Stock Code:2601

FIRST STEAMSHIP COMPANY LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: 14F., No.237, Sec. 2, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Telephone: (02)2706-9911

Table of contents

Representation Letter

The entities that are required to be included in the combined financial statements of First Steamship Company Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, First Steamship Company Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: First Steamship Company Ltd.
Chairman: Jen-Hao Kuo
Date: March 31, 2021

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of First Steamship Company Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants , Rule No. 1090360805 issued by the FSC and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

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. reflect the total assets constituting 5% and 6% of the consolidated total assets at December 31, 2020 and 2019, respectively, and the total operating revenues constituting both 4% of the consolidated total operating revenues for the years ended December 31, 2020 and 2019, respectively.

We did not audit the financial statements of certain investees which represented the investment in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts is based solely on the report of other auditors. The investments in other entities accounted for using the equity method constituting both 1% of the total assets at December 31, 2020 and 2019, respectively, and the related share of profit of associates accounted for using the equity method constituted (12)% and 1% of the total profit before tax for the years ended December 31, 2020 and 2019, respectively.

First Steamship Company Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unqualified opinion with emphasis of matter or other matter paragraph.

Key Audit Matters

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

1. Impairment of goodwill and trademark

   Please refer to notes 4(n), 4(o), 5(b), and 6(l) to the consolidated financial statements for the accounting principles on the recognition of impairment of intangible assets, non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and intangible assets, as well as details of impairment of goodwill and intangible assets, respectively.

   Description of key audit matter:

   As of December 31, 2020, the carrying amounts of intangible assets constituted 6% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. Since retailing business was influenced by COVID-19 pandemic, maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from acquisition were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the value in use using a discounted cash flow forecast of retailing department. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of goodwill, trademark, and assets of retailing business department. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We casted professional doubt on the model that the Group's management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

2. Assets impairment

Please refer to notes 4(o), 5(a), 6(i), and 6(j) to the consolidated financial statements for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and assumptions uncertainty in assessment of impairment of property, plant and equipment, and right of use assets, details of impairment of property, plant and equipment, as well as right-of-use assets, respectively.

Description of key audit matter:

As of December 31, 2020, the carrying amounts of property, plant and equipment and right-of-use assets constitute 60% of the total assets of the Group. The major part of property, plant and equipment was operating assets in retailing and shipping departments. Since retailing business was influenced by COVID-19 pandemic; shipping business was affected by the uncertainty of international economic cycle and transportation volume, maintaining revenue and profitability had become a challenge. Therefore, the carrying amounts of operating assets were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts. The Group's management should follow IAS 36 to determine the recoverable amounts by the higher of using discounted cash flow forecast or fair value less disposal costs. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of operating assets. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We casted professional doubt on the model that the Group's management used to assess assets impairment, including to evaluate whether management had identified CGU which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

3. Recoverability of other receivables

Please refer to notes 4(g), 6(e), and 6(m) to the consolidated financial statements for the accounting principles on the recognition of financial instruments, the disclosures of other receivables and other financial assets, respectively.

Description of key audit matter:

The retailing department of the Group recently ended part of their investment due to the downturn of business cycle and rigorous competition in mainland China. As of December 31, 2020, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to $707,100 thousand, and constituted 2% of the total assets of the Group. The Group measured loss allowance for expected credit losses of other receivables in accordance with IFRS 9 "Financial Instruments". Therefore, we considered the assessment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the management's assessment for the expected credit losses of other receivables to examine the related supporting documents of default risk. We evaluated the reasonability of expected credit losses of other receivables in duration according to IFRS 9 "Financial Instruments".

