
Other secured loans	2,958	7,472	26,625
Less: current portion	(1,176,811)	(1,018,680)	(1,199,084)
Total	<b>\$ 3,832,916</b>	<b>4,020,116</b>	<b>4,995,876</b>
Unused credit lines	<b>\$ 377,545</b>	<b>420,441</b>	<b>241,534</b>
Range of interest rates	<b>1.58%~15.60%</b>	<b>1.31%~15.60%</b>	<b>1.38%~15.60%</b>

(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. The Group issued the statement to the management bank on April 19, 2024 and continued to communicate with the management bank which the major reason was the financial ratio.

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

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

## (n) Accounts payable and other payables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<u>Accounts payable</u>			
Payments for goods purchased for direct sales	\$ 72,897	61,097	69,947
Payments for goods purchased for concessionaire sales	858,032	1,140,001	1,022,804
Others	81,218	70,931	63,570
Total	<b>\$ 1,012,147</b>	<b>1,272,029</b>	<b>1,156,321</b>
<u>Other payables</u>			
Wages and salaries payable	120,690	177,234	114,398
Construction contract prices payable	91,586	95,435	148,944
Compensation payable for store shutdown or matters	16,744	19,361	3,987
Litigation damages payable	440,368	423,480	149,101
Vessel repair at docks	-	28,089	-
Others	486,231	489,348	480,118
Total	<b>\$ 1,155,619</b>	<b>1,232,947</b>	<b>896,548</b>

## (o) Lease liabilities

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	\$ 920,990	838,426	823,353
Non-current	9,615,670	9,431,523	9,868,450
	<b>\$ 10,536,660</b>	<b>10,269,949</b>	<b>10,691,803</b>

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

The amounts recognized in profit or loss as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense of lease liabilities	<b>\$ 117,805</b>	<b>126,708</b>
Variable leases payments not included in the measurement of lease liabilities	<b>\$ -</b>	<b>176</b>
Expenses relating to short-term leases	<b>\$ 291</b>	<b>333</b>
Expenses relating to leases of low value (excluding short term leases of low value assets)	<b>\$ 115</b>	<b>507</b>
Rent concessions related to COVID-19 (deductible operating expenses)	<b>\$ -</b>	<b>712</b>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<b>\$ 257,802</b>	<b>487,175</b>

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

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

## (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.

## (ii) Other lease

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

## (p) Operating lease

## 1. Leases as lessor

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

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

## 1) Bulk carriers

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Less than one year	\$ 1,295,907	1,242,938	1,085,121
Between one and two years	447,535	577,406	298,875
Between two and three years	-	17,191	174,595
Total undiscounted lease payments	<b>\$ 1,743,442</b>	<b>1,837,535</b>	<b>1,558,591</b>

## 2) Transportation equipmen

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Less than one year	\$ 11,432	14,568	58,095
Between one and two years	3,670	5,177	8,856
Between two and three years	1,295	1,531	2,225
Between three and four years	762	833	-
Total undiscounted lease payments	<b>\$ 17,159</b>	<b>22,109</b>	<b>69,176</b>

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

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$</b>	
Operating costs	<b>16,177</b>	<b>12,742</b>

**(q) Income Tax**

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense		
Current period	\$ 26,317	34,140
Deferred tax expense		
Origination and reversal of temporary differences	(5,141)	(31,527)
	<b>\$ 21,176</b>	<b>\$ 2,613</b>

**(ii) Deferred tax assets and liabilities****1) Recognized deferred tax assets and liabilities**

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

Deferred tax assets:

	<b>Loss deduction</b>	<b>Leases expenses and others</b>	<b>Total</b>
<b>Balance at January 1, 2024</b>	\$ 72,967	2,709,462	2,782,429
Recognized in profit or loss	(4,966)	(53,537)	(58,503)
Foreign currency translation differences for foreign operations	2,047	107,035	109,082
<b>Balance at March 31, 2024</b>	<b>\$ 70,048</b>	<b>2,762,960</b>	<b>2,833,008</b>
<b>Balance at January 1, 2023</b>	\$ 141,151	2,663,664	2,804,815
Recognized in profit or loss	(9,175)	191,785	182,610
Foreign currency translation differences for foreign operations	619	12,776	13,395
<b>Balance at March 31, 2023</b>	<b>\$ 132,595</b>	<b>2,868,225</b>	<b>3,000,820</b>

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

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

Deferred tax liabilities:

