

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 Nine Months Ended September 30, 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.

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Independent Auditors' Review Report

To the Board of Directors First Steamship Company Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the First Steamship Company Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of September 30, 2024 and 2023 and the consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 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 6(f), the equity accounted investments of the First Steamship Company Ltd. and its subsidiaries in its investee companies of \$ 738,024 thousand and \$ 810,573 thousand as of September 30, 2024 and 2023. And its equity in net earnings on these investee companies of \$ 12,322 thousand, \$ (93,400) thousand, \$ 42,961 thousand, and \$(94,092) thousand for the three months and nine months ended September 30, 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 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 \$ 221,635 thousand and \$ 544,006 thousand; reflect the total assets constituting 1% and 1% of the consolidated total assets on September 30, 2024 and 2023. The net operating income was \$4,762 thousand, \$ 11,796 thousand, \$ 20,915 thousand, and \$40,290 thousand; reflect the total operating revenues constituting 0.43%, 0.95%, 0.58% and 0.98% of the consolidated total operating revenues for the three months and nine months ended September 30, 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)
November 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)

		September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%
Current assets:							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,040,929	3	1,834,232	5	2,383,137	6
1110	Current financial assets at fair value through profit or loss (Notes 6(b))	168,768	-	167,661	-	140,240	-
1170	Accounts receivable, net (Notes 6(c), 7, 8 and 9)	247,891	1	353,770	2	533,881	1
1200	Other receivables, net (Notes 6(b), (d), (f), (w) and 7)	61,754	-	134,141	-	134,267	-
1300	Inventories, net	207,846	1	203,576	1	285,608	1
1320	Inventories (for construction business), net (Notes 6(e), 8 and 9)	1,765,991	5	1,748,420	5	1,740,602	4
1476	Other current financial assets (Notes 6(k), (w), 7, 8 and 9)	499,072	1	526,454	1	219,800	1
1479	Other current assets, others (Notes 7 and 9)	313,696	1	319,069	1	471,830	1
		<u>4,305,947</u>	<u>12</u>	<u>5,287,323</u>	<u>15</u>	<u>5,909,365</u>	<u>14</u>
Non-current assets:							
1535	Non-current financial assets at amortised cost (Note 7 and 13)	19,900	-	59,900	-	59,900	-
1550	Investments accounted for using equity method (Note 6(f) and 7)	738,024	2	481,510	1	810,573	2
1600	Property, plant and equipment (Notes 6(h) and 8)	12,128,024	35	12,305,871	35	13,638,084	36
1755	Right-of-use assets (Notes 6(i) , 7and 8)	11,900,981	34	11,501,840	33	12,318,935	32
1760	Investment property, net (Not 8)	139,387	-	140,116	-	140,360	-
1780	Intangible assets (Note 6(j))	1,745,914	5	1,691,118	5	2,072,355	5
1840	Deferred tax assets (Note 6(q))	2,912,612	8	2,782,429	8	2,957,673	8
1935	Long-term lease payments receivable(Notes 6(c) , 7 and 8)	995	-	6,684	-	21,261	-
1975	Net defined benefit asset, non-current	2,975	-	2,975	-	3,000	-
1980	Other non-current financial assets(Notes 6(k), (w), 7, 8 and 9)	956,707	3	818,884	2	769,061	2
1990	Other non-current assets(Notes 6(f), (r) and 7)	281,968	1	290,303	1	262,059	1
		<u>30,827,487</u>	<u>88</u>	<u>30,081,630</u>	<u>85</u>	<u>33,053,261</u>	<u>86</u>
Total assets		\$ 35,133,434	100	35,368,953	100	38,962,626	100

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets
(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023	
Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current liabilities:							
2100	Short-term borrowings (Notes 6(l))	\$ 3,968,002	11	3,657,193	10	4,112,430	11
2110	Short-term notes and bills payable	99,856	-	-	-	-	-
2151	Notes payable	69	-	-	-	224	-
2170	Accounts payable (Note 6(n))	687,316	2	1,272,029	4	957,672	2
2200	Other payables (Notes 6(n), 7 and 9)	1,120,836	3	1,232,947	4	1,176,328	3
2230	Current tax liabilities	31,566	-	41,489	-	38,172	-
2280	Current lease liabilities (Notes 6(o), 7 and 9)	922,594	3	838,426	3	701,745	2
2322	Current portion of long-term borrowings (Note 6(m))	2,183,882	6	1,018,680	3	1,188,415	3
2399	Other current liabilities (Notes 6(w), 7 and 9)	65,508	-	81,677	-	82,897	-
		<u>9,079,629</u>	<u>25</u>	<u>8,142,441</u>	<u>24</u>	<u>8,257,883</u>	<u>21</u>
Non-Current liabilities:							
2500	Current financial liabilities at fair value through profit or loss (Note 6(m))	31,389	-	27,813	-	27,813	-
2540	Long-term borrowings (Note 6(m))	2,047,111	6	4,020,116	11	4,319,777	11
2570	Deferred tax liabilities (Note 6(q))	2,318,479	7	2,227,375	6	2,371,258	6
2580	Non-current lease liabilities (Notes 6(o), 7 and 9)	9,965,018	28	9,431,523	27	10,041,589	26
2645	Guarantee deposits	594,287	2	573,039	2	594,471	2
		<u>14,956,284</u>	<u>43</u>	<u>16,279,866</u>	<u>46</u>	<u>17,354,908</u>	<u>45</u>
		<u>24,035,913</u>	<u>68</u>	<u>24,422,307</u>	<u>70</u>	<u>25,612,791</u>	<u>66</u>
Equity attributable to owners of parent(Notes 6(f) and (r)):							
3100	Capital stock	8,247,761	24	8,247,761	23	8,247,761	21
3200	Capital surplus	836,382	2	1,932,221	5	1,932,221	6
3300	Retained earnings	(123,006)	-	(1,095,839)	(3)	189,480	-
3400	Other equity interest	(27,228)	-	(354,024)	(1)	97,464	-
		<u>8,933,909</u>	<u>26</u>	<u>8,730,119</u>	<u>24</u>	<u>10,466,926</u>	<u>27</u>
Total equity attributable to owners of parent:							
36XX	Non-controlling interests (Notes 6(g) and (r))	2,163,612	6	2,216,527	6	2,882,909	7
		<u>11,097,521</u>	<u>32</u>	<u>10,946,646</u>	<u>30</u>	<u>13,349,835</u>	<u>34</u>
	Total equity	<u>11,097,521</u>	<u>32</u>	<u>10,946,646</u>	<u>30</u>	<u>13,349,835</u>	<u>34</u>
	Total liabilities and equity	<u><u>\$ 35,133,434</u></u>	<u><u>100</u></u>	<u><u>35,368,953</u></u>	<u><u>100</u></u>	<u><u>38,962,626</u></u>	<u><u>100</u></u>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended				For the nine months ended			
	September 30				September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (Notes 6(p), (t) and 7)	\$ 1,111,182	100	1,243,742	100	3,600,917	100	4,101,836	100
5000 Operating costs (Notes 6(p) and (v))	403,321	36	440,539	35	1,283,455	36	1,404,501	34
Gross profit from operations	707,861	64	803,203	65	2,317,462	64	2,697,335	66
6000 Operating expenses (Notes 6(o), 7 and 9)	788,923	71	840,743	68	2,265,835	63	2,510,829	61
6450 Expected credit loss(Notes 6(c) and 7)	3,326	-	14,337	1	41,265	1	60,703	1
6300	792,249	71	855,080	69	2,307,100	64	2,571,532	62
Net operating income	(84,388)	(7)	(51,877)	(4)	10,362	-	125,803	4
Non-operating income and expenses:								
7100 Interest income(Notes 6(v) and 7)	21,239	2	16,884	1	54,084	2	47,158	1
7010 Other income(Notes 6(v))	2,433	-	2,219	-	3,197	-	15,261	-
7020 Other gains and losses, net (Notes 6(v), 7and 9)	136,394	12	56,128	6	275,610	8	185,074	5
7050 Finance costs(Notes 6(o), (v) and 7)	(210,516)	(19)	(223,039)	(17)	(657,201)	(18)	(686,837)	(18)
7055 Expected credit loss (Notes 6(d), (w) and 7)	490	-	3,836	-	19,940	-	(57,395)	(1)
7060 Share of profit (loss) of associates accounted for using equity method, net(Notes 6(f))	12,322	1	(93,400)	(8)	42,961	1	(94,092)	(3)
	(37,638)	(4)	(237,372)	(18)	(261,409)	(7)	(590,831)	(16)
7900 Profit (loss) from continuing operations before tax	(122,026)	(11)	(289,249)	(22)	(251,047)	(7)	(465,028)	(12)
7950 Less: Tax expense (Note 6(q))	1,800	-	23,307	2	17,783	-	193,971	5
Profit (loss)	(123,826)	(11)	(312,556)	(24)	(268,830)	(7)	(658,999)	(17)
8300 Other comprehensive income:								
Components of other comprehensive income that will be reclassified to profit or loss(Notes 6(f) and(r))								
8361 Exchange differences on translation of foreign financial statements	(175,264)	(16)	510,516	41	403,581	11	399,208	10
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(14,135)	(1)	33,646	2	17,088	-	39,620	1
8399 Less:Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Total components of other comprehensive income that will be reclassified to profit or loss	(189,399)	(17)	544,162	43	420,669	11	438,828	11
8300 Other comprehensive income, net	(189,399)	(17)	544,162	43	420,669	11	438,828	11
Comprehensive income (loss)	\$ (313,225)	(28)	231,606	19	151,839	4	(220,171)	(6)
8300 Profit (loss), attributable to:								
8610 Owners of parent	\$ (58,115)	(5)	(219,671)	(17)	(122,042)	(3)	(384,250)	(10)
8620 Non-controlling interests	(65,711)	(6)	(92,885)	(7)	(146,788)	(4)	(274,749)	(7)
	\$ (123,826)	(11)	(312,556)	(24)	(268,830)	(7)	(658,999)	(17)
Comprehensive income (loss) attributable to:								
8710 Owners of parent	\$ (242,246)	(22)	204,913	17	204,754	5	17,099	-
8720 Non-controlling interests	(70,979)	(6)	26,693	2	(52,915)	(1)	(237,270)	(6)
	\$ (313,225)	(28)	231,606	19	151,839	4	(220,171)	(6)
Earnings per share (Note 6(s))								
9750 Basic earnings per share (NT dollars)	\$ (0.07)		(0.27)		(0.15)		(0.47)	
9850 Diluted earnings per share(NT dollars)	\$ (0.07)		(0.27)		(0.15)		(0.47)	