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)
March 31, 2021

Notes to Readers

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

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 3,982,775	11	5,149,276	14
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and (p))	192,024	-	162,866	-
1170	Accounts receivable, net (Notes 6(d), (w), 7 and 8)	863,587	3	941,101	2
1200	Other receivables, net (Notes 6(e), (m) and 7)	488,430	1	228,612	1
1300	Inventories, net	397,965	1	335,800	1
1320	Inventories (for construction business), net (Notes 6(f), 8 , 9 and13)	1,292,259	4	645,975	2
1461	Non-current assets classified as held for sale(Note 6(g))	120,633	-	283,041	1
1476	Other current financial assets (Notes 6(m) and 8)	411,510	1	546,052	1
1479	Other current assets (Notes 7 and 9)	344,824	1	365,058	1
		8,094,007	22	8,657,781	23
	Non-current assets:				
1510	Total non-current financial assets at fair value through profit or loss (Note 6(b))	154,077	-	-	-
1535	Non-current financial assets at amortized cost, net (Note 6(c))	59,900	-	29,900	-
1550	Investments accounted for using equity method, net (Notes 6(j) and 8)	874,796	2	909,626	2
1600	Property, plant and equipment (Notes 6(j) and 8)	12,874,104	36	13,578,283	36
1755	Right-of-use assets (Notes 6(k) and 8)	8,656,377	24	9,614,639	25
1760	Investment property, net (Note 8)	143,036	-	144,009	-
1780	Intangible assets (Note 6(I))	2,072,474	6	2,136,205	6
1840	Deferred tax assets (Note 6(t))	1,051,329	3	877,785	2
1915	Prepayments for business facilities (Note 9)	1,217,580	4	386,227	1
1935	Long-term lease payments receivable (Notes 6(d), 7 and 8)	511,346	1	790,610	2
1975	Net defined benefit asset, non-current	490	-	-	-
1980	Other non-current financial assets (Notes 6(m), (z), 7 and 8)	491,720	1	884,894	2
1990	Other non-current assets (Notes 6(u) and 7)	202,326	1	259,806	1
		28,309,555	78	29,611,984	77
	Total assets	**$ 36,403,562**	**100**	**38,269,765**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(d) and (n))	5,844,838	16	3,544,958	9
2110	Short-term notes and bills payable	49,992	-	49,954	-
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and (p))	-	-	2,622	-
2130	Current contract liabilities (Notes 6(w) and 9)	-	-	150	-
2170	Accounts payable (Note 6(q))	2,315,165	7	3,053,857	8
2200	Other payables (Notes 6(f) and (q))	1,010,668	3	1,082,030	3
2230	Current tax liabilities	9,967	-	133,670	-
2280	Current lease liabilities (Notes 6(r) and 7)	878,522	2	955,219	2
2321	Current portion of bonds payable (Note 6(p))	1,431,651	4	999,223	3
2322	Current portion of long-term borrowings (Note 6(o))	1,971,667	5	1,074,361	3
2399	Other current liabilities (Note 6(m))	113,295	-	99,728	-
		13,625,765	37	10,995,772	28
	Non-Current liabilities:				
2530	Bonds payable (Note 6(p))	-	-	1,336,572	3
2540	Long-term borrowings (Note 6(o))	2,745,440	8	3,675,728	10
2570	Deferred tax liabilities (Note 6(t))	70,355	-	49,030	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	7,306,931	21	8,232,934	22
2640	Net defined benefit liability, non-current	-	-	422	-
2645	Guarantee deposits	543,726	1	720,549	2
		10,666,452	30	14,015,235	37
	Total liabilities	24,292,217	67	25,011,007	65
	Equity attributable to owners of parent (Notes 6(h), (p) and (u)):				
3100	Capital stock	6,867,627	19	6,308,832	16
3200	Capital surplus	1,917,673	5	1,947,686	5
3300	Retained earnings	543,146	1	1,450,781	4
3400	Other equity interest	(772,772)	(2)	(565,892)	(1)
3500	Treasury shares(note)	(94,491)	-	-	-
	Total equity attributable to owners of parent:	8,461,183	23	9,141,407	24
36XX	**Non-controlling interests (Notes 6(h) and (u))**	3,650,162	10	4,117,351	11
	Total equity	12,111,345	33	13,258,758	35
	Total liabilities and equity	**$ 36,403,562**	**100**	**38,269,765**	**100**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(w) and 7)**	6,441,828	100	8,132,005	100
5000	**Operating costs (Notes 6(s) and (y))**	2,822,134	44	2,672,165	33
	Gross profit from operations	3,619,694	56	5,459,840	67
6000	**Operating expenses (Notes 6(i), (r), (x) and 7)**	3,226,462	50	3,984,383	49
6450	Expected credit loss (Note 6(d))	76,648	1	54,773	1
	Net operating income	316,584	5	1,420,684	17
	Non-operating income and expenses (Notes 6(e), (g), (h), (k), (m), (p), (r), (y), (z) and 7):				
7100	Total interest income	32,414	1	78,683	1
7010	Other income	3,011	-	3,371	-
7020	Other gains and losses, net	100,381	2	1,465,407	18
7050	Finance costs	(772,339)	(12)	(939,644)	(12)
7055	Impairment loss determined in accordance with IFRS 9	(73,008)	(1)	18,627	-
7060	Share of loss of associates accounted for using equity method, net	21,639	-	(32,102)	-
		(687,902)	(10)	594,342	7
7900	**(Loss) Profit from continuing operations before tax**	(371,318)	(5)	2,015,026	24
7950	Less: Income tax expenses (Note 6(t))	(50,176)	(1)	343,747	4
	(Loss) Profit	(321,142)	(4)	1,671,279	20
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	55	-	407	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		55	-	407	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(88,971)	(1)	(506,314)	(6)
8365	Equity related to non-current assets classified as held for sale	(9,565)	-	(6,218)	-
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	(44,979)	(1)	6,035	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(143,515)	(2)	(506,497)	(6)
8300	**Other comprehensive income (loss)**	(143,460)	(2)	(506,090)	(6)