	Estimated share of subsidiaries' earnings	Leases expenses	Total
<b>Balance at January 1, 2024</b>	\$ 25,266	2,202,109	2,227,375
Recognized in profit or loss	-	(63,644)	(63,644)
Foreign currency translation differences for foreign operations	683	86,615	87,298
<b>Balance at March 31, 2024</b>	<b>\$ 25,949</b>	<b>2,225,080</b>	<b>2,251,029</b>
<b>Balance at January 1, 2023</b>	65,171	2,035,972	2,101,143
Recognized in profit or loss	(39,510)	190,593	151,083
Foreign currency translation differences for foreign operations	(558)	9,699	9,141
<b>Balance at March 31, 2023</b>	<b>\$ 25,103</b>	<b>\$ 2,236,264</b>	<b>\$ 2,261,367</b>

## (iii) Examination and Approval

- 1) The Company's tax returns for the years through 2022 were examined and approved by the national tax authorities
- 2) The other ROC subsidiaries' tax returns for the years through 2022 were examined and approved by the national tax authorities

## (r) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2024, and 2023. For the related information, please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2023.

## (i) Capital surplus

The components of the capital surplus were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Share capital	\$ 352,570	352,570	352,570
Stock option from convertible corporate bonds	851,231	851,231	851,231
Forfeited share options	13,838	13,838	13,838
Treasury share transactions	21,476	21,476	21,476
Difference arising from subsidiary's share price and its carrying value	617,046	617,046	617,046
Changes in a parent's ownership interest in a subsidiary	72,728	72,728	72,728
Donation from shareholders	3,332	3,332	3,332
	<b>\$ 1,932,221</b>	<b>1,932,221</b>	<b>1,932,221</b>

A resolution was proposed during the board of directors on March 28, 2024 for making up losses from capital reserves of \$1,095,838 thousand.

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Retained earnings

The Company's article of incorporation stipulates 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 per share are less than \$0.5, they shouldn't be distributed unless otherwise resolved by the shareholders' meeting.

##### 1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

A resolution was proposed during the board of directors on March 28, 2024 for making up losses from legal reserves of \$8,289 thousand.

##### 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



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

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

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.

A resolution was proposed during the board of directors on March 28, 2024 for reversing the special reserve of \$303,885 and a resolution was passed during the shareholders' meeting held on June 16, 2023 for the appropriation of special earnings reserve of \$329,945 thousand.

## 3) Earnings distribution

Resolutions passed by the Board of Directors and the General Meeting of Shareholders held on March 28, 2024, and June 16, 2023, respectively, decided not to distribute the adjusted income distribution for 2023 and 2022.

## (iii) Treasury stock

- 1) In 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 10,000 thousand shares as treasury shares in order to transfer the shares to employees.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10% 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 movement in treasury shares of subsidiaries was as follows:

	(In thousands of shares)	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Outstanding at January 1	\$ 7,709	8,682
Quantity sold in this period	-	(973)
Outstanding at March 31	<b>\$ 7,709</b>	<b>7,709</b>

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of March 31, 2024, December 31, 2023, and March 31, 2023, the prepayments amounting to \$127,819 thousand, \$122,915 thousand and \$140,255 thousand, respectively (reported as other current assets). Considering the changes in the economic environment and the impact of the COVID-19, a resolution adopted was decided at the board of directors held on August 31, 2022, to defer the repayments of prepaid payroll to 2025.

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

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

## (iv) Other equity interests (after tax)

	Exchange differences on translation of foreign financial statements	Non- controlling Interest	Total
Balance at January 1, 2024	\$ (354,024)	2,216,527	1,862,503
Loss of non-controlling interests	-	(60,789)	(60,789)
Share of exchange differences on equity accounted associates	19,750	-	19,750
Exchange differences on translation of foreign financial statements	365,200	81,494	446,694
Balance at March 31, 2024	<u>\$ 30,926</u>	<u>2,237,232</u>	<u>2,268,158</u>
Balance at January 1, 2023	\$ (303,885)	3,120,179	2,816,294
Loss of non-controlling interests	-	(3,706)	(3,706)
Share of exchange differences on equity accounted associates	(11,496)	-	(11,496)
Changes in ownership interests in subsidiaries	-	-	-
Exchange differences on translation of foreign financial statements	(19,620)	21,160	1,540
Balance at March 31, 2023	<u>\$ (335,001)</u>	<u>3,137,633</u>	<u>2,802,632</u>