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 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	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
Net loss	-	-	-	-	(384,250)	(384,250)	-	-	(384,250)	(274,749)	(658,999)
Other comprehensive income	-	-	-	-	-	-	401,349	-	401,349	37,479	438,828
Total comprehensive income	-	-	-	-	(384,250)	(384,250)	401,349	-	17,099	(237,270)	(220,171)
Legal reserve appropriated	-	-	741	-	(741)	-	-	-	-	-	-
Special reserve reversal	-	-	-	(329,945)	329,945	-	-	-	-	-	-
Changes in the associated and the joint venture for using equity method(Notes 6(f))	-	-	-	-	(75,059)	(75,059)	-	-	(75,059)	-	(75,059)
Cancellation of treasury shares	(100,000)	5,509	-	-	-	-	-	94,491	-	-	-
Balance at September 30, 2023	\$ 8,247,761	1,932,221	8,289	303,885	(122,694)	189,480	97,464	-	10,466,926	2,882,909	13,349,835
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
Net loss	-	-	-	-	(122,042)	(122,042)	-	-	(122,042)	(146,788)	(268,830)
Other comprehensive income	-	-	-	-	-	-	326,796	-	326,796	93,873	420,669
Total comprehensive income	-	-	-	-	(122,042)	(122,042)	326,796	-	204,754	(52,915)	151,839
Appropriation and distribution of retained earnings :											
Legal reserve used to offset accumulated deficits	-	-	(8,289)	-	8,289	-	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(303,885)	303,885	-	-	-	-	-	-
Other changes in capital reserves :											
Capital surplus used to offset accumulated deficits	-	(1,095,839)	-	-	1,095,839	1,095,839	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(964)	(964)	-	-	(964)	-	(964)
Balance at September 30, 2024	\$ 8,247,761	836,382	-	-	(123,006)	(123,006)	(27,228)	-	8,933,909	2,163,612	11,097,521

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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 nine months ended September 30, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities:		
(Loss) Profit before tax	\$ (251,047)	(465,028)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,488,880	1,493,324
Amortization expense	49,078	45,350
Expected credit loss	21,325	118,098
Changes in the associated and the joint venture for using equity method(Notes 6(f))	(16,287)	(38,932)
Interest expense	657,201	686,837
Operating costs (Interest expense)	7,457	10,145
Interest income	(54,084)	(47,158)
Dividend income	(323)	(535)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(42,961)	94,092
Loss on disposal of property, plan and equipment	8,796	759
Gain (loss) on disposal of intangible assets	962	(3,173)
Gain on disposal of investments	-	(5,099)
Impairment losses on non-financial assets	-	61,266
Gain on lease modification	-	(493,874)
Gain on closed and litigation damages	(205,769)	-
Gain on rent concessions		(708)
Total adjustments to reconcile profit (loss)	1,914,275	1,920,392
Changes in operating assets and liabilities :		
Changes in operating assets :		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	17,922	101,556
Notes receivable	-	265
Accounts receivable	83,039	63,004
Other receivable	17,048	(1,674)
Inventories	(13,620)	(40,700)
Other current assets	18,223	(13,270)
Net defined benefit assets	-	(61)
Total changes in operating assets	122,612	109,120
Changes in operating liabilities :		
Current financial liabilities at fair value through profit or loss	3,576	1,688
Notes payable	69	224
Accounts payable	(625,715)	(31,889)
Other payable	(45,087)	231,444
Other current liabilities	(13,834)	(8,074)
Total changes in operating liabilities	(680,991)	193,393
Total changes in operating assets and liabilities	(558,379)	302,513
Total adjustments	1,355,896	2,222,905
Cash inflow generated from operations	1,104,849	1,757,877
Interest received	38,823	35,517
Dividend received	5,223	535
Interest paid	(669,303)	(695,988)
Income taxes paid	(45,109)	(79,105)
Net cash flows from (used in) operating activities	434,483	1,018,836

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortised cost	40,000	-
Acquisition of investments using the equity method	(202,329)	(178,879)
Proceeds from disposal of investments accounted for using equity method	6,382	30,157
Acquisition of property, plant and equipment	(87,031)	(251,948)
Proceeds from disposal of property, plant and equipment	25,057	14,061
Changes in the associated and the joint venture for using equity method	81,145	48,807
Acquisition of intangible assets	(139)	(1,300)
Proceeds from disposal of intangible assets	10,629	42,136
Increase in other financial assets	(54,398)	(643,157)
Increase in other non-current assets	(17,500)	(12,788)
Net cash flows used in investing activities	(198,184)	(952,911)
Cash flows from (used in) financing activities:		
Increase in short-term loans	212,265	1,212,575
Increase in short-term notes and bills payable	99,856.00	-
Proceeds from long-term loans	49,720	785,865
Repayments of long-term loans	(969,184)	(1,969,505)
Decrease in guarantee deposits received	(2,523)	(8,291)
Payments of lease liabilities	(473,224)	(777,549)
Net cash flows from financing activities	(1,083,090)	(756,905)
Effect of exchange rate changes on cash and cash equivalents	53,488	86,920
Net decrease in cash and cash equivalents	(793,303)	(604,060)
Cash and cash equivalents at beginning of period	1,834,232	2,987,197
Cash and cash equivalents at end of period	\$ 1,040,929	2,383,137

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 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 November 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

- (c) 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:

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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"> • 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. • 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. • 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. 	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.

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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 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures issued”
- Amendments to IFRS 9 and IFRS 7 “Revision of Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards

(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.

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 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.	Investment holding company 、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 September 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)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 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

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 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.(Note 2)	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
Grand Ocean Classic Commercial Group Ltd.	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	Management consultancy, e-commerce business, and trading of cosmetics, apparels, shoes, hat etc.	100.00%	100.00%	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,	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

apparels, shoes, hat etc.

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			September 30, 2024	December 31, 2023	September 30, 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, 2022, 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, 2022, 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

Note 1: The Group approved setting the subsidiaries Advantage 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.

2: It's an unimportant subsidiary and its financial reports hadn't been reviewed by independent auditors'.

(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 proportion

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	September 30, 2024	December 31, 2023	September 30, 2023
Pretty cash	\$ 29,545	27,768	28,859
Cash in Bank	838,258	1,289,620	1,832,501
Time deposits	173,126	516,844	521,777
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 1,040,929</u>	<u>1,834,232</u>	<u>2,383,137</u>

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

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets—current			
Shares of stock of listed companies	\$ 17,816	46,603	27,403
Open fund	12,273	11,689	14,597
Domestic corporate bonds	64,801	-	57,292
Foreign corporate bonds and government bonds	73,878	109,369	-
Beneficial rights-Specific construction project	-	-	40,948
Total	\$ 168,768	167,661	140,240
Held-for-trading financial liabilities:			
Non-derivative financial liabilities—non-current			
Landlord beneficiary rights	\$ 31,389	27,813	27,813

- (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 \$255,337 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 all profit in June, 2024.
- (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 September 30, 2024, December 31, 2023 and September 30, 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 \$10,989 thousand, \$7,413 thousand and \$7,413 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.

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

(c) Trade receivables and other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Current			
Accounts receivables	\$ 184,618	237,137	281,900
Less: Loss allowance	(20,795)	(38,259)	(39,510)
	163,823	198,878	242,390
Leases payment receivables (included operating lease)	791,020	759,787	774,799
Less: unearned financing income	(114,687)	(113,406)	(117,981)
Loss allowance	(592,265)	(491,489)	(365,327)
	84,068	154,892	291,491
Subtotal of current asset	247,891	353,770	533,881
Non-current			
Leases payment receivables	4,426	21,722	41,881
Less: unearned financing income	(241)	(1,417)	(2,226)
Loss allowance	(3,190)	(13,621)	(18,394)
	995	6,684	21,261
Subtotal of non-current asset			
Total notes and accounts receivable, net	\$ 248,886	360,454	555,142

- (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:

	September 30, 2024	December 31, 2023	September 30, 2023
Leases payment receivables	\$ 498,668	481,288	497,733
Less: Loss allowance	(450,438)	(370,553)	(243,680)
	\$ 48,230	110,735	254,053

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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:

	September 30, 2024		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 5,108	0.90%	46
1 to 30 days past due	548	8.21%	45
61 to 90 days past due	268	17.91%	48
More than 91 days past due (Note)	175,926	82.35%	144,878
	\$ 181,850		145,017

	December 31, 2023		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 8,080	0.97%	78
1 to 30 days past due	9	8.28%	1
31 to 60 days past due	2,336	7.69%	180
61 to 90 days past due	1,880	18.06%	339
More than 91 days past due (Note)	173,093	77.39%	133,959
	\$ 185,398		134,557

	September 30, 2023		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 10,763	0.98%	105
1 to 30 days past due	428	8.41%	36
31 to 60 days past due	3,952	7.84%	310
61 to 90 days past due	271	18.45%	50
More than 91 days past due (Note)	183,326	76.12%	139,540
	\$ 198,740		140,041

Note: As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had filed lawsuits for collecting the overdue receivables from leasing business with total amount of \$ 127,902 thousand (RMB 28,318 thousand), \$114,820 thousand (RMB 26,481 thousand) and \$ 112,908 thousand (RMB 27,354 thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized provision for allowance of \$ 94,834 thousand (RMB 20,997 thousand), \$78,242 thousand (RMB 18,045 thousand) and \$ 82,055 thousand (RMB 18,262 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 to

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provide for its expected credit losses (ECLs) on receivables from customers running rental businesses, that is, measured by expected credit losses during the duration. For this measurement purpose, these accounts receivable are based on the payment of all due payments on behalf of customers in accordance with the terms of the contract. Common credit risk characteristics of amount capacity are grouped and forward-looking information has been incorporated, including general economic and related industry information.

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. Later, it was fully written off in 2024 due to the assessment that it couldn't be recovered.

	September 30, 2024	December 31, 2023	September 30, 2023
Amount related to mediation or litigations	\$ -	19,411	20,115
Less: Allowance for impairment	-	(19,411)	(20,115)
	\$ -	-	-

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

	September 30, 2024		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 139,928	0%	-
1 to 90 days past due	15,838	0%	-
91 to 180 days past due	8,462	0~32%	2,702
181 to 270 days past due	2,367	100%	2,367
271 to 365 days past due	484	100%	484
More than 365 days past due	15,242	100%	15,242
	\$ 182,321		20,795

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

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	September 30, 2023		
	Gross carrying amount of leases payment receivable	Weighted-average loss rate	Loss allowance provision
Current	\$ 218,584	0%	-
1 to 90 days past due	21,682	0%	-
91 to 180 days past due	2,068	0%~20%	406
181 to 270 days past due	797	42%	335
271 to 365 days past due	5,650	100%	5,650
More than 365 days past due	13,004	100%	13,004
	\$ 261,785		19,395

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

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,297	-	-

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

	September 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ -	-	-

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

	For the nine months ended September 30	
	2024	2023
Balance on January 1	\$ 543,369	354,619
Impairment losses recognized	41,265	60,703
Amount written off due to irrecoverability in the current year	(19,829)	(69)
Rearrange (Note 9(a) 、2)	27,854	-
Foreign exchange gain	23,591	7,978
Balance on September 30	\$ 616,250	423,231

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

	September 30, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 791,020	759,787	774,799
One to two years	4,426	20,657	26,249
Two to three years	-	1,065	15,632
Total lease payments receivable	795,446	781,509	816,680
Unearned finance income	(114,928)	(114,823)	(120,207)
Present value of lease payments receivable	<u>\$ 680,518</u>	<u>666,686</u>	<u>696,473</u>

- (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

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables—loans (Note 7)	\$ 16,200	15,289	23,221
Other receivables—investment	275,516	264,491	274,083
Other receivables—lease guarantee deposit	64,369	61,793	64,034
Other receivables—beneficial interests in construction project	-	81,708	46,800
Other receivables—others	67,800	74,124	77,286
Less: Loss allowance	(362,131)	(363,264)	(351,157)
	<u>\$ 61,754</u>	<u>134,141</u>	<u>134,267</u>

- (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 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,

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the 2nd-instance court made the final decision to uphold the 1st-instance ruling on January 16, 2020. Furthermore, Xiangtan filed an appeal with the court to freeze the property of Xiangyuan, which was approved by the court. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the enforced payment of \$1,952 thousand (RMB448 thousand). The Group considered that the department store industry had been seriously affected by COVID-19 recently and the future development of this region would be highly uncertain. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group recognized lease deposit of \$64,369 thousand (RMB14,252 thousand), \$61,793 thousand (RMB14,252 thousand) and \$61,398 thousand (RMB14,252 thousand) as well as loss allowance of \$64,369 thousand (RMB14,252 thousand), \$61,793 thousand (RMB14,252 thousand) and \$32,017 thousand (RMB7,126 thousand) based on conservatism.