	Comprehensive income	**$ (464,602)**	**(6)**	**1,165,189**	**14**
	Profit (loss), attributable to:				
8610	Owners of parent	$ (286,807)	(3)	1,404,377	17
8620	Non-controlling interests	(34,335)	(1)	266,902	3
		$ (321,142)	**(4)**	**1,671,279**	**20**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (493,632)	(8)	1,069,744	13
8720	Non-controlling interests	29,030	2	95,445	1
		$ (464,602)	**(6)**	**1,165,189**	**14**
	Earnings (loss) per share (Note 6(v))				
9750	Basic earnings (loss) per share (NT dollars)	**$**	**(0.42)**		**2.04**
9850	Diluted earnings (loss) per share (NT dollars)	**$**	**(0.42)**		**1.81**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Equity related to non-current assets classified as held for sale	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 6,308,832	1,953,436	163,964	336,136	(373,644)	126,456	(266,508)	35,656	-	8,157,872	3,938,602	12,096,474
Profit for the year ended December 31, 2019	-	-	-	-	1,404,377	1,404,377	-	-	-	1,404,377	266,902	1,671,279
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	407	407	(329,172)	(5,868)	-	(334,633)	(171,457)	(506,090)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	1,404,784	1,404,784	(329,172)	(5,868)	-	1,069,744	95,445	1,165,189
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	640	-	(640)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(63,088)	(63,088)	-	-	-	(63,088)	-	(63,088)
Reversal of special reserve	-	-	-	(105,284)	105,284	-	-	-	-	-	-	-
Due to recognition of equity component of convertible bonds issued	-	96,902	-	-	-	-	-	-	-	96,902	-	96,902
Changes in equity of associates accounted for using equity method	-	1,718	-	-	(17,371)	(17,371)	-	-	-	(15,653)	-	(15,653)
Disposal of subsidiaries or investments accounted for using equity method	-	(22,126)	-	-	-	-	-	-	-	(22,126)	-	(22,126)
Changes in ownership interests in subsidiaries	-	(82,244)	-	-	-	-	-	-	-	(82,244)	237,293	155,049
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(153,989)	(153,989)
Balance at December 31, 2019	6,308,832	1,947,686	164,604	230,852	1,055,325	1,450,781	(595,680)	29,788	-	9,141,407	4,117,351	13,258,758
Loss for the year ended December 31, 2020	-	-	-	-	(286,807)	(286,807)	-	-	-	(286,807)	(34,335)	(321,142)
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	55	55	(197,810)	(9,070)	-	(206,825)	63,365	(143,460)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	(286,752)	(286,752)	(197,810)	(9,070)	-	(493,632)	29,030	(464,602)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	83,291	-	(83,291)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	335,040	(335,040)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	(186,142)	-	-	(62,088)	(62,088)	-	-	-	(248,230)	-	(248,230)
Stock dividends of ordinary share	558,795	-	-	-	(558,795)	(558,795)	-	-	-	-	-	-
Purchase of treasury share	-	-	-	-	-	-	-	-	(94,491)	(94,491)	-	(94,491)
Disposal of investments accounted for using equity method	-	(10,732)	-	-	-	-	-	-	-	(10,732)	-	(10,732)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	165,680	-	-	-	-	-	-	-	165,680	(313,136)	(147,456)
Changes in ownership interests in subsidiaries	-	1,181	-	-	-	-	-	-	-	1,181	890	2,071
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(183,973)	(183,973)
Balance at December 31, 2020	**$ 6,867,627**	**1,917,673**	**247,895**	**565,892**	**(270,641)**	**543,146**	**(793,490)**	**20,718**	**(94,491)**	**8,461,183**	**3,650,162**	**12,111,345**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
(Loss) profit before tax	$	(371,318)	2,015,026
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		1,860,506	1,991,674
Amortization expense		36,720	41,698
Expected credit loss		149,656	36,146
Net gain on financial assets or liabilities at fair value through profit or loss		(59,911)	(58,998)
Interest expense		772,339	939,644
Operating costs (interest expense)		56,541	56,985
Impairment loss (gain) on non-current assets classified as held for sale		152,842	(31,816)
Interest income		(32,414)	(78,683)
Dividend income		(3,011)	(3,371)
Cost of share-based payments awards		2,071	1,271
Share of (gain) loss of associates accounted for using equity method		(21,639)	32,102
Loss on disposal of property, plant and equipment		2,647	17,033
Gain on disposal of intangible assets		(3,752)	-
Gain on disposal of non-current assets classified as held for sale		-	(217,213)
Loss (gain) on disposal of investments		237	(1,000,407)
Impairment loss on non-financial assets		-	23,273
Gain on lease modification		-	(19)
Gain on rent concessions		(190,193)	-
Total adjustments to reconcile profit (loss)		2,722,639	1,749,319
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit or loss		(132,521)	41,593
Accounts receivable		292,550	239,110
Other receivables		36,042	(38,435)
Inventories		(714,227)	27,808
Other current assets		22,561	45,296
Other financial assets		477	-
The defined benefit assets		(490)	-
Changes in operating liabilities:			
Contract liabilities		(150)	(5,023)
Accounts payable		(761,206)	(511,163)
Other payables		26,286	(173,193)
Other current liabilities		7,217	(28,936)
Net defined benefit liability		(367)	(821)
Total adjustments		1,498,811	1,345,555
Cash inflow generated from operations		1,127,493	3,360,581
Interest received		24,573	98,823
Dividends received		3,011	3,371
Interest paid		(746,913)	(940,710)
Income taxes paid		(208,023)	(437,314)
Net cash flows from operating activities		200,141	2,084,751