## (s) Earnings per share

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

	For the three months ended March 31	
	2024	2023
<b>Basic earnings (loss) per share</b>		
(Loss) Profit attributable to ordinary shareholders of the Company	\$ (57,378)	62,176
Issued ordinary shares at January 1	824,776	834,776
Effect of treasury stock	-	(10,000)
Weighted average number of ordinary shares at March 31	824,776	824,776
<b>Earnings per share (dollars)</b>	<u>\$ (0.07)</u>	<u>0.08</u>
<b>Diluted earnings per share</b>		
(Loss) Profit attributable to ordinary shareholders of the Company (diluted)	\$ (57,378)	62,176
Weighted average number of ordinary shares at March 31	824,776	824,776
Effect of dilutive potential ordinary shares (basic)		
Effect of employee share compensation	-	69
Weighted average number of ordinary shares (diluted) at March 31	824,776	824,845
<b>Earnings per share (dollars)</b>	<u>\$ (0.07)</u>	<u>0.08</u>

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

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

## (t) Revenue from contracts with customers

## (i) Disaggregation of revenue

**For the three months ended March 31, 2024**

	<b>Marine Transportation department</b>	<b>Investing department</b>	<b>Department Store department</b>	<b>Rental department</b>	<b>Construction department</b>	<b>Total</b>
Primary geographical markets						
Taiwan	\$ -	1,738	-	-	-	1,738
China	-	-	910,982	7,275	-	918,257
Other	373,342	-	-	-	-	373,342
	<b>\$ 373,342</b>	<b>1,738</b>	<b>910,982</b>	<b>7,275</b>	<b>-</b>	<b>1,293,337</b>

**For the three months ended March 31, 2024**

	<b>Marine Transportation department</b>	<b>Investing department</b>	<b>Department Store department</b>	<b>Rental department</b>	<b>Construction department</b>	<b>Total</b>
Major products/services lines						
Commissions revenue (Retail revenue-concessionaire sales)	\$ -	-	269,225	-	-	269,225
Sales of merchandise (Retail revenue-direct sales)	-	-	167,398	-	-	167,398
Lease revenue (Note)	-	1,738	273,806	5,406	-	280,950
Marine transportation revenue (Note)	373,342	-	-	-	-	373,342
Financial lease interest income (Note)	-	-	-	93	-	93
Service revenue and others	-	-	200,553	1,776	-	202,329
	<b>\$ 373,342</b>	<b>1,738</b>	<b>910,982</b>	<b>7,275</b>	<b>-</b>	<b>1,293,337</b>

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

	<b>Marine Transportation department</b>	<b>Investing department</b>	<b>Department Store department</b>	<b>Rental department</b>	<b>Construction department</b>	<b>Total</b>
Primary geographical markets						
Taiwan	\$ -	1,721	-	-	-	1,721
China	-	-	1,056,582	15,488	-	1,072,070
Other	453,323	-	-	-	-	453,323
	<b>\$ 453,323</b>	<b>1,721</b>	<b>1,056,582</b>	<b>15,488</b>	<b>-</b>	<b>1,527,114</b>
Major products/services lines						
Commissions revenue (Retail revenue-concessionaire sales)	\$ -	-	385,946	-	-	385,946
Sales of merchandise (Retail revenue-direct sales)	-	-	219,880	-	-	219,880
Lease revenue (Note)	-	1,721	250,403	12,444	-	264,568
Marine transportation revenue (Note)	453,323	-	-	-	-	453,323
Financial lease interest income (Note)	-	-	-	2,066	-	2,066
Service revenue and others	-	-	200,353	978	-	201,331
	<b>\$ 453,323</b>	<b>1,721</b>	<b>1,056,582</b>	<b>15,488</b>	<b>-</b>	<b>1,527,114</b>

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

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

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

From January 1 to March 31, 2024, the Company incurred net losses before tax, and thus, it was not required to appropriate any employee bonuses or director remuneration.

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

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

**(v) Non-operating income and expenses****(i) Interest income**

The details of interest income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 12,127	12,266
Loans interest income	259	980
Open-end fund	241	254
Interest income from corporate bonds	1,406	-
Dividend of special stock	1,846	-
Other	71	24
	<b>\$ 15,950</b>	<b>\$ 13,524</b>

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

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

## (ii) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Dividend income	\$ -	12,732
Subsidy income	388	-
	<b>\$ 388</b>	<b>12,732</b>

## (iii) Other gains and losses

The details of other gains and losses were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Loss on disposal of property, plant and equipment	\$ (115)	(1,310)
Gain (loss) on disposal of intangible asset	(757)	672
Foreign exchange gains	2,544	4,405
Valuation gains on financial assets/liabilities at FVTPL	11,307	10,148
Revenue reclassified from overdue payments	6,172	-
Miscellaneous revenue (including credit card transaction fees, etc.)	6,474	30,566
	<b>\$ 25,625</b>	<b>44,481</b>

## (iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expense on bank loans	\$ 108,993	95,613
Interest on lease liabilities	117,805	126,708
Other financial expense	3,696	2,579
	<b>\$ 230,494</b>	<b>224,900</b>

The interest related to leases amounting to \$ 3,128 thousand and \$ 3,461 thousand for the three months ended March 31, 2024, and 2023, respectively, was recognized as interest expense under operating cost.