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

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

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

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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 RMB 30,000 thousand before February 9, 2021.
- 2) Damahua agreed to pay RMB 51,000 thousand before December 31, 2021.
- 3) Damahua agreed to pay RMB 81,000 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. The repayment schedule was as follows:

- 1) Damahua agreed to repay RMB 16,000 thousand before December 31, 2022.
- 2) Damahua agreed to repay RMB 16,000 thousand before March 31, 2023.
- 3) Damahua agreed to repay RMB 29,000 thousand before June 30, 2023.
- 4) If Damahua fails to pay all the amounts above before the expiration of the deferred payment period, Damahua shall unconditionally cooperate with the liquidation of Quanzhou Jitong Road Project, and the above-mentioned debt claim should be the senior debt repaid with the proceeds from disposal of the land.

The Group 's original receivables from Damahua were RMB 162,000 thousand. As of June 30, 2023, the total of RMB 101,000 thousand had been repaid, and the remaining RMB 61,000 thousand had not been repaid by Damahua as agreed. The Group’s considers that the aforementioned claims arise from the undertaking of the Fengan’s land parcel. 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

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creditor's rights are generated by undertaking the Fengang'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 of the gains on disposal of Fengang's land, the China's economy has not returned to pre-epidemic level. Based on conservatism, the Group recognized allowances of 99,772 thousand (RMB 22,630 thousand) in June, 2023. As of September 30, 2024, December 31, 2023 and September 30, 2023, loss allowances of \$275,516 thousand (RMB 61,000 thousand), \$264,491 thousand (RMB 61,000 thousand) and \$274,083 thousand (RMB 61,000 thousand) were recognized, respectively.

(e) Inventories (Construction department)

	September 30, 2024	December 31, 2023	September 30, 2023
Land held for construction site	\$ 540,327	519,010	518,796
Construction in progress	903,965	887,205	880,915
Buildings and land held for sale	41,931	41,931	41,931
Prepayment for land purchases and development expenses	279,768	300,274	298,960
	\$ 1,765,991	1,748,420	1,740,602

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:

Investee	September 30, 2024	December 31, 2023	September 30, 2023
Jiawang Assets Development Co., Ltd.	\$ 9,452	15,333	3,017
Da Yu Financial Holdings Limited	728,572	466,177	796,624
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	-	-	10,932
Sandmartin International Holdings Limited	-	-	-
Hainan Sanhe Licheng Business Service Co., Ltd.	-	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-	-
	\$ 738,024	481,510	810,573

(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:

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of individually insignificant associates' equity	\$ 738,024	481,510	810,573

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Attributable to the Group:				
Gain(Loss) from continuing operations	\$ 12,322	(93,400)	42,961	(94,092)
Other comprehensive income	(14,135)	33,646	17,088	39,620
Total comprehensive income	<u>\$ (1,813)</u>	<u>(59,754)</u>	<u>60,049</u>	<u>(54,472)</u>

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

(1) On May 6, 2021, the Group signed 5 year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as “Shanghai Dongfadao”) at the amount of 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 nine 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.

(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 \$5,099 thousand (RMB 1,156 thousand) on disposal of investment. According to the agreement, the Group collected the equity repurchasing price in installments. As of September 30, 2024, December 31, 2023 and September 30, 2023, the uncollected amount were \$11,744 thousand (RMB 2,600 thousand), \$17,516 thousand (RMB 4,040 thousand) and \$20,309 thousand (RMB 4,520 thousand) for which other receivables of \$8,672 thousand (RMB 1,920 thousand), \$3,072 thousand (RMB 680 thousand), \$8,324 thousand (RMB 1,920 thousand), and other non-current assets of \$9,192 thousand (RMB 2,120 thousand), \$8,627 thousand (RMB 1,920 thousand) and \$11,682 thousand (RMB 2,600 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

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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		
		September 30, 2024	December 31, 2023	September 30, 2023
Grand Ocean Retail Group Ltd.	China/Cayman Islands	41.38%	41.38%	41.38%

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

Collective financial information of Grand Ocean Retail Group Ltd.

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,711,470	2,146,578	2,524,478
Non-current assets	22,758,322	22,089,824	24,372,532
Current liabilities	(5,963,098)	(6,194,471)	(6,317,017)
Non-current liabilities	(13,533,202)	(12,969,130)	(13,871,601)
Net assets	<u>\$ 4,973,492</u>	<u>5,072,801</u>	<u>6,708,392</u>
Non-controlling interests	<u>\$ 2,058,032</u>	<u>2,099,126</u>	<u>2,775,935</u>

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Sales revenue	\$ 707,967	843,341	2,398,821	2,811,795
Net income (loss)	\$ (155,086)	(225,831)	(326,165)	(637,427)
Other comprehensive income	(12,733)	288,975	226,856	90,572
Comprehensive income	\$ (167,819)	63,144	(99,309)	(546,855)
Net income (loss), attributable to non-controlling interests	\$ (64,174)	(93,449)	(134,967)	(263,767)
Comprehensive income, attributable to non-controlling interests	\$ (69,442)	26,129	(41,094)	(226,288)

	For the nine months ended September 30	
	2024	2023
Net cash flows from operating activities	\$ (24,175)	625,963
Net cash flows from investing activities	(125,423)	(827,771)
Net cash flows from financing activities	(339,277)	(22,011)
Effect of exchange rate changes	32,364	29,274
Net decrease in cash and cash equivalents	\$ (456,511)	(194,545)

(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
Cost or deemed cost:								
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	-	-	2,901	-	3,544	48,274	27,804	82,523
Reclassifications	-	-	-	-	7,547	2,266	(9,813)	0
Disposals and obsolescence	-	-	(81,464)	-	(2,701)	(6,362)	-	(90,527)
Effect of change in foreign exchange rates	-	191,035	3,074	312,850	9,026	269,428	1,701	787,114
Balance at September 30, 2024	\$ 126,409	4,848,903	34,222	10,533,705	233,196	6,757,524	54,584	22,588,543
Balance at January 1, 2023	\$ 126,409	4,734,064	167,493	10,212,724	252,795	6,986,518	65,803	22,545,806
Additions	-	-	3,654	4,841	9,830	12,697	143,168	174,190
Reclassifications	-	-	-	-	958	151,721	(152,679)	-
Disposals and obsolescence	-	-	(44,570)	-	(47,824)	(629,249)	-	(721,643)
Effect of change in foreign exchange rates	-	90,007	2,468	519,159	3,991	123,520	1,049	740,194
Balance at September 30, 2023	\$ 126,409	4,824,071	129,045	10,736,724	219,750	6,645,207	57,341	22,738,547

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	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Depreciation and impairment loss:								
Balance at January 1, 2024	\$ -	1,430,543	59,372	3,456,941	160,810	4,393,579	2,317	9,503,562
Depreciation	-	76,587	5,211	323,779	8,765	241,808	-	656,150
Disposals and obsolescence	-	-	(48,103)	-	(2,432)	(6,139)	-	(56,674)
Effect of change in foreign exchange rates	-	59,474	1,658	102,006	6,730	187,613	-	357,481
Balance at September 30, 2024	\$ -	1,566,604	18,138	3,882,726	173,873	4,816,861	2,317	10,460,519
Balance at January 1, 2023	\$ -	815,985	83,661	3,042,158	196,941	4,665,191	2,317	8,806,253
Depreciation	-	84,215	15,106	312,659	10,335	247,584	-	669,899
Disposals and obsolescence	-	-	(30,639)	-	(46,935)	(629,249)	-	(706,823)
Impairment losses	-	-	2,370	-	3,002	55,643	-	61,015
Effect of change in foreign exchange rates	-	16,620	1,364	167,893	2,985	81,257	-	270,119
Balance at September 30, 2023	\$ -	916,820	71,862	3,522,710	166,328	4,420,426	2,317	9,100,463
Carrying amounts:								
Balance at January 1, 2024	\$ 126,409	3,227,325	50,339	6,763,914	54,970	2,050,339	32,575	12,305,871
Balance at September 30, 2024	\$ 126,409	3,282,299	16,084	6,650,979	59,323	1,940,663	52,267	12,128,024
Balance at January 1, 2023	\$ 126,409	3,918,079	83,832	7,170,566	55,854	2,321,327	63,486	13,739,553
Balance at September 30, 2023	\$ 126,409	3,907,251	57,183	7,214,014	53,422	2,224,781	55,024	13,638,084

- (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) Wuhan Hanyang Grand Ocean Classic Commerce Limited, a subsidiary of the Group, due to continued operating losses, on August 31, 2023, the board of directors decided to close operations and recognized the impairment losses of property, plant and equipment \$ 58,809 thousand. To scrappe equipment and delist the book cost and accumulated depreciation and impairment of \$212,040 thousand.
- (iii) 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. Hand over the scrapped related equipment with the owner to clear the site and delist the book cost and accumulated depreciation and depreciation of \$458,266 thousand in January 2023.
- (iv) The property, plant and equipment of the Group had been pledged as collateral for bank borrowings. Please refer to Note 8 for further details.