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(30,000)	(29,900)
Proceeds from disposal of financial assets at amortized cost	-	456,226
Acquisition of investments accounted for using equity method	(77,821)	(745,405)
Proceeds from disposal of investments accounted for using equity method	77,821	1,863,563
Proceeds from disposal of subsidiaries	-	6,183
Proceeds from disposal of non-current assets classified as held for sale	-	463,360
Acquisition of property, plant and equipment	(476,750)	(887,357)
Proceeds from disposal of property, plant and equipment	2,811	29,327
Decrease in other receivables	6,705	55,245
Acquisition of intangible assets	(4,197)	(14,592)
Proceeds from disposal of intangible assets	63,517	546
Decrease in other financial assets	145,595	33,834
Decrease (Increase) in other non-current assets	27,184	(32,152)
Increase in prepaid equipment	(883,634)	(396,872)
Net cash flows from (used in) investing activities	(1,148,769)	802,006
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	2,346,682	98,985
Increase in short-term notes and bills payable	38	7
Proceeds from issuing bonds	-	1,542,300
Redemption of bonds payable	(1,000,000)	(1,000,000)
Proceeds from long-term borrowings	1,962,325	1,730,512
Repayments of long-term borrowings	(1,853,586)	(4,141,399)
Decrease in guarantee deposits	(182,157)	(205,679)
Payment of lease liabilities	(846,394)	(854,283)
Subsidiaries' cash dividends paid	(183,973)	(150,582)
Payments to acquire treasury shares	(94,491)	-
Treasury shares sold to employees	-	46,760
Acquisition of ownership interests in subsidiaries	(147,456)	-
Cash dividends paid	(248,230)	(63,088)
Net cash flows used in financing activities	(247,242)	(2,996,467)
Effect of exchange rate changes on cash and cash equivalents	29,369	(209,521)
Net decrease in cash and cash equivalents	(1,166,501)	(319,231)
Cash and cash equivalents at beginning of period	5,149,276	5,468,507
Cash and cash equivalents at end of period	$ **3,982,775**	**5,149,276**

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

First Steamship Company Ltd. (the "Company") was established in October 1963 in accordance with the Company Act of the Republic of China. The Company's registered office address is located at 14F, No.237, Sec. 2, Fuxing S. Rd., Taipei City, R.O.C. The major business activities of the Company and its subsidiaries ("the Group") are the domestic and international sea transportation and related businesses, trading of vessels and related products, providing services of financial leasing, providing business consultation services, trading of cosmetics, furnishings and etc., investments, and selling, renting, investing in construction.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 31, 2021.

(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 details of impact on the Group's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(m).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $190,193 thousand (CNY$44,409 thousand).

(Continued)

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

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

(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, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

(Continued)

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

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

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements include.