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(w) Financial instruments**

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2023.

**(i) Credit risk****1) Credit risk exposure**

As of March 31, 2024, December 31, 2023, and March 31, 2023, 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 amount of financial assets recognized in the balance sheet ; and
- The Group provided financial guarantees and commitments to purchase default debt claims, and the details were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Commitments to purchase default debt claims	\$ -	33,441	62,697

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 31,982	12,014
Impairment losses recognized	-	(2,043)
Impairment losses reversed	(4,830)	-
Reclassification(Note9(a))	(27,815)	-
Effect of foreign exchange rate	663	62
Balance at March 31 (reported as other current liabilities)	\$ -	10,033

**2) Receivables of credit risk**

Receivables of credit risk for credit risk exposure of notes and accounts receivables, please refer to Note 6(c). Other financial assets at amortized cost include other receivables and corporate bonds, etc.; please refer to Notes 6(d), (k), 7 and 13 for details.

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

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

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

The movement in the allowance for impairment for other receivables and other financial assets for the three months ended March 31, 2024, and 2023 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 397,951	323,086
Impairment losses recognized	-	(24,711)
Impairment losses reversed	(5,926)	-
Effect of foreign exchange rate	15,690	1,634
Balance at March 31	<b>\$ 407,715</b>	<b>300,009</b>

## (ii) Liquidity risks

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 years</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
<b>March 31, 2024</b>					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,762,174	2,762,173	2,169,071	135	592,967
Floating rate instrument	6,592,193	7,317,013	3,426,200	3,164,117	726,696
Fixed rate instruments	2,261,688	2,346,932	1,862,334	484,598	-
Leases liabilities	10,536,660	13,973,512	1,375,203	4,683,655	7,914,654
	<b>\$ 22,152,715</b>	<b>26,399,630</b>	<b>8,832,808</b>	<b>8,332,505</b>	<b>9,234,317</b>
<b>December 31, 2023</b>					
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	-
Leases liabilities	10,269,949	13,690,447	1,284,945	4,540,608	7,864,894
	<b>\$ 22,043,953</b>	<b>26,248,613</b>	<b>8,756,227</b>	<b>8,306,023</b>	<b>9,186,363</b>
	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>1 years</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
<b>March 31, 2023</b>					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,615,868	2,615,868	2,054,832	8,137	552,899
Floating rate instrument	7,110,614	7,953,181	2,970,232	4,152,355	830,594
Fixed rate instruments	2,223,639	2,324,928	1,695,996	628,932	-
Leases liabilities	10,691,803	14,278,451	1,296,424	5,189,775	7,792,252
	<b>\$ 22,641,924</b>	<b>27,172,428</b>	<b>8,017,484</b>	<b>9,979,199</b>	<b>9,175,745</b>

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

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

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

## (iii) Market risk

## 1) Currency risk

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

	March 31, 2024				December 31, 2023			March 31, 2023		
	Currency	Exchange rate	NTD		Currency	Exchange rate	NTD	Currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:NTD	\$	844	31.99	27,000	2,983	30.71	91,608	14,588	30.44	444,059
HKD:NTD		85	4.0900	348	8,158	3.9340	32,094	808	3.88	3,135
HKD:USD		1,259	0.1278	5,149	2,670	0.1281	10,504	49,335	0.1275	191,474
NTD:USD		1,556	0.0313	1,556	761	0.3260	761	4,269	0.0329	4,269
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY		1,100	7.0950	35,189	1,250	7.0827	38,387	1,700	6.8717	51,748

## 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 March 31, 2024, and 2023 would have increased (decreased) the profit before tax by \$(11) thousand and \$5,912 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024, and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,544 thousand and \$4,405 thousand, respectively.

## 3) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.5%, the Group's profit before tax would have decreased or increased by \$ 5,440 thousand and \$ 5,480 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the three months ended March 31, 2024, and 2023, respectively, given that all other variable factors remaining constant.



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

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

## 4) Other market price risk

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

	For the three months ended March 31			
	2024		2023	
	Comprehensive	Net Income	Comprehensive	Net Income
	Income (Loss)	(Loss)	Income (Loss)	(Loss)
Prices of securities at the reporting date	(net of tax)	(net of tax)	(net of tax)	(net of tax)
Increase 5%	\$ -	7,715	-	3,049
Decrease 5%	\$ -	(7,715)	-	(3,049)

## (iv) Fair value of financial instruments

## 1) Fair value hierarchy

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

	March 31, 2024				
	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 154,299	42,722	111,577	-	154,299
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 29,707	-	-	29,707	29,707
<b>December 31, 2023</b>					
	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 167,661	58,292	109,369	-	167,661
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 27,813	-	-	27,813	27,813
<b>March 31, 2023</b>					
	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 195,927	55,086	5,893	134,948	195,927
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 26,125	-	-	26,125	26,125

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

## **FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

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

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

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

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

#### 3) Valuation techniques for financial instruments measured at fair value

##### 3.1) Non-derivative financial instruments

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-bid-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.