(i) Right-of-use assets

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

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	Land	Buildings	Machine and transportation equipment	Total
Cost :				
Balance at January 1, 2024	\$ 3,272,698	12,136,586	77,456	15,486,740
Additions	-	753,780	-	753,780
Effect of change in foreign exchange rates	136,418	520,182	2,432	659,032
Balance at September 30, 2024	\$ 3,409,116	13,410,548	79,888	16,899,552
Balance at January 1, 2023	\$ 3,327,110	10,998,973	66,817	14,392,900
Additions(Note 7)	-	2,436,981	11,610	2,448,591
Decrease	-	(10,444)	-	(10,444)
Lease modifications	-	(1,089,882)	-	(1,089,882)
Effect of change in foreign exchange rates	64,274	237,496	1,146	302,916
Balance at September 30, 2023	\$ 3,391,384	12,573,124	79,573	16,044,081
Depreciation :				
Balance at January 1, 2024	\$ 598,651	3,347,341	38,908	3,984,900
Depreciation	69,353	754,753	7,895	832,001
Effect of change in foreign exchange rates	26,276	153,836	1,558	181,670
Balance at September 30, 2024	\$ 694,280	4,255,930	48,361	4,998,571
Balance at January 1, 2023	\$ 391,033	2,882,470	30,173	3,303,676
Depreciation	73,370	741,906	7,419	822,695
Decrease	-	(10,444)	-	(10,444)
Lease modifications	-	(461,194)	-	(461,194)
Effect of change in foreign exchange rates	8,920	60,827	666	70,413
Balance at September 30, 2023	\$ 473,323	3,213,565	38,258	3,725,146
Carrying amounts: :				
Balance at January 1, 2024	\$ 2,674,047	8,789,245	38,548	11,501,840
Balance at September 30, 2024	\$ 2,714,836	9,154,618	31,527	11,900,981
Balance at January 1, 2023	\$ 2,936,077	8,116,503	36,644	11,089,224
Balance at September 30, 2023	\$ 2,918,061	9,359,559	41,315	12,318,935

- i) Wuhan Grand Ocean Jingdian Commercial Ltd., a subsidiary of the Group, has expanded operating. According to the resolution of the board of directors, it is set up new store on September 1, 2023, so it recognizes \$1,416,806 thousand for Right-of-use assets. In addition, Nanjing Grand Ocean Classic Commercial Ltd., a subsidiary of the Group, leased the operating premises from other related parties in January 2003. The original contract expired in January 2023. The Group re-signed a ten-year lease contract, so it recognizes \$ 1,015,368 thousand for Right-of-use assets.
- ii) Grand Ocean Classic Commercial Group Ltd. and Wuhan Grand Ocean Classic Commercial Development Ltd, a subsidiary of the Group, leased operating premises from non-related parties. The original contracts expired in April 2024 and January 2025 respectively. The Group re-signed two-year and five-year lease contracts, resulting in an increase in right-of-use assets of \$15,707 thousand and \$738,073 thousand respectively.

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iii) Wuhan Hanyang Grand Ocean Classic Commerce Limited, a subsidiary of the Group, due to continued operating losses, on August 31, 2023, the board of directors decided to close operations. Please refer to Note 6 (w) for the lease modification benefits arising from the shortening of the lease term due to the closure of business operations

(j) Intangible assets

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

	Goodwill	Trademark	License Plate	Other	Total
Cost :					
Balance at January 1, 2024	\$ 1,449,468	430,434	101,428	44,402	2,025,732
Additions	-	-	-	139	139
Disposal and derecognition	-	-	(11,591)	-	(11,591)
Effect of change in foreign exchange rates	60,419	13,176	4,007	1,853	79,455
Balance at September 30, 2024	\$ 1,509,887	443,610	93,844	46,394	2,093,735
Balance at January 1, 2023	\$ 1,473,567	430,294	142,049	43,797	2,089,707
Additions	-	-	-	1,300	1,300
Disposal and derecognition	-	-	(38,963)	-	(38,963)
Effect of change in foreign exchange rates	28,467	21,865	2,019	871	53,222
Balance at September 30, 2023	\$ 1,502,034	452,159	105,105	45,968	2,105,266
Depreciation :					
Balance at January 1, 2024	\$ -	301,928	5,078	27,608	334,614
Amortization	-	-	-	2,554	2,554
Effect of change in foreign exchange rates	-	9,242	212	1,199	10,653
Balance at September 30, 2024	\$ -	311,170	5,290	31,361	347,821
Balance at January 1, 2023	\$ -	-	5,162	23,444	28,606
Amortization	-	-	-	3,433	3,433
Impairment losses	-	-	-	251	251
Effect of change in foreign exchange rates	-	-	99	522	621
Balance at September 30, 2023	\$ -	-	5,261	27,650	32,911
Carrying amounts: :					
Balance at January 1, 2024	\$ 1,449,468	128,506	96,350	16,794	1,691,118
Balance at September 30, 2024	\$ 1,509,887	132,440	88,554	15,033	1,745,914
Balance at January 1, 2023	\$ 1,473,567	430,294	136,887	20,353	2,061,101
Balance at September 30, 2023	\$ 1,502,034	452,159	99,844	18,318	2,072,355

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(i) Impairment testing

The Group's assessment of the recoverable amount of department store retail cash-generating unit and the key assumptions used have not changed the consolidated financial statements for the second quarter of 2024. Please refer to Note 6(j) of the consolidated financial statements for the second quarter of 2024.

(ii) Wuhan Hanyang Grand Ocean Classic Commerce Ltd., a subsidiary of the Group, due to continued operating losses, on August 31, 2023, the board of directors decided to close operations and recognized the impairment losses on intangible assets of \$ 251 thousand.

(iii) Impairment testing of license plates

The Group's assessment of the recoverable amount of license plate cash-generating unit and the key assumptions used have not changed significantly from those disclosed in the 2023 consolidated financial report. Please refer to Note 6(k) of the consolidated financial statement of December 31, 2023.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets — current			
Lease deposits	\$ 290	303	29,519
Restricted deposits	496,171	457,848	87,248
Debt claims — vehicle purchases	36,133	34,687	35,945
Prepaid deposit for extended portion of lease	-	65,039	67,397
Time deposits	-	-	32,260
Others	2,611	3,264	3,376
Less: Loss allowance	(36,133)	(34,687)	(35,945)
	\$ 499,072	526,454	219,800
Other financial assets — non-current			
Lease deposits	\$ 199,934	191,935	198,899
Prepaid deposit for cooperation agreements	7,386	7,499	7,912
Restricted deposits	589,216	523,457	541,590
Litigation security (Note 9 (b))	78,415	76,086	-
Prepaid deposit for extended portion of lease	67,750	-	-
Less: Allowance for impairment	-	-	-
	\$ 956,707	818,884	769,061

(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 Ltd., 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

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2023). 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 in 2022. As of September 30, 2024, the aforementioned amount had not been recovered.

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

(l) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 1,217,957	1,143,101	1,527,972
Secured bank loans	2,750,045	2,514,092	21,520,458
Other unsecured loans	-	-	64,000
Total	\$ 3,968,002	3,657,193	23,112,430
Unused credit lines	\$ 1,004,010	1,482,815	1,100,062
Range of interest rates	2.31%~6.50%	2.17%~8.09%	2.17%~8.00%

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

(m) Long-term borrowings

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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 201,280	526,196	707,660
Secured bank loans	3,778,119	4,255,225	4,536,379
Secured commercial promissory note	249,622	249,903	249,881
Other secured loans	1,972	7,472	14,272
Less: current portion	(2,183,882)	(1,018,680)	(1,188,415)
Total	\$ 2,047,111	4,020,116	4,319,777
Unused credit lines	\$ 475,658	420,441	577,761
Range of interest rates	1.74%~15.60%	1.31%~15.60%	1.38%~15.60%

(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%;

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- 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.

The Group still violated the agreed financial ratios on September 30, 2024, and has transferred the remaining loan amount of 1,387,122 thousand to long-term loans due within one year.

The Group has applied for exemption from the aforementioned financial ratios in accordance with the provisions of the credit contract and obtained the consent of the banking consortium on October 18, 2024.

(n) Accounts payable and other payables

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts payable</u>			
Payments for goods purchased for direct sales	\$ 53,458	61,097	61,087
Payments for goods purchased for concessionaire sales	536,984	1,140,001	805,446
Others	96,874	70,931	91,139
Total	<u>\$ 687,316</u>	<u>1,272,029</u>	<u>957,672</u>
<u>Other payables</u>			
Wages and salaries payable	107,093	177,234	68,295
Construction contract prices payable	94,820	95,435	95,581
Compensation payable for store shutdown or matters	1,522	19,361	335,374
Litigation damages payable	375,254	423,480	152,363
Tax fee	33,534	42,327	15,286
Vessel repair at docks	-	28,089	-
Collect car sales on behalf of others	56,073	-	-
Others	452,540	447,021	509,429
Total	<u>\$ 1,120,836</u>	<u>1,232,947</u>	<u>1,176,328</u>

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(o) Lease liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 922,594	838,426	701,745
Non-current	9,965,018	9,431,523	10,041,589
	\$ 10,887,612	10,269,949	10,743,334

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

The amounts recognized in profit or loss as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expense of lease liabilities	\$ 114,699	112,200	346,416	358,694
Variable leases payments not included in the measurement of lease liabilities	\$ -	429	-	747
Expenses relating to short-term leases	\$ 257	235	782	871
Expenses relating to leases of low value (excluding short term leases of low value assets)	\$ 126	500	421	1,502
Rent concessions related to COVID-19 (deductible operating expenses)	\$ -	-	-	(708)

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

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ 820,843	1,139,363

(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.

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(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

	September 30, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 900,091	1,242,938	608,454
Between one and two years	119,689	577,406	300,034
Between two and three years	-	17,191	42,938
Total undiscounted lease payments	\$ 1,019,780	1,837,535	951,426

2) Transportation equipment

	September 30, 2024	December 31, 2023	September 30, 2023
Less than one year	\$ 8,386	14,568	43,570
Between one and two years	2,855	5,177	5,826
Between two and three years	154	1,531	325
Between three and four years	1,345	833	-
Total undiscounted lease payments	\$ 12,740	22,109	49,721

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating costs	\$ 14,651	13,568	43,172	39,183

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(q) Income Tax

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 3,234	11,013	36,441	62,118
Adjustment for prior periods	(2,766)	(1)	(2,766)	4,383
	468	11,012	33,675	66,501
Deferred tax expense				
Origination and reversal of temporary differences	1,332	12,295	(15,892)	127,470
	<u>\$ 1,800</u>	<u>23,307</u>	<u>17,783</u>	<u>193,971</u>

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

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

Deferred tax assets:

	Loss deduction	Leases expenses and others	Total
Balance at January 1, 2024	\$ 72,967	2,709,462	2,782,429
Recognized in profit or loss	0	14,725	14,725
Foreign currency translation differences for foreign operations	2,237	113,221	115,458
Balance at September 30, 2024	<u>\$ 75,204</u>	<u>2,837,408</u>	<u>2,912,612</u>
Balance at January 1, 2023	\$ 141,151	2,663,664	2,804,815
Recognized in profit or loss	(47,057)	144,294	97,237
Foreign currency translation differences for foreign operations	1,479	54,142	55,621
Balance at September 30, 2023	<u>\$ 95,573</u>	<u>2,862,100</u>	<u>2,957,673</u>

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Deferred tax liabilities:

	Estimated share of subsidiaries' earnings	Leases expenses	Total
Balance at January 1, 2024	\$ 25,266	2,202,109	2,227,375
Recognized in profit or loss	-	(1,167)	(1,167)
Foreign currency translation differences for foreign operations	502	91,769	92,271
Balance at September 30, 2024	\$ 25,768	2,292,711	2,318,479
Balance at January 1, 2023	65,171	2,035,972	2,101,143
Recognized in profit or loss	(40,226)	264,933	224,707
Foreign currency translation differences for foreign operations	1,148	44,260	45,408
Balance at September 30, 2023	\$ 26,093	\$ 2,345,165	\$ 2,371,258

(iii) Examination and Approval

- 1) The tax returns the Company and other domestic subsidiaries for the years up to 2022 have been examined and approved by the tax authorities.
- 2) For the years up to 2023, tax returns of subsidiaries in Mainland China have been examined and approved by the local tax authority.