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
First Steamship Co., Ltd.	Yee Shin Investment Co., Ltd.	General investing	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it reduced capital of 23,110 thousand shares due to the Group's restructure (note 2)
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Real estate development, rental and leasing of building	55.00 %	55.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	FIRST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	3.70 %	3.70 %	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
First Steamship Co., Ltd.	NEW URBAN INVESTMENTS LTD.	Investment holding company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
Yee Shin Investment Co., Ltd	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	- %	2.21 %	The company directly (indirectly) holds more than 50% of its subsidiaries (note1)
Royal Sunway Development Co., Ltd.	Lan Hai Engineering Consultants LTD	Engineering Consultancy	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note 2)
FIRST STEAMSHIP S.A.	GRAND OCEAN RETAIL GROUP LTD.	International transportation and shipping agency	5.87 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries (note1)
FIRST STEAMSHIP S.A.	LONGEVITY NAVIGATION S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	PRAISE MARITIME S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	BEST STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	GRAND STEAMSHIP S.A.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	AHEAD CAPITAL LTD.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	MEDIA ASSETS GLOBAL LTD.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	BLACK SEA STEAMSHIP S.A.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	SHIP BULKER STEAMSHIP S.A.	Investment holding company	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	GRAND OCEAN RETAIL GROUP LTD.	International transportation and shipping agency	46.83 %	46.83 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	RELIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	ALLIANCE STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	SURE SUCCESS STEAMSHIP S.A.	International transportation and shipping agency	100.00 %	100.00 %	The Company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
FIRST STEAMSHIP S.A.	HERITAGE RICHES LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	SHINING STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST STEAMSHIP S.A.	EXCELLENT STEAMSHIP INTERNATIONAL S.A.	International transportation and shipping agency	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
AHEAD CAPITAL LTD.	GRAND OCEAN RETAIL GROUP LTD.	Investment holding company	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 %	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 %	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	Morgan Finance Limited	Loan company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
FIRST MARINER CAPITAL LTD.	Morton Securities Limited	Securities and Securities underwriting company	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 %	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Suzhou Youcheng Car Leasing Ltd.	Automobile Finance leasing company	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Nantong Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in September 2020
Mariner Finance Ltd.	Huaian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in July 2020
Mariner Finance Ltd.	Hefei Youxin Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Weifang Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in September 2020
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance leasing company	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 %	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 %	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 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Ningbo Youren Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in August 2020
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xiamen Youhon Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in August 2020
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xuzhou Youhon Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in July 2020
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Jinhua Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in September 2020
Mariner Finance Ltd.	Suqian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in August 2020
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

(Continued)

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
Mariner Finance Ltd.	Yancheng Youcheng Car Leasing Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in July 2020
Mariner Finance Ltd.	Zhongshan Youcheng Car Rental Co., Ltd.	Automobile Finance leasing company	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in October 2020
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD.	Grand Ocean Retail Group Ltd.	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Ocean Department Store Co., Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Jiaruixing Business Administration Limited	Management consulting business, and trading of cosmetics, furnishings, etc.	- %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00 %	30.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	57.13 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00 %	70.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Trading of cosmetics, furnishings, etc.	100.00 %	- %	The company directly (indirectly) holds more than 50% of its subsidiaries

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
Fuzhou Grand Ocean Classic Commerce Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Xiangtan Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Longyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00 %	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Xiangtan Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Longyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00 %	50.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	99.00 %	99.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries

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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
Wuhan Longyang Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	1.00 %	1.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries
Hefei Grand Ocean Classic Commercial Development Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020

Note 1: The 4.92% equity of GRAND OCEAN RETAIL GROUP LTD. had been transferred to Yee Young Investment Co., Ltd. at 2020 due to the Group's restructure, wherein the related procedures had been completed.

Note 2: The entire equity of Yee Young Investment Co., Ltd. held by Yee Shin Investment Co., Ltd. had been transferred to the Company at 2020 due to the Group's restructure, wherein the regulatory registration process was completed as of the reporting date.

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

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

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

(ii) Foreign operations

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

(Continued)

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

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

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

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

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

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

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

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

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

An entity shall classify a liability as current when:

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

(Continued)

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

3) Impairment of financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date；and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

(Continued)

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

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

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

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

· significant financial difficulty of the borrower or issuer;

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

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

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

6) Derecognition of financial liabilities

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

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

7) Offsetting of financial assets and liabilities

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

8) Financial guarantee contract

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

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

(Continued)

(iii) Derivative financial instruments and hedge accounting

Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Department stores

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

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

Construction

The initial cost of inventory is necessary expenditure incurred in bringing them to their existing location and condition. The developing costs for real estate include construction, land, borrowings, and project expenditure. When the construction is finished, building construction in progress will be reclassified to real estate held for sale, and the Group will recognize operating costs in the proportion of the part being sold to the total developing costs for real estate. Inventories are measured at the lower of cost and net realizable value. When the costs exceed net realizable value, the costs should be reduced to their net realizable value, and the reducing amount should be recognized at current cost for sale. The net realizable value is measured as follows:

(i) Land held for development: the net realizable value is the replacement cost or estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

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

(iii) Real estate held for sale: the net realizable value is the estimated price (based on the market condition), less the estimated selling expenses at the end of the period.

(i) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group’s accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

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

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

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

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

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

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

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

(k) Investment property

Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

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

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

(l) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings 3～50 years

2) Transportation equipment 5 years

3) Vessel 22～26 years

4) Office equipment 3～5 years

5) Leasehold improvement 5～20 years

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

(iv) Reclassification to investment property

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

(m) Lease

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3)the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

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

(Continued)

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

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

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

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

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

— there is no substantive change in other terms and conditions of the lease.