##### 3.2) 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.

##### 3.3) 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.

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****5) Reconciliation of Level 3 fair values**

On March 31, 2024, the Group's financial assets and liabilities classified as Level 3 in fair value measurement have not changed significantly from those disclosed in the 2023 consolidated financial report. The related information please refer the 2023 consolidated financial report Note 6(x).

**6) Quantified information for 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.

There were no differences between the quantitative information of the material unobservable input values of the combined company as of March 31, 2024 and those disclosed in the 2023 consolidated financial report. For relevant information, please refer to Note 6(x) of the 2023 Consolidated Financial Report.

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

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

	Inputs	Variation	Impacts of fair value change on net income or	
			Favourable	Unfavourable
<b>March 31, 2024</b>				
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	13,628	(13,403)
<b>December 31, 2023</b>				
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	13,628	(13,403)
<b>March 31, 2023</b>				
Financial assets at fair value through profit and loss				
Beneficial rights Specific construction project	Sale price	5%	18,032	(18,032)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	12,151	(12,151)

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

**(x) Financial risk management**

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note 6(y) of the consolidated financial statements for the year ended December 31, 2023.

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(y) Capital Management**

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(z) of consolidated financial statements for the year ended December 31, 2023 for further details.

**(z) Investing and financing activities not affecting cash flow**

The Group's investing and financing activities which have non-cash flow for the three months ended March 31, 2024, and 2023, were as follows:

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

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Other	Foreign exchange movement	
Short term borrowings	\$ 3,657,193	91,535	-	95,426	3,844,154
Long-term borrowings	5,038,796	(164,752)	-	135,683	5,009,727
Leases liabilities	10,269,949	(139,591)	-	406,302	10,536,660
Guarantee deposits	573,039	(1,485)	-	22,757	594,311
Total liabilities from financing activities	<b>\$ 19,538,977</b>	<b>(214,293)</b>	<b>-</b>	<b>660,168</b>	<b>19,984,852</b>

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

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

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(7) Related-party transactions:****(a) Parent company and ultimate controlling company**

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

**(b) Names and relationship with related parties**

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

<b>Nane of related party</b>	<b>Relationship with the Group</b>
Shanghai Tian An Tower Co., Ltd. (Note1)	The Group's manager is the company's director
Nanjing Tiandu Co., Ltd.(Nanjing Tiandu) (Note1)	The Group's manager is the company's director
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	The Group's manager is the company's director
Shanghai Allied Cement Holdings Limited	The Group's manager is the company's director
Shanghai Kaixuanmen Enterprise Development Co., Ltd.(Shanghai Kaixuanmen) (Note1)	The Group's manager is the company's director
Tian An (Shanghai) Investment Co., Ltd.(Note1)	The Group's manager is the company's director
Nanjing Tianan Gangli Property Management Co., Ltd.(Note1)	The Group's manager is the company's director
Gangli Property Management (Shanghai) Co., Ltd.(Note1)	The Group's manager is the company's director
Shanghai Qianshu Property Management Co., Ltd.(Note1)	The Group's manager is the company's director
Hainan Sanhe Licheng Business Service Co., Ltd.	A substantial related party
Haikou Zhuke Technology Co., Ltd.(Zhuke Technology)	A substantial related party
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 Ltd.	A substantial related party
Jiawang Assets Development Co., Ltd.	A substantial related party
Sandmartin International Holdings Ltd.	A substantial related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.(Note2)	A substantial related party

Note1: After the change of directors in 2023, they are no longer related parties of the Group.

Note2: The Group sold all of shares in September,2023, hey are no longer related parties of the Group.