(r) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Share capital	\$ 352,570	352,570	352,570
Stock option from convertible corporate bonds	-	851,231	851,231
Forfeited share options	-	13,838	13,838
Treasury share transactions	-	21,476	21,476
Difference arising from subsidiary's share price and its carrying value	480,480	617,046	617,046
Changes in a parent's ownership interest in a subsidiary	-	72,728	72,728
Donation from shareholders	3,332	3,332	3,332
	\$ 836,382	1,932,221	1,932,221

The Company was pursuant to the resolutions reached in shareholder meetings held on June 18, 2024 for making up losses from capital reserves of \$1,095,839 thousand.

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(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.

The Company was pursuant to the resolutions reached in shareholder meetings held on June 18, 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 net reduction in other

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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 passed during the shareholders' meeting on June 18, 2024 and June 16, 2023 to making up losses from special reserve of \$303,885 thousand and to reverse of special reserve of \$329,945 thousand.

3) Earnings distribution

A resolutions was passed by the shareholders' meeting on June 18, 2024, and June 16, 2023, respectively, decided not to distribute the income 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)	
	For the nine months ended	
	September 30	
	2024	2023
Outstanding at January 1	\$ 7,709	8,682
Quantity sold in this period	(1,546)	(973)
Outstanding at September 30	\$ 6,163	7,709

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of September 30, 2024, December 31, 2023, and September 30, 2023, the prepayments amounting to \$128,021 thousand, \$122,915 thousand and \$127,396 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 November 30, 2024 and August 31, 2022, to defer the repayments of prepaid payroll to 2028 and 2025.

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(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	-	(146,788)	(146,788)
Share of exchange differences on equity accounted associates	17,088	-	17,088
Exchange differences on translation of foreign financial statements	309,708	93,873	403,581
Balance at September 30, 2024	<u>\$ (27,228)</u>	<u>2,163,612</u>	<u>2,136,384</u>
Balance at January 1, 2023	\$ (303,885)	3,120,179	2,816,294
Loss of non-controlling interests	-	(274,749)	(274,749)
Share of exchange differences on equity accounted associates	39,620	-	39,620
Exchange differences on translation of foreign financial statements	361,729	37,479	399,208
Balance at September 30, 2023	<u>\$ 97,464</u>	<u>2,882,909</u>	<u>2,980,373</u>

(s) Earnings per share

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Basic earnings (loss) per share				
(Loss) Profit attributable to ordinary shareholders of the Company	\$ (58,115)	(219,671)	(122,042)	(384,250)
Issued ordinary shares at January 1	824,776	824,776	824,776	834,776
Effect of treasury stock	-	-	-	(10,000)
Weighted average number of ordinary shares at September 30	824,776	824,776	824,776	824,776
Earnings per share (dollars)	<u>\$ (0.07)</u>	<u>(0.27)</u>	<u>(0.15)</u>	<u>(0.47)</u>
Diluted earnings per share				
(Loss) Profit attributable to ordinary shareholders of the Company (diluted)	\$ (58,115)	(219,671)	(122,042)	(384,250)
Weighted average number of ordinary shares at September 30	824,776	824,776	824,776	824,776
Effect of dilutive potential ordinary shares (basic)				
Effect of employee share compensation	-	-	-	(Note)
Weighted average number of ordinary shares (diluted) at September 30	824,776	824,776	824,776	824,776
Earnings per share (dollars)	<u>\$ (0.07)</u>	<u>(0.27)</u>	<u>(0.15)</u>	<u>(0.47)</u>

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

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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 September 30, 2024

	Marine Transportation department	Investing department	Department Store department	Rental department	Construction department	Total
Primary geographical markets						
Taiwan	\$ -	1,757	-	-	-	1,757
China	-	-	707,967	4,762	-	712,729
Other	396,696	-	-	-	-	396,696
	\$ 396,696	1,757	707,967	4,762	-	1,111,182
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	\$ -	-	157,508	-	-	157,508
Commodity sales (Retail revenue – direct sales)	-	-	97,316	-	-	97,316
Lease revenue (Note)	-	1,757	251,761	3,334	-	256,852
Marine transportation revenue (Note)	396,696	-	-	-	-	396,696
Financial lease interest income (Note)	-	-	-	1,101	-	1,101
Service revenue and others	-	-	201,382	327	-	201,709
	\$ 396,696	1,757	707,967	4,762	-	1,111,182

For the three months ended September 30, 2023

	Marine Transportation department	Investing department	Department Store department	Rental department	Construction department	Total
Primary geographical markets						
Taiwan	\$ -	1,721	-	-	-	1,721
China	-	-	843,341	11,796	-	855,137
Other	386,884	-	-	-	-	386,884
	\$ 386,884	1,721	843,341	11,796	-	1,243,742
Major products/services lines						
Commissions revenue (Retail revenue-concessionaire sales)	\$ -	-	248,754	-	-	248,754
Sales of merchandise (Retail revenue-direct sales)	-	-	134,005	-	-	134,005
Lease revenue (Note)	386,884	1,721	248,416	8,161	-	645,182
Financial lease interest income (Note)	-	-	-	805	-	805
Service revenue and others	-	-	212,166	2,830	-	214,996
	\$ 386,884	1,721	843,341	11,796	-	1,243,742

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

For the nine months ended September 30, 2024						
	Marine Transportation department	Investing department	Department Store department	Rental department	Construction department	Total
Primary geographical markets						
Taiwan	\$ -	5,237	-	-	-	5,237
China	-	-	2,398,821	20,915	-	2,419,736
Other	1,175,944	-	-	-	-	1,175,944
	\$ 1,175,944	5,237	2,398,821	20,915	-	3,600,917
Major products/services lines						
Commissions revenue (Retail revenue-concessionaire sales)	\$ -	-	610,874	-	-	610,874
Sales of merchandise (Retail revenue-direct sales)	-	-	390,381	-	-	390,381
Lease revenue (Note)	-	5,237	784,042	13,240	-	802,519
Marine transportation revenue (Note)	1,175,944	-	-	-	-	1,175,944
Financial lease interest income (Note)	-	-	-	5,108	-	5,108
Service revenue and others	-	-	613,524	2,567	-	616,091
	\$ 1,175,944	5,237	2,398,821	20,915	-	3,600,917

For the nine months ended September 30, 2023						
	Marine Transportation department	Investing department	Department Store department	Rental department	Construction department	Total
Primary geographical markets						
Taiwan	\$ -	5,164	-	-	-	5,164
China	-	-	2,811,795	40,290	-	2,852,085
Other	1,244,587	-	-	-	-	1,244,587
	\$ 1,244,587	5,164	2,811,795	40,290	-	4,101,836
Major products/services lines						
Commissions revenue (Retail revenue-concessionaire sales)	\$ -	-	906,370	-	-	906,370
Sales of merchandise (Retail revenue-direct sales)	-	-	532,896	-	-	532,896
Lease revenue (Note)	1,244,587	5,164	736,013	30,270	-	2,016,034
Financial lease interest income (Note)	-	-	-	6,084	-	6,084
Service revenue and others	-	-	636,516	3,936	-	640,452
	\$ 1,244,587	5,164	2,811,795	40,290	-	4,101,836

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

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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 September 30, 2024 and 2023, the Company incurred net losses before tax, and thus, it was not required to appropriate any employee bonuses or director remuneration.

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:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 10,278	15,924	37,743	44,623
Loans interest income	247	612	646	2,559
Open-end fund	246	244	737	734
Interest income from corporate bonds	2,005	220	4,248	220
Dividend of special stock	8,426.00	-	10,272	-
Other	37	(116)	438	(978)
	\$ 21,239	16,884	54,084	47,158

(ii) Other income

The details of other income were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Dividend income	\$ 323	535	323	535
Subsidy income	2,110	1,684	2,874	14,726
	\$ 2,433	2,219	3,197	15,261

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

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Loss on disposal of property, plant and equipment	\$ (4,831)	(364)	(8,796)	(759)
Gain (loss) on disposal of intangible asset	(8)	2	(962)	3,173
Gain on disposal of investment	-	5,099	-	5,099
Foreign exchange (losses) gains	9,919	11,271	2,681	(9,729)
Valuation gains on financial assets/liabilities at FVTPL	2,935	21,777	16,287	38,932
Impairment losses on property, plant and equipment	-	(2,236)	-	(61,015)
Impairment losses on intangible assets	-	-	-	(251)
Reverse to gain (loss) on compensation for store shutdown	812	(11,342)	47,224	(360,087)
Reverse to gain (loss) on compensation losses on litigations	96,540	(6)	158,545	(11,160)
Gains on lease modifications	-	259	-	493,874
Revenue reclassified from overdue payments	2,794	6	16,673	7,217
Miscellaneous revenue (including credit card transaction fees, etc.)	28,233	31,662	43,958	79,780
	\$ 136,394	56,128	275,610	185,074

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Interest expense on bank loans	\$ 92,942	107,046	301,093	315,874
Interest on lease liabilities	114,699	112,200	346,416	358,694
Other financial expense	2,875	3,793	9,692	12,269
	\$ 210,516	223,039	657,201	686,837

For the three months and nine months ended September 30, 2024 and 2023, the interest expense of the rental business department amounting to the interest related to leases amounting to \$2,819 thousand, \$4,287 thousand, \$7,457 thousand, and \$10,145 thousand respectively, and were recognized as interest expense under operating cost.

(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.

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

(i) Credit risk

1) Credit risk exposure

As of September 30, 2024, December 31, 2023, and September 30, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Commitments to purchase default debt claims	\$ -	33,441	46,004

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

	For the nine months ended September 30	
	2024	2023
Balance at January 1	\$ 31,982	12,014
Impairment losses reversed	(4,836)	646
Reclassification (Note 9 (a))	(27,854)	-
Effect of foreign exchange rate	708	243
Balance at September 30 (reported as other current liabilities)	\$ -	12,903

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 included other receivables, other financial assets, investments in preferred shares.; please refer to Notes 6(d), (k), 7 and 13 for details.