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

(iii) As a lessor

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

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

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

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

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1) Computer software 5 years

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

(o) Impairment of non-financial assets

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

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

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

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

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

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

(p) Revenue

(i) Revenue from contracts with customers

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

1) Sales of goods

The Group’ s department store sells goods in the retail market. The Group recognizes revenue when the goods are delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the product.

2) Customer loyalty program

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

(Continued)

3) Services

The Group provides consultancy services and management services to the customers. Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

4) Commissions

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

5) Land development and sale of real estate

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

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

6) Financing components

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

The Group preliminarily assesses whether there is a difference between the consideration for contractual commitment and the current sales price based on the individual contract, and whether the advance receipts from the sale of real estate include financing factors. The advance receipts from the sale of real estate are security for the customer to perform the contract and decrease of the price variance risk from re sale and subsidy to the Group due to the customer not performing the contract, rather than significant financial component of the financing obtained from the customer.

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

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

The Group recognizes the incremental costs as an asset which meets the expectation to recover those costs of obtaining a contract through the sale of the real estate and amortizes it on the basis of the transfer of pre-sold house.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

(Continued)

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest' s proportionate share of the acquiree' s identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the Group' s net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group' s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(u) Earnings per share

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

(v) Operating segments

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

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

The preparation of the consolidated financial statements in conformity with the IFRSs 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.

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

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

(a) Judgment of whether the Group has substantive control over its investees

The Group holds 28.99% and 29.11% of the outstanding voting shares of Taiwan Environment Scientific Co., Ltd. and Da Yu Financial Holdings Limited, respectively. The Group is the single largest shareholder of the investees. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of aforementioned companies' board seats, and failed to obtain more than half of the voting rights at a shareholders' meeting as well. Therefore, it is determined that the Group only has significant influence on these investees.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

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

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

(b) Impairment of goodwill and intangible assets

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

Assessment

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

The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

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

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

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

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

Please refer to notes 6(z) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Petty cash	$ 30,727	36,544
Demand deposits	3,952,048	4,900,655
Time deposits	-	212,077
Total	**$ 3,982,775**	**5,149,276**

Please refer to note 6(z) for the sensitivity analysis and interest rate risk.

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

	December 31, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets—current		
Shares of stock of listed companies	$ 172,079	150,513
Open fund	13,127	12,353
Foreign corporate bonds	5,893	-
Embedded derivatives— Call and put rights of convertible bonds	925	-
Subtotal	192,024	162,866
Non-derivative financial assets—non-current		
Beneficiary rights - Specific construction project	119,158	-
Call rights of vehicles	34,919	-
Subtotal	154,077	-
Total	**$ 346,101**	**162,866**
Held-for-trading financial liabilities:		
Embedded derivatives— Call and put rights of convertible bonds	**$ -**	**2,622**

(i) In September 2020, the Group entered into a residential construction project agreement with Honor Development Co., Ltd., wherein the Group will purchase 32% of the beneficial rights from the specific construction project of Honor Construction Development Co., Ltd. located in Mingde Section, Tucheng District, at the amount of $117,000 thousand.

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

(ii) Please refer to note 6(z) for disclosure of credit risk and market risk of all financial instruments mentioned above.

(iii) For gain or loss on financial assets or liabilities at fair value through profit or loss, please refer to note 6(y).

(iv) The financial assets mentioned above had not been pledged as collateral.

(c) Financial assets measured at amortized cost—non-current

	December 31, 2020	December 31, 2019
Preference shares—Jiawang Assets Development Co., Ltd.	$ **59,900**	**29,900**

(i) On March 11, 2020 and November 6, 2019, two resolutions were made during the board meetings of the Group to purchase 3,000 thousand and 2,990 thousand cumulative preference shares issued by Jiawang Assets Department Co., Ltd. amounting to $30,000 thousand and $29,900 thousand, with annual interest rate of 8% and 6%, respectively. The payments for the above transactions have been paid in full.

(ii) For credit risk, please refer to note 6(z).

(iii) The financial assets mentioned above had not been pledged as collateral.

(d) Trade receivables and other receivables

	December 31, 2020	December 31, 2019
Current		
Accounts receivable	$ 236,112	167,306
Allowance for impairment	(10,640)	-
	225,472	167,306
Leases payment receivables (included operating lease)	818,398	946,753
Less: Unearned interest	(110,816)	(144,541)
Allowance for impairment	(69,467)	(28,417)
	638,115	773,795
Subtotal of current asset	863,587	941,101
Non-current		
Leases payment receivables	618,023	894,892
Less: Unearned interest	(54,261)	(76,753)
Allowance for impairment	(52,416)	(27,529)
Subtotal of non-current asset	511,346	790,610
Total	$ **1,374,933**	**1,731,711**

(Continued)

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

(i) The Group's main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the collectability.