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

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

## (c) Significant transactions with related parties

## (i) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Nanjing Tiandu (Note)	\$ -	-	174,741
Other related parties	-	4,773	17,996
	<u>\$ -</u>	<u>4,773</u>	<u>192,737</u>

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

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ -	1,914	4,423

## (iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Other payables	An associate	\$ -	-	1,418
Other payables	Other related parties	-	11,142	3,791
		<u>\$ -</u>	<u>11,142</u>	<u>5,209</u>

## (iv) Leases

## 1) Lease liabilities and interest costs

Account	Purpose	Lease liabilities		
		March 31, 2024	December 31, 2023	March 31, 2023
Shanghai Kaixuanmen	Department store building	\$ -	4,272,732	4,414,839
Nanjing Tiandu	Department store building	-	926,731	1,030,207
Other payables	Office building	-	2,026	9,358
Other payables	Energy saving renovation engineering equipment	10,247	10,874	32,375
		<u>\$ 10,247</u>	<u>5,212,363</u>	<u>5,486,779</u>

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

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

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

Account	Purpose	Interest costs	
		For the three months ended	
		March 31	
		2024	2023
Shanghai Kaixuanmen	Department store building	\$ -	51,588
Nanjing Tiandu	Department store building	-	10,565
Other payables	Office building	-	117
Other payables	Energy saving renovation engineering equipment	127	403
		<b>\$ 127</b>	<b>62,673</b>

## 2) Operating lease

Account	Purpose	Property management fee	
		For the three months ended	
		March 31	
		2024	2023
Other payables	Office and department store building	\$ -	953

## 3) Deposits-out for lease

Account	Relationship	March 31, 2024	December 31, 2023	March 31, 2023
Other non-current financial assets	Shanghai Kaixuanmen	\$ -	74,106	66,447
Other non-current financial assets	Nanjing Tiandu	-	8,672	8,860
Other non-current financial assets	Other related parties	-	3,217	3,287
		<b>\$ -</b>	<b>85,995</b>	<b>78,594</b>

## (v) Operating revenue

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

Account	Relationship	For the three months ended	
		March 31	
		2024	2023
Financial lease interest income	Hainan Sanhe Licheng	\$ -	-
Financial lease interest income	Zhuke Technology	-	479
Lease revenue	Zhuke Technology	-	3,911
		<b>\$ -</b>	<b>4,390</b>

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

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

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Lease receivables	Hainan Sanhe Licheng	\$ 165,233	136,859	139,821
Lease receivables	Zhuke Technology	358,162	344,429	348,093
Less: loss allowance-Hainan Sanhe Licheng		(142,111)	(113,920)	(61,856)
Less: loss allowance-Zhuke Technology		(272,996)	(256,633)	(148,867)
		<b>\$ 108,288</b>	<b>110,735</b>	<b>277,191</b>

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 Hainan 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 impairment losses of \$6,736 thousand and impairment losses \$32,419 thousand on reversal of ECLs for the three months ended March 31, 2024 and 2023, respectively.

## (vi) Account receivables-related parties

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

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables (loaning funds)	Hainan Sanhe Licheng	\$ 9,018	14,309	18,605
Other receivables (loaning funds)	Zhuke Technology	-	-	26,579
Other receivables (loaning funds)	An associate	-	980	490
Other receivables (interest)	Hainan Sanhe Licheng	2,754	2,384	1,402
Other receivables (interest)	Zhuke Technology	4,590	4,414	3,519
Other receivables	Zhuke Technology	478	460	470
Less: Allowance for impairment		(16,840)	(21,567)	(50,575)
		<b>\$ -</b>	<b>980</b>	<b>490</b>
Other financial assets	Zhuke Technology	\$ 36,070	34,687	35,438
Less: Allowance for impairment		(36,070)	(34,687)	(35,438)
		<b>\$ -</b>	<b>-</b>	<b>-</b>

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 Licheng and Zhuke Technology has increased significantly; therefore, the Group evaluated



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

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

the value of their collateral and took their other assets and sources of subsequent repayments into consideration, resulting in the expected credit income reversing of \$5,484 thousand and \$24,711 thousand to be recognized for the three months ended March 31, 2024 and 2023, respectively.

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

	<b>Interest income</b>	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2024</b>	<b>2023</b>
Hainah Sanhe Licheng	\$ 254	387
Zhuke Technology	-	586
Associate	5	-
	<b>\$ 259</b>	<b>973</b>

## (vii) Account payable-related parties

The accounts payable to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other accounts payable (Note)	Zhuke Technology	\$ 31,459	6,712	-

Note: The amount of selling car from the related party

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Contract residual amounts	\$ -	25,467	30,775
Loss allowance (reported as other current liabilities)	\$ -	25,467	5,737

- 1) The credit risk of Hainah Sanhe Licheng 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 \$3,501 thousand and impairment losses of \$2,775 thousand for the three months ended March 31, 2024 and 2023, respectively.
- 2) The Group signed the contract of cooperation with Shangshi Financial Leasing Co., Ltd. on March 29, 2024. The Group paid the amount to repurchase the debit of Hainan Sanhe Licheng Business Service Co., Ltd. \$22,916 thousand (RMB

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

5,083 thousand) and recognized on accounts receivable. In addition, it reclassifies Other non-current liabilities to accounts receivable.