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

The movement in the allowance for impairment for other receivables and other financial assets for the nine months ended September 30, 2024, and 2023 were as follows:

	For the nine months ended September 30	
	2024	2023
Balance at January 1	\$ 397,951	323,086
Impairment losses reversed	(15,104)	56,749
Amount written off due to irrecoverability during the year	(798)	-
Effect of foreign exchange rate	16,215	7,267
Balance at September 30	\$ 398,264	387,102

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

(ii) Liquidity risks

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

	Carrying amount	Contractual cash flows	1 years	1 to 5 years	Over 5 years
September 30, 2024					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,402,508	2,402,508	1,809,430	135	592,943
Floating rate instrument	5,622,169	6,113,104	3,854,903	1,615,227	642,974
Fixed rate instruments	2,676,682	2,762,927	2,648,362	114,565	-
Leases liabilities	10,887,612	14,171,577	1,375,817	5,329,488	7,466,272
	\$ 21,588,971	25,450,116	9,688,512	7,059,415	8,702,189
December 31, 2023					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 3,078,015	3,078,015	2,506,938	130	570,947
Floating rate instrument	6,842,527	7,557,626	3,520,023	3,287,081	750,522
Fixed rate instruments	1,853,462	1,922,525	1,444,321	478,204	-
Leases liabilities	10,269,949	13,690,447	1,284,945	4,540,608	7,864,894
	\$ 22,043,953	26,248,613	8,756,227	8,306,023	9,186,363
September 30, 2023					
Non derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,728,695	2,728,695	2,136,183	45	592,467
Floating rate instrument	6,729,168	7,661,199	2,839,370	4,010,796	811,033
Fixed rate instruments	2,891,454	3,041,989	2,481,591	560,398	-
Leases liabilities	10,743,334	14,409,405	1,175,066	4,827,236	8,407,103
	\$ 23,092,651	27,841,288	8,632,210	9,398,475	9,810,603

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

(iii) Market risk

1) Currency risk

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

	September 30, 2024			December 31, 2023			September 30, 2023			
	Currency	Exchange rate	NTD	Currency	Exchange rate	NTD	Currency	Exchange rate	NTD	
Financial assets										
Monetary items										
USD:NTD	\$	912	31.65	28,865	2,983	30.71	91,608	5,205	32.26	167,913
HKD:NTD	-	-	-	-	8,158	3.9340	32,094	-	-	-
HKD:USD	3,426	0.1287	13,955	2,670	0.1281	10,504	10,678	0.1279	44,058	
NTD:USD	955	0.0316	955	761	0.3260	761	826	0.0310	826	
Financial liabilities										
Monetary items										
USD:CNY	800	7.0074	25,320	1,250	7.0827	38,387	1,400	7.1798	45,164	

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Notes to the Consolidated Financial Statements****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 September 30, 2024, and 2023 would have increased (decreased) the profit before tax by \$185 thousand and \$1,676 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2024, and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$9,919 thousand, \$11,271 thousand, \$2,681 thousand and \$(9,729) 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 \$ 13,869 thousand and \$ 16,004 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the nine months ended September 30, 2024, and 2023, respectively, given that all other variable factors remaining constant.

4) Other market price risk

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

	For the nine months ended September 30			
	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%	\$ -	8,438	-	4,965
Decrease 5%	\$ -	(8,438)	-	(4,965)

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

(iv) Fair value of financial instruments

1) Fair value hierarchy

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

	September 30, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 103,967</u>	<u>30,089</u>	<u>73,878</u>	<u>-</u>	<u>103,967</u>
Domestic corporate bonds	<u>64,801</u>	<u>-</u>	<u>-</u>	<u>64,801</u>	<u>64,801</u>
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	<u>\$ 31,389</u>	<u>-</u>	<u>-</u>	<u>31,389</u>	<u>31,389</u>
		December 31, 2023			
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 167,661</u>	<u>58,292</u>	<u>109,369</u>	<u>-</u>	<u>167,661</u>
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	<u>\$ 27,813</u>	<u>-</u>	<u>-</u>	<u>27,813</u>	<u>27,813</u>
		September 30, 2023			
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 140,240</u>	<u>42,000</u>	<u>57,292</u>	<u>40,948</u>	<u>140,240</u>
Financial liabilities at fair value through profit or loss					
Non-derivative financial liabilities	<u>\$ 27,813</u>	<u>-</u>	<u>-</u>	<u>27,813</u>	<u>27,813</u>

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.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Valuation techniques for financial instruments measured at fair value

3.1) Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values. Market prices published by major stock exchange and OTC 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 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.

If the financial instruments held by the Group don't have an active market, their fair values are bond instruments that are not publicly quoted according to their categories and attributes. The fair value is estimated using discounted cash flow. The main assumption is that the investee company will repay its debts capacity, risk-free interest rate and debt duration are the basis for measurement. The estimate adjusts for the impact of default risk on the debt.

3.2) non-derivative financial instruments(hybrid contract)

It is evaluated using a discounted cash flow model, which mainly assumes that future cash flows are expected, risk premiums are taken into consideration, and then measured based on the time value of money after discounting.

3.3) 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.

3.4) Beneficial interests in construction projects and of landowners

The discounted cashflow model is used to estimate the fair value. The main assumption is to use the investor's expected future cashflow, take into account the fluctuation of the building's selling prices and construction costs. Measured after discounting based on time value of money and liquidity discount.

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

4) Transfers between Level 1 and Level 2: None.

5) Reconciliation of Level 3 fair values

	Financial assets and liabilities held for trading		
	Non-derivative financial assets - beneficial interests of construction projects	Non-derivative financial liabilities - beneficial interests of landowners	Measured at fair value through profit or loss - Investments in bond instruments that are not publicly quoted
January 1, 2024	\$ -	(27,813)	-
Buy	-	-	64,801
Issued	-	(3,576)	-
September 30, 2024	\$ -	(31,389)	64,801
January 1, 2023	\$ 134,948	(26,125)	-
Issued	-	(1,688)	-
Received	(70,200)	-	-
Transferred to other accounts receivable	(46,800)	-	-
In profit or loss	23,000	-	-
September 30, 2023	\$ 40,948	(27,813)	-

For the nine months ended September 30, 2024 and 2023, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Total gains and losses recognized: In profit or loss, and including “other gains and losses	\$ -	23,000	-	23,000

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

The Group’s fair value measurement is classified as Level 3. It is mainly non-derivative financial assets, measured at fair value through profit and loss - bond instrument investments and liabilities that are not publicly quoted. The fair value measurement is classified as Level 3 and has multiple significant unobservables. Enter a value.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss – Domestic corporate bonds with no active market	Binary convertible bond evaluation model	·Volatility (37.79% of September 30, 2024)	·The higher the volatility, the higher the public value.
	Comparable to the Over-the-Counter Listed Company Law	·Lack of market liquidity and discount (25.38% of September 30, 2024)	·The higher the discount due to lack of market liquidity, the lower the public value.

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Beneficial interests- construction projects	Discounted cashflow	<ul style="list-style-type: none"> • Fluctuations in the selling price of building (\$410 thousand per ping as of September 30, 2023) • Fluctuations in cost of building (\$133 thousand per ping as of September 30, 2023) 	• Fair value is higher if building selling price is higher or if construction costs are lower.
Liabilities arising from beneficial interests of landowners	Discounted cashflow	• Fluctuations in building selling prices and construction costs (\$307 thousand, \$307 thousand and \$183 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023)	• Fair value is higher if building selling price is higher or if construction costs are lower.

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

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

			Impacts of fair value change on net income or loss	
			Favourable	Unfavourable
September 30, 2024				
Financial assets at fair value through profit and loss				
Investment in bond instruments without publicly quoted prices	Volatility	5%	-	-
Investment in bond instruments without active market	Liquidity discount	5%	-	-
Financial liabilities at fair value through profit or loss				
Liabilities arising from beneficial interests of landowner	Price fluctuation	5%	13,628	(13,403)
December 31, 2023				
Financial liabilities at fair value through profit or loss				
Liabilities arising from beneficial interests of landowner	Price fluctuation	5%	13,628	(13,403)
September 30, 2023				
Financial assets at fair value through profit and loss				
Beneficial interests- construction projects	Price fluctuation	5%	18,240	(18,240)
Financial liabilities at fair value through profit or loss				
Liabilities arising from beneficial interests of landowner	Price fluctuation	5%	12,151	(12,364)

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.

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(x) Financial risk management

Except as stated below, 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.

1. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group supports its operations and mitigates the impact of cash flow fluctuations by managing and maintaining adequate levels of cash and cash equivalents. Management supervises the use of bank credit lines and compliance with loan covenants to ensure that the Group has sufficient liquidity to meet its obligations in both normal and stressed conditions, thereby avoiding unacceptable losses or damage to its reputation. In addition, the Group's unused borrowing lines as of September 30, 2024, December 31, 2023 and September 30, 2023 totaled \$1,479,668 thousand, \$1,903,256 thousand, and \$1,677,823 thousand.

As of September 30, 2024, the Group has violated the promised financial ratio. The Group will continue to communicate with the bank and plans to adjust the borrowing plan from short-term borrowing to long-term borrowing, increase loans, or dispose of assets. Improve financial structure. In addition, the Group still has unmortgaged ships and properties, and is currently negotiating with financial institutions for medium- and long-term financing lines. And the current assets of the Group are less than the current liabilities, which is mainly due to the influence of the department store department. In terms of the industry characteristics of the department store department, since there are no large current assets such as inventory, it is normal in the industry that the current assets are less than the current liabilities. The Group has evaluate the aforementioned options and there should be no risk of liquidity risk

(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 nine months ended September 30, 2024, and 2023, were as follows:

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

	January 1, 2024	Cash flows	Non-cash changes		September 30, 2024
			Other	Foreign exchange movement	
Short term borrowings	\$ 3,657,193	212,265	-	98,544	3,968,002
	-	99,856	-	-	99,856
Long-term borrowings	5,038,796	(919,464)	-	111,661	4,230,993
Leases liabilities	10,269,949	(473,224)	659,833	431,054	10,887,612
Guarantee deposits	573,039	(2,523)	-	23,771	594,287
Total liabilities from financing activities	\$ 19,538,977	(1,083,090)	659,833	665,030	19,780,750

Note: Increase the right-of-use assets \$ 753,780 thousand and reclass \$ 93,947 thousand to other accounts payable.

	January 1, 2023	Cash flows	Non-cash changes		September 30, 2023
			Other (Note)	Foreign exchange movement	
Short term borrowings	\$ 2,827,445	1,212,575	-	72,410	4,112,430
Long-term borrowings	6,516,703	(1,183,640)	-	175,129	5,508,192
Leases liabilities	9,992,604	(777,549)	1,325,321	202,958	10,743,334
Guarantee deposits	591,528	(8,291)	-	11,234	594,471
Total liabilities from financing activities	\$ 19,928,280	(756,905)	1,325,321	461,731	20,958,427

Note: Increase the right-of-use assets \$2,448,591 thousand were deducted from lease reductions and modifications of \$1,122,562 thousand and rental concessions to adjust operating expenses of \$ 708 thousand .