(ii) 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) The loss allowance provision in rental business department in China was determined as follows:

	December 31, 2020		
	Gross carrying amount of leases payment receivable	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 904,202	0.29%	2,614
1 to 30 days past due	190,210	2.61%	4,966
31 to 60 days past due	5,677	12.56%	713
61 to 90 days past due	17,065	24.79%	4,230
More than 90 days past due (Note)	154,190	70.93%	109,360
	$ 1,271,344		**121,883**

	December 31, 2019		
	Gross carrying amount of leases payment receivable	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,445,310	0.15%	2,148
1 to 30 days past due	87,424	2.26%	1,974
31 to 60 days past due	16,643	13.44%	2,236
61 to 90 days past due	215	28.85%	62
More than 90 days past due	70,759	69.99%	49,526
	$ 1,620,351		**55,946**

Note: As of December 31, 2020 and 2019, the Group had filed a lawsuit against collecting the overdue receivables from its leasing business, with the total amounts of $54,176 thousand (CNY$12,412 thousand) and $53,520 thousand (CNY$13,962 thousand), respectively. The Group assessed the recoverability of those overdue receivables, and recognized the provision for allowance of $46,260 thousand (CNY$10,598 thousand) and $43,802 thousand (CNY$10,159 thousand), respectively, less unearned interests and guarantee deposits.

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

2) The retail business department in China which is classified as leasing was effected by COVID-19 pandemic. Therefore, partial receivables was deferred. The loss allowance provision in retail business department in China was determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 90 days past due	$ 26,991	0%	-
91 to 180 days past due	2,252	3%	68
181 to 270 days past due	1,092	12%	130
271 to 365 days past due	679	100%	679
More than 365 days past due	9,763	100%	9,763
	$ 40,777		10,640

3) The loss allowance provision in shipping business department was determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 26,845	-	-

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 23,426	-	-

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

	For the years ended December 31	
	2020	2019
Balance on January 1	$ 55,946	52,025
Impairment losses recognized	76,648	54,773
Amounts written off	(2,184)	(48,715)
Foreign exchange losses	2,113	(2,137)
Balance on December 31	$ 132,523	55,946

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

	December 31, 2020	December 31, 2019
Less than one year	$ 818,398	946,753
One to two years	432,800	613,483
Two to three years	185,223	281,409
Total lease payments receivable	1,436,421	1,841,645
Unearned finance income	(165,077)	(221,294)
Present value of lease payments receivable	**$ 1,271,344**	**1,620,351**

(v) The Group and the financial institution shall sign the accounts receivable and sales contract, and the contracted company shall guarantee the receivables for all receivables that cannot be recovered (whether delayed or defaulted) within a certain period of time, and retain the accounts receivable. Almost all risks and rewards are therefore not eligible for financial assets.

The carrying amounts of the transferred receivables and related financial liabilities not excluded in the reporting date are as follows:

December 31, 2020					
Purchaser	**Transferred accounts receivable amount**	**Credit lines**	**Advanced amount (recognized under Short-term borrowings)**	**Range of interest rates**	**Guarantee item**
CDIB International Leasing Corp.	$ 127,118	87,296	86,502	9.3%	Accounts receivable

December 31, 2019					
Purchaser	**Transferred accounts receivable amount**	**Credit lines**	**Advanced amount (recognized under Short-term borrowings)**	**Range of interest rates**	**Guarantee item**
CDIB International Leasing Corp.	$ 92,855	86,236	67,019	9.3%	Accounts receivable

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

(vii) The accounts receivable mentioned above had been pledged as collateral for loans, please refer to note 8.

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

(e) Other receivable

	December 31, 2020	December 31, 2019
Other receivables–loans	$ 9,176	15,824
Other receivables–investment (note 6(m))	353,550	-
Other receivables–lease guarantee deposits	63,165	63,384
Other receivables–others	87,085	149,404
Less: Loss allowance	(24,546)	-
	$ 488,430	**228,612**

(i) The other receivables–loans arise from the demand of short-term financing by the car rental platform, and the Group obtains collateral when necessary. Furthermore, other receivables–others are the advance payment in accordance with the promotions held by retail business department and venders. Since the Group and the vendors are in a long-term business relationship, the Group has considered historical experience and believed that they were less doubtful of the recoverability of these receivables. The Group assessed the aforesaid other receivables as the financial assets with low credit risk and measured loss allowances at an amount as 12-month expected credit loss. Management believed that there were less doubtful of credit losses.