(ix) Others

- 1) The Group provided management consulting services and signed service contracts with other related parties. For the three months ended March 31, 2024, and 2023, the revenue from consulting services was Zero and \$ 420 thousand, respectively.
- 2) 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(f) for further information. In addition, the commission income collected by the Group due to the underwriting agreement was \$2,512 thousand.
- 3) The resolution of the Board of Directors was passed on January 17, 2024 the Group approved participate in the cash capital increase of Da Yu Financial Holdings Ltd. according to the ratio of shareholding. Please refer to Note 6(f) for further information.
- 4) The Group purchased the special shares of Jiawang Assets Development Co., Ltd., the shares amount of 3,000 thousand (in cash \$30,000 thousand) and 2,990 thousand (in cash \$29,900 thousand) in 2020 and 2019, respectively. The Special shares have cumulative priority rights and the dividend interest rate are 8% and 6% respectively and the duration both are 5 years. Until March 31, 2024, the Group get back the principal amount of \$10,000 thousand and recognize the interest income from special shares of \$1,846 thousand.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31	
	2024	2023
Short-term employee benefits	\$ 14,169	13,405

- (ii) The Group granted key management personnel rights to subscribe treasury shares as prepaid salaries. As of March 31, 2024, December 31, 2023, and March 31, 2023, those prepaid salaries amounting to \$39,785 thousand (RMB 8,824 thousand), \$39,438 thousand (RMB 9,096 thousand) and \$ 40,266 thousand (RMB 9,090 thousand), which were recognized under other non-current assets accounts.

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(8) Pledged assets:**

The carrying amount of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Lease receivables	Other secured loans	\$ -	-	3,534
Inventories (for construction business)	Bank loans	1,454,816	1,448,146	1,439,702
Other financial assets	Bank depository funds	12,625	15,435	19,069
Other financial assets	Frozen deposits due to lease dispute	28,775	31,313	13,688
Other financial assets	Bank loans	979,877	934,557	564,941
Other financial assets	Litigation security	79,257	76,086	-
Property, plant and equipment (Note)	Bank and other secured loans	11,186,991	10,885,896	12,543,518
Investment Property	Bank loans	139,873	140,116	140,846
		<b>\$ 13,882,214</b>	<b>13,531,549</b>	<b>14,725,298</b>

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

**(9) Significant commitments and contingencies:**

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
<b><u>Contracted price</u></b>			
Acquisition of buildings and land	\$ 665,331	665,331	665,331
Subcontracted construction projects	33,537	21,920	3,355
<b><u>Received or paid price</u></b>			
Acquisition of buildings and land (prepayment for land purchases and development costs)	\$ 279,912	279,912	279,912
Subcontracted construction projects (recognized as inventories and other current assets)	7,626	5,024	336

**(ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) signed several finance leases contracts with different customers introduced by the Group based on the finance lease business**

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

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

cooperation agreement entered into by Shangshi and the Group. According to the agreement, the Group will look for customers with good credit ratings, in accordance with the contracted risk control standards, before introducing them to Shangshi. Thereafter, the Group will receive a portion of the rewards from Shangshi for each rental payment made by the customers. In addition, the Group promised to buy unconditionally the default claims from Shangshi for any customer who violated the agreement. Since there were no significant overdue receivables for the years ended March 31, 2024, the Group can use the lifetime expected loss provision for the contract to provide for its expected credit losses, please refer to Note 6(w). The details of contracts were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Contract value	\$ -	101,867	213,081
Residual amounts	\$ -	33,441	62,697

The Group signed the contract of cooperation with Shangshi Financial Leasing Co., Ltd. on March 29, 2024. The Group paid Shangshi Financial Leasing Co., Ltd. \$25,711 thousand (RMB 5,702 thousand) (Deduct the deposit). To repurchase on above the default claim of \$28,336 thousand (RMB 6,285 thousand) and recognize on accounts receivable. In addition, reclassify the expected credit impairment losses on other non-current assets \$27,815 thousand (RMB 6,285 thousand) to accounts receivable.

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

<b>Item</b>	<b>Construction name</b>
Joint construction with allocation of buildings	Me island phase III B1
Joint investing and developing on construction site	Nan Jing Jian Kang
Joint construction with allocation of buildings;	Tucheng Yongfu (Note)
Joint investing and developing on construction site	

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

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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 March 31, 2024, the amount of \$1,132 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 \$125,187 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 \$122,456 thousand (RMB27,159 thousand) as other payables;
- 2) Demanding the Group to settle rentals overdue and the default payments totaling \$113,073 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 \$20,439 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 \$36,310 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 \$10,005 thousand (RMB2,219 thousand) recognized in other financial assets-current and the equity of \$225,440 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

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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.