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

Nane of related party	Relationship with the Group
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.	Other related party
Haikou Zhuke Technology Co., Ltd.(Zhuke Technology)	Other related party
Wuhan Zhuke Technology Co., Ltd.(Zhuke Technology)	Other related party
Shanghai Zhuke Technology Co., Ltd.(Zhuke Technology)	Other related party
Chengdu Zhuke Technology Co., Ltd.(Zhuke Technology)	Other related party
Changsha Zhuke Technology Co., Ltd.(Zhuke Technology)	Other related party
Da Yu Financial Holdings Ltd.	Other related party
Jiawang Assets Development Co., Ltd.(Jiawang Assets)	Other related party
Sandmartin International Holdings Ltd.	Other related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.(Note2)	Other related party
PRO Brand Technology (Tw) Inc. (PBT)	A subsidiary of other 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, it's no longer related parties of the Group.

(b) Significant transactions with related parties**(i) Prepayments**

	September 30, 2024	December 31, 2023	September 30, 2023
Nanjing Tiandu (Note)	\$ -	-	177,240
Other related parties	-	4,773	6,135
	\$ -	4,773	183,375

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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

	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties	\$ -	1,914	2,817

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Other payables	Other related parties	\$ -	11,142	-
Other payables(Note)	Zhuke Technology	56,073	6,712	-
		<u>\$ 56,073</u>	<u>17,854</u>	<u>-</u>

Note: Collect car sales from related parties on behalf of others

(iv) Leases

1) Lease liabilities and interest costs

Account	Purpose	Lease liabilities		
		September 30, 2024	December 31, 2023	September 30, 2023
Shanghai Kaixuanmen	Department store building	\$ -	4,272,732	4,446,929
Nanjing Tiandu	Department store building	-	926,731	990,656
Other related party	Office building	-	2,026	4,592
Other related party	Energy saving renovation engineering equipment	8,704	10,874	12,312
		<u>\$ 8,704</u>	<u>5,212,363</u>	<u>5,454,489</u>

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

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Account	Purpose	Interest costs			
		For the three months ended September 30		For the nine months ended September 30	
		2024	2023	2024	2023
Shanghai Kaixuanmen	Department store building	\$ -	50,972	-	153,287
Nanjing Tiandu	Department store building	-	10,133	-	30,933
Other related parties	Office building	-	62	-	267
Other related parties	Energy saving renovation engineering equipment	109	355	351	1,133
		<u>\$ 109</u>	<u>61,522</u>	<u>351</u>	<u>185,620</u>

2) Operating lease

Account	Purpose	Property management fee			
		For the three months ended September 30		For the nine months ended September 30	
		2024	2023	2024	2023
Other related parties	Office and department store building	\$ -	948	-	2,842

3) Deposits-out for lease

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Other non-current financial assets	Shanghai Kaixuanmen	\$ -	74,106	76,794
Other non-current financial assets	Nanjing Tiandu	-	8,672	8,986
Other non-current financial assets	Other related parties	-	3,217	3,334
		<u>\$ -</u>	<u>85,995</u>	<u>89,114</u>

(v) Operating revenue and lease receivable

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 September 30		For the nine months ended September 30	
		2024	2023	2024	2023
Financial lease interest income	Zhuke Technology	\$ 22	1	2,901	2,169
Lease revenue	Zhuke Technology	-	2,109	-	8,098
		<u>\$ 22</u>	<u>2,110</u>	<u>2,901</u>	<u>10,267</u>

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Lease receivables	Hainan Sanhe Licheng	\$ 151,874	136,859	141,823
Lease receivables	Zhuke Technology	346,795	344,429	355,910
Less: loss allowance-Hainan Sanhe Licheng		(149,796)	(113,920)	(76,881)
Less: loss allowance-Zhuke Technology		(300,642)	(256,633)	(166,799)
		<u>\$ 48,231</u>	<u>110,735</u>	<u>254,053</u>

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.

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The overdue receivables of Hainah Sanhe Licheng and Zhuke Technology resulted from the COVID-19 pandemic, which significantly increased their credit risk. After assessment of the value of collateral, the Group recognized impairment losses of \$40,706 thousand and impairment losses \$61,613 thousand on reversal of ECLs for the nine months ended September 30, 2024 and 2023, respectively.

(vi) Account receivables-related parties

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

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables (loaning funds)	Hainah Sanhe Licheng	\$ -	14,309	15,501
Other receivables (loaning funds)	Zhuke Technology	-	-	6,740
Other receivables (loaning funds)	Jiawang Assets	16,200	980	980
Other receivables (interest)	Hainah Sanhe Licheng	2,790	2,384	2,150
Other receivables (interest)	Zhuke Technology	4,598	4,414	4,527
Other receivables (interest)	Jiawang Assets	357	-	-
Other receivables (preferred stock dividend)	Jiawang Assets	-	1,697	-
Other receivables	Zhuke Technology	479	460	476
Less: Allowance for impairment		(7,867)	(21,567)	(29,394)
		<u>\$ 16,557</u>	<u>2,677</u>	<u>980</u>
Other financial assets	Zhuke Technology	\$ 36,133	34,687	35,945
Less: Allowance for impairment		(36,133)	(34,687)	(35,945)
		<u>\$ -</u>	<u>-</u>	<u>-</u>

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 Hainah Sanhe Licheng and Zhuke Technology has increased significantly; therefore, the Group evaluated the value of their collateral and took their other assets and sources of subsequent repayments into consideration, resulting in the expected credit income reversing of \$14,325 thousand and \$46,063 thousand to be recognized for the nine months ended September 30, 2024 and 2023, respectively.

The loans to related parties are all unsecured. The interest charged by 6%~8.4%. The loans to related parties were as follows:

	Interest income			
	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Hainah Sanhe Licheng	\$ 2	317	284	1,059
Zhuke Technology	-	279	-	1,469
Jiawang Assets	245	-	362	-
	<u>\$ 247</u>	<u>596</u>	<u>646</u>	<u>2,528</u>

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- (vii) 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Contract residual amounts	<u>\$ -</u>	<u>25,467</u>	<u>26,221</u>
Loss allowance (reported as other current liabilities)	<u>\$ -</u>	<u>25,467</u>	<u>9,039</u>

- 1) The credit risk of Hainan 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 \$3,505 thousand and impairment losses of \$5,919 thousand for the nine months ended September 30, 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. \$22,956 thousand (RMB 5,083 thousand) and recognized on accounts receivable. In addition, it reclassifies Other non-current liabilities to accounts receivable.
- (viii) Others
- 1) The Group provided management consulting services and signed service contracts with other related parties. For the three months and nine months ended September 30, 2024 and 2023, the revenue from consulting services was \$0 thousand, \$0 thousand, \$0 thousand and \$1,037 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 September 30, 2024, the Group get back the principal amount of \$40,000 thousand and recognize the interest income from special shares of \$10,272 thousand.
 - 5) In April and September of 2024, the Group subscribed for private placement bonds of PRO Brand Technology (TW) Inc. for \$64,801 thousand (USD 2,000 thousand) and accounted for financial assets at fair value through profit and loss – current .

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(c) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 13,487	15,117	40,349	42,399

- (ii) The Group granted key management personnel rights to subscribe treasury shares as prepaid salaries. As of September 30, 2024, December 31, 2023, and September 30, 2023, those prepaid salaries amounting to \$39,960 thousand (RMB 8,847 thousand), \$39,438 thousand (RMB 9,096 thousand) and \$40,826 thousand (RMB 9,086 thousand), which were recognized under other non-current assets accounts.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	September 30, 2024	December 31, 2023	September 30, 2023
Lease receivables	Other secured loans	\$ -	-	3,031
Inventories (for construction business)	Bank loans	1,465,656	1,448,146	1,440,005
Other financial assets	Bank depository funds	12,749	15,435	16,552
Other financial assets	Frozen deposits due to lease dispute	47,524	31,313	25,176
Other financial assets	Bank loans	1,025,114	934,557	587,110
Other financial assets	Litigation security	78,415	76,086	-
Property, plant and equipment (Note)	Bank and other secured loans	10,883,907	10,885,896	12,048,207
Investment Property	Bank loans	139,387	140,116	140,360
		\$ 13,652,752	13,531,549	14,260,441

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

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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:**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Contracted price</u>			
Acquisition of buildings and land	\$ 665,331	665,331	665,331
Subcontracted construction projects	50,389	21,920	3,355
<u>Received or paid price</u>			
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)	13,755	5,024	336

(ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) entered into several finance leases contracts with different customers introduced by the Group based on the Finance Lease Business Cooperation Agreement signed by Shangshi and the Group. According to the agreement, the Group should look for customers with good credit ratings, in accordance with the specified risk management standards, before introducing them to Shangshi. Thereafter, the Group will receive a portion of contract prices from Shangshi. In addition, the Group promised to purchase unconditionally the default debt claims from Shangshi for any customer who breached the contracts. There were no material overdue receivables arising from the above-mentioned contract. For the nine months ended September 30, 2024 and 2023, the Group took into consideration the possibility of default during the contract period to recognize allowances for ECLs; please refer to Note 6(w) for the ECLs. The details of contracts were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Contract value	\$ -	101,867	105,562
Residual amounts	\$ -	33,441	46,004

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. \$25,756 thousand (RMB 5,702 thousand). To repurchase on above the default claim of \$28,385 thousand (RMB 6,285 thousand) and recognize on accounts receivable. In addition, reclassify the allowance for losses under other non-current liability \$27,854 thousand (RMB 6,285 thousand) to accounts receivable.

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

Item	Construction name
Joint construction with allocation of buildings	Me island phase III B1
Joint construction	Nan Jing Jian Kang
Joint construction and investment with allocation of buildings	Tucheng Yongfu (Note)

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

(b) Significant contingencies:

- (i) While the Group acquired the Quanzhou store, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the 4th floor of the Quanzhou store with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the 4th floor of the Quanzhou store in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the 4th floor of the Quanzhou store should not be at risk of impairment.
- (ii) A subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as “Chongqing Zhengsheng”), for rent concession and shortening of lease term in 2020 because the business was out of expectation and the rental was higher than market price in the vicinity. However, the negotiation was futile. In November 2020, Chongqing Optics Valley Grand Ocean filed a lawsuit with the court, claiming that the Group should pay both the rental for the use of the space beyond the agreed area and the overdue rentals accumulated during the previous years. The Group has recognized rental of 51,253 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 \$18,114 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 \$12,193 thousand (RMB2,751 thousand), and the amount was recognized in operating expenses as well as other gains and losses. As of September 30, 2024, the aforementioned amounts have been paid in full.
- (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 \$127,755 thousand (RMB28,285 thousand) under the lease contract. The default payment was offset by a performance bond of \$29,359 thousand (RMB6,500 thousand). In addition, the Group estimated and recognized \$122,669 thousand (RMB27,159 thousand) as other payables.

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On September 19, 2024, in accordance with the court's first-instance judgment, the overvalued early termination default payment of 107,288 thousand (RMB 24,207 thousand) were reversed and recorded under other gains and losses;

- 2) Demanding the Group to settle rentals overdue and the default payments totaling \$115,393 thousand (RMB25,548 thousand) as of the handover date, for which the Group has estimated and recognized an amount in other account payable. On September 19, 2024, in accordance with the court's first-instance judgment, the overvalued rent and default payments of \$1,662 thousand (RMB 375 thousand) were reversed and recorded under other gains and losses.
- 3) Demanding the Group to pay the rental, penalty and occupancy fee totaling \$20,467 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's deemed the Chongqing Zhengsheng's request to be ungrounded, and the Group's should not be liable for compensation. According to the first-instance judgment of the court on September 19, 2024, the Group should pay Huanyang Cinema demolition and occupancy fees of \$12,051 thousand (RMB 2,668 thousand), which were recorded under other payables and other gains and losses.
- 4) Demanding the Group to refund the reduced portion of rent for prior years, the penalty fee and related litigation expenses totaling \$36,301 thousand (RMB8,204 thousand). However, the Group had already refunded the reduced portion of rentals to Chongqing Zhengsheng. The Group's deemed the Chongqing Zhengsheng's request to be ungrounded, hence the Group should not be liable for compensation. According to the first-instance judgment of the court on September 19, 2024, the Group should pay a total of \$3,302 thousand (RMB 731 thousand) for site restoration fees and related litigation expenses, which were recorded under other payables and other gains and losses.

Chongqing Zhengsheng applied property protection to the court on September 7, 2023. The court froze both the Group's bank deposit of \$28,347 thousand (RMB6,276 thousand) recognized in other financial assets-current and the equity of \$225,833 thousand (RMB50,000 thousand) in Nanjing Grand Ocean Classic Commercial Ltd., a subsidiary of the Group.

According to the Group's assessment, the above-mentioned amounts have been estimated and included in the accounts in accordance with the court's first-instance judgment. As of September 30, 2024, the remaining \$152,087 thousand (RMB 33,673 thousand) has not yet been paid and is listed under other payables. However, Chongqing Zhengsheng was dissatisfied with the court's decision and hired a lawyer to file an appeal, which is currently pending before the court..

- (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 RMB93 million. On July 28, 2022, the court ruled in the first instance that the Group won the case, but Hubei Huayu refused to accept the court's judgment and appointed a lawyer to file an appeal, which is still in court. Later, on August 16, 2024 the court finally ruled in favor of the Group.

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- (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 \$205,541 thousand (RMB45,507 thousand) in other payables. Moreover, the performance bond of \$22,584 thousand (RMB5,000 thousand) was not refunded, for which the Group has recognized losses on bad debts in other gains and losses. In accordance with the first-instance judgment of the court on June 14, 2024, the rent for September 2023 was additionally estimated at \$15,540 thousand (RMB 3,413 thousand), and the liquidated damages for early termination of the overestimation were reversed at \$21,986 thousand (RMB 5,000 thousand), recorded under other gains and losses;
 - 2) Demanding the Group to pay \$33,617 thousand (RMB7,585 thousand) for lease losses caused by premature termination of lease contract. According to the first-instance judgment of the court on June 14, 2024, the Group has no obligation to compensate.
 - 3) Demanding the Group to refund the reduced portion of rentals and the default payments totaling \$84,963 thousand (RMB19,170 thousand), for which the Group has estimated and recognized \$81,815 thousand (RMB18,778 thousand) as other payables; According to the first-instance judgment of the court on June 14, 2024, the Group had no obligation to compensate, so the aforementioned amount was reversed and recorded under other gains and losses in the account;
 - 4) Demanding the Group to refund the rentals of \$21,234 thousand (RMB4,791 thousand) paid during the 5-month rent-free period in prior years. According to the first-instance judgment of the court on June 14, 2024, the Group has no obligation to compensate.
 - 5) Demanded the Group to pay the demolition fees and related litigation costs totaling \$10,380 thousand (RMB2,342 thousand) for the cinema on the 5th floor that is to be demolished. According to the first-instance judgment of the court on June 14, 2024, the Group should pay litigation costs of \$1,314 thousand (RMB 291 thousand), which were recorded under other payables and other gains and losses.

On November 21, 2023, Wuhan Trade filed an application for property preservation with the court. The court legally frozen the bank deposits of the Group of \$9,870 thousand (RMB2,185 thousand), and the amount was recognized as other current financial assets.

After evaluation by the Group, the aforementioned amounts have been estimated and included in the accounts in accordance with the court's first-instance judgment. For the nine months ended September 30, 2024, the Group is still \$198,394 thousand (RMB43,925 thousand) unpaid, which is recorded under other payables. However, Wuhan Commercial was dissatisfied with the court's decision and hired a lawyer to appeal. It is still pending before the court.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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 \$27,040 thousand (RMB6,101 thousand). According to the arbitration ruling on October 12, 2024, the Group should compensate Laopai for the aforementioned expenses in total of \$24,773 thousand (RMB 5,485 thousand). The Group has been estimated and included in the accounts, the amount was recognized as other payable and other gains and losses.
- (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 (\$11,078 thousand included in other current assets). In July 2023, the Group filed a lawsuit with the London Court of International Arbitration. In addition, the Group applied to the South African court in August 2023 and was approved to arrest PB's ship Tai Harmony. PB has deposited a deposit of \$27,725 thousand (US\$876 thousand) to lift the arrest of the ship. During September 2023, PB also filed a counterclaim with the India court, claiming that the Group was liable for business losses caused by its refusal to carry steel rolls and container during the lease period and applying for the seizure of Ever Success, a vessel of subsidiary SSS to use it as the security for the counterclaim. In October 2023, the Group provided the court with a deposit of \$78,415 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.

In the second quarter of 2024, the Group applied to the South African court for an additional deposit of \$13,784 thousand (US\$436 thousand) that PB should deposit and was approved. PB Company has appealed to the South African court and applied to cancel the deposit and subsequent additional deposit. Totaling \$41,509 thousand (US\$1,312 thousand), the application was rejected by the court on July 23, 2024. PB later filed an appeal with the Supreme Court on August 22, 2024, and is currently pending in the court.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events: None

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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 By item	For the three months ended September 30					
	2024			2023		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 88,716	114,147	202,863	87,276	141,298	228,574
Health and labor insurance	-	1,356	1,356	-	1,421	1,421
Pension	-	13,421	13,421	-	15,391	15,391
Others	5,982	24,638	30,620	5,875	17,955	23,830
Depreciation	109,129	391,683	500,812	111,344	395,585	506,929
Amortization	15,186	1,164	16,350	13,793	1,872	15,665

By function By item	For the nine months ended September 30					
	2024			2023		
	Cost of sales	Operating expense	Total	Cost of sales	Operating expense	Total
Employee benefits						
Salary	\$ 257,868	329,042	586,910	249,179	422,303	671,482
Health and labor insurance	-	4,385	4,385	-	4,665	4,665
Pension	-	40,526	40,526	-	44,764	44,764
Others	19,647	71,971	91,618	18,452	94,798	113,250
Depreciation	328,678	1,160,202	1,488,880	327,458	1,165,866	1,493,324
Amortization	45,051	4,027	49,078	39,903	5,447	45,350

- (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.

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FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 nine months ended September 30, 2024 :

- (i) Loans to other parties : Appendix 1, please refer to the chinese version consolidated financial statements P61-62.
 - (ii) Guarantees and endorsements for other parties : Appendix 2, please refer to the chinese version consolidated financial statements P63-64.
 - (iii) Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures) : Appendix 3, please refer to the chinese version consolidated financial statements P65.
 - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock : None.
 - (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None.
 - (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None
 - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock : None
 - (viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock : Appendix 4, please refer to the chinese version consolidated financial statements P66.
 - (ix) Trading in derivative instruments : Please Note 6 (b) and (w)
 - (x) Business relationships and significant intercompany transactions : Appendix 5, please refer to the chinese version consolidated financial statements P67.
- (b) Information on investees : Appendix 6, please refer to the chinese version consolidated financial statements P68-69
- (c) Information on investment in mainland China : Appendix 7, please refer to the chinese version consolidated financial statements P70-71
- (d) Major shareholders:

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

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

- 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.

(14) Segment information:

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

	Shipping department	Investing department	Retail department	Rental department	Property department	Reconciliation and elimination	Total
For the three months ended September 30, 2024							
Revenue							
Revenue from external	\$ 396,696	1,757	707,967	4,762	-	-	1,111,182
Intersegment revenues	-	399	-	-	-	(399)	-
Total revenue	<u>\$ 396,696</u>	<u>2,156</u>	<u>707,967</u>	<u>4,762</u>	<u>-</u>	<u>(399)</u>	<u>1,111,182</u>
Reportable segment profit or loss	<u>\$ 49,002</u>	<u>426</u>	<u>(153,286)</u>	<u>(14,753)</u>	<u>(3,415)</u>	<u>-</u>	<u>(122,026)</u>
For the three months ended September 30, 2023							
Revenue							
Revenue from external	\$ 386,884	1,721	843,341	11,796	-	-	1,243,742
Intersegment revenues	-	387	-	-	-	(387)	-
Total revenue	<u>\$ 386,884</u>	<u>2,108</u>	<u>843,341</u>	<u>11,796</u>	<u>-</u>	<u>(387)</u>	<u>1,243,742</u>
Reportable segment profit or loss	<u>\$ 33,201</u>	<u>(92,531)</u>	<u>(202,524)</u>	<u>(28,648)</u>	<u>\$ 1,253</u>	<u>-</u>	<u>(289,249)</u>
For the nine months ended September 30, 2024							
Revenue							
Revenue from external	\$ 1,175,944	5,237	2,398,821	20,915	-	-	3,600,917
Intersegment revenues	-	1,172	-	-	-	(1,172)	-
Total revenue	<u>\$ 1,175,944</u>	<u>6,409</u>	<u>2,398,821</u>	<u>20,915</u>	<u>-</u>	<u>(1,172)</u>	<u>3,600,917</u>
Reportable segment profit or loss	<u>\$ 145,816</u>	<u>6,988</u>	<u>(308,429)</u>	<u>(69,153)</u>	<u>(26,269)</u>	<u>-</u>	<u>(251,047)</u>
For the nine months ended September 30, 2023							
Revenue							
Revenue from external	\$ 1,244,587	5,164	2,811,795	40,290	-	-	4,101,836
Intersegment revenues	-	1,179	-	-	-	(1,179)	-
Total revenue	<u>\$ 1,244,587</u>	<u>6,343</u>	<u>2,811,795</u>	<u>40,290</u>	<u>-</u>	<u>(1,179)</u>	<u>4,101,836</u>
Reportable segment profit or loss	<u>\$ 224,575</u>	<u>(134,440)</u>	<u>(448,589)</u>	<u>(82,170)</u>	<u>(24,404)</u>	<u>-</u>	<u>(465,028)</u>