- (iv) 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 RMB 93 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 \$205,182 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 \$33,570 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 \$84,845 thousand (RMB19,170 thousand), for which the Group has estimated and recognized \$84,667 thousand (RMB18,778 thousand) as other payables;
  - 4) Demanding the Group to refund the rentals of \$21,204 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 \$10,365 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 November 21, 2023, Wuhan Trade filed an application for property preservation

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

with the court. The court legally frozen the bank deposits of the Group of \$234 thousand (RMB52 thousand), and the amount was recognized as other current financial assets.

After evaluation by the merging company, the rent arrears, rent reductions in previous years and compensation related to early termination of the lease have all been estimated and accounted for. It is believed that the remaining claims of Wuhan Commerce are unfounded and the merging company should have no obligation to compensate. It is still pending in 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 \$27,002 thousand (RMB6,101 thousand), for which the Group has estimated and recognized \$26,931 thousand (RMB5,973 thousand) in other payables. This case is currently pending before the court.
- (vii) In May 2022, Sure Success Steamship S.A.(hereinafter referred to as SSS), the Group’ s subsidiary, contracted with Perfect Bulk Limited (hereinafter referred to as 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 (\$11,197 thousand included in other current assets). In July 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 2012, the Group provided the court with a deposit of \$79,257 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**

**(11) Significant Subsequent Events: None**

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(12) Other:**

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

By function		For the three months ended March 31				
		2024			2023	
By item	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 81,281	112,902	194,183	78,357	149,216	227,573
Health and labor insurance	-	1,443	1,443	-	1,877	1,877
Pension	-	13,932	13,932	-	15,055	15,055
Others	7,534	25,398	32,932	6,957	25,743	32,700
Depreciation	107,978	394,494	502,472	107,143	387,805	494,948
Amortization	16,965	1,374	18,339	12,992	1,740	14,732

- (b) Seasonality of operations

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

**(13) Other disclosures:**

- (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Loans to other parties : Appendix 1, please refer to the chinese version consolidated financial statements P55-56.
- (ii) Guarantees and endorsements for other parties : Appendix 2, please refer to the chinese version consolidated financial statements P57-58.
- (iii) Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures) : Appendix 3, please refer to the chinese version consolidated financial statements P59.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock : None.
- (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None.
- (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock : None
- (viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock : Appendix 4, please refer to the chinese version consolidated financial



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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

statements P60.

- (ix) Trading in derivative instruments : None
- (x) Business relationships and significant intercompany transactions : Appendix 5, please refer to the chinese version consolidated financial statements P61.
- (b) Information on investees : Appendix 6, please refer to the chinese version consolidated financial statements P62-63
- (c) Information on investment in mainland China : Appendix 7, please refer to the chinese version consolidated financial statements P64-65
- (d) Major shareholders:

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

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****(14) Segment information:**

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

	<b>Marine Transportatio n department</b>	<b>Investing department</b>	<b>Department Store department</b>	<b>Rental department</b>	<b>Property department</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended March 31, 2024</b>							
Revenue							
Revenue from external customers	\$ 373,342	1,738	910,982	7,275	-	-	1,293,337
Intersegment revenues	-	387	-	-	-	(387)	-
Total revenue	<u>\$ 373,342</u>	<u>2,125</u>	<u>910,982</u>	<u>7,275</u>	<u>-</u>	<u>(387)</u>	<u>1,293,337</u>
Reportable segment profit or loss	<u>\$ 37,100</u>	<u>1,785</u>	<u>(113,460)</u>	<u>(11,065)</u>	<u>(11,351)</u>	<u>-</u>	<u>(96,991)</u>
	<b>Marine Transportatio n department</b>	<b>Investing department</b>	<b>Department Store department</b>	<b>Rental department</b>	<b>Property department</b>	<b>Reconciliation and elimination</b>	<b>Total</b>
<b>For the three months ended March 31, 2023</b>							
Revenue							
Revenue from external customers	\$ 453,323	1,721	1,056,582	15,488	-	-	1,527,114
Intersegment revenues	-	398	-	-	-	(398)	-
Total revenue	<u>\$ 453,323</u>	<u>2,119</u>	<u>1,056,582</u>	<u>15,488</u>	<u>-</u>	<u>(398)</u>	<u>1,527,114</u>
Reportable segment profit or loss	<u>\$ 126,738</u>	<u>(40,601)</u>	<u>6,693</u>	<u>(19,759)</u>	<u>(11,988)</u>	<u>-</u>	<u>61,083</u>