(ii) Since the rental agreement of, Xiangtan Grand Ocean Department Store Co., Ltd. (Xiangtan) one of the Group's subsidiaries, have reached its maturity in December 2018, the Group ceased Xiangtan's business operation, wherein a security deposit amounting to CNY$15,000 thousand is expected to be received. Xiangtan had already returned the property to its owner, Xiangyuan Industrial Development Co., Ltd.(Xiangyuan), but failed to receive the security deposit. In order to receive the payment and begin the liquidation process, Xiangtan filed a lawsuit against Xiangyuan. On July 1, 2019, the people's court ordered Xiangyuan to pay the amount of CNY$14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court's decision, therefore, filed an appeal on November 13, 2019, wherein it was denied on January 16, 2020. Furthermore, Xiangtan filed an appeal to the court to freeze the property of Xiangyuan, in which the court granted the approval do to so. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the mandatory payment of $957 thousand (CNY$229 thousand). As a result, the Group assessed that amount of $63,165 thousand (CNY$14,471 thousand) should have no impairment concern.

(f) Inventories (construction department)

	December 31, 2020	December 31, 2019
Land held for construction site	$ 518,292	-
Construction in progress	571,467	53,300
Buildings and land held for sale	75,143	465,318
Prepayment for land purchases and development expenses	127,357	127,357
	$ 1,292,259	**645,975**

Please refer to note 8 for the details of inventories pledged as collateral.

(g) Non-current assets held for sale

(i) As of December 31, 2020 and 2019, the amount of the non-current assets to be disposed of and the related interests are as follows：

		December 31, 2020	December 31, 2019
Investments accounted for using equity method	$	**120,633**	**283,041**

		December 31, 2020	December 31, 2019
Exchange difference arising from the translation of the financial statements of the foreign operating institution	$	(12,802)	(3,237)
Revaluation surplus		33,894	33,894
	$	**21,092**	**30,657**

As of December 31, 2020 and 2019, the non-recurring fair value measurement for the investments accounted for using equity method were measured at $120,633 thousand and $283,041 thousand, based on observable inputs which are the measurement basis of the price in similar transaction or in the same industry, and their fair value are in the first level, respectively.

For the years ended December 31, 2020 and 2019, the above-mentioned non-current assets classified as held for sale were measured at a book value and fair value less than the cost of sales, and were recognized as impairment loss of $152,842 thousand (US$5,174 thousand), and reversal of impairment loss of $31,816 thousand (US$1,029 thousand).

(ii) On December 7, 2018, the board of directors of the Group resolved to sale the invested real estate, including related lands and houses; as of December 31, 2019, the amount of non-current assets classified as held for sale was $246,147 thousand. On March 29, 2018, the Group signed a sales contract with the non-relative Wisdom Marine International Inc. for a total contract price of $463,360 thousand (untaxed). The property rights transfer registration was completed in May. The relevant price has been fully collected, deducting the relevant taxes and fees and recognized the disposal gain of non-current assets classified as held for sale of $217,213 thousand.

(iii) On December 7, 2018, the board of directors of the Group resolved to sale the investment of equity method — Sandmartin International Holdings Limited; it has started to conduct the related sales and is expected to complete the sales within one year, and the investment using the equity method will be reported under the non-current assets classified as held for sale. As of December 31, 2020, the aforementioned assets had not been sold due to the circumstances which was previously considered unlikely to happen. The Group had taken necessary actions in response and actively looked for purchaser with reasonable prices. In March 2021, the Group signed a letter of intent and non-disclosure agreement with potential buyer, and expected to complete the transaction within one year.

(iv) The non-current assets classified as held for sale of the Group are provided as collateral guarantees. Please refer to note 8 for details.

(h) Investments accounted for using equity method

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

Investee		December 31, 2020	December 31, 2019
Taiwan Environment Scientific Co., Ltd.	$	179,497	215,015
Jiawang Assets Development Co., Ltd.		7,884	9,643
Da Yu Financial Holdings Limited		687,415	678,892
Hainan Sanhe Licheng Business Service Co., Ltd.		-	6,076
Shanghai Zhuke Technology Co., Ltd.		-	-
	$	874,796	909,626

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

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

		December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	$	874,796	909,626

		For the years ended December 31	
		2020	2019
Attributable to the Group:			
Profit (Loss) from continuing operations	$	21,639	(32,102)
Other comprehensive income		(44,979)	6,035
Total comprehensive income	$	(23,340)	(26,067)

(ii) In December 2017, the Group obtained 12.67% of the equity of Summit Ascent Holdings Ltd. (Summit) in cash of $101,290 thousand and in financing of $676,073 thousand (reported as other payables). In addition, since the management of the Group is a director of Summit, the Group has significant influence over Summit, and therefore, the Group evaluates its investee using the equity method. Subsequently, the Group obtained 6.55% of the shares amounting to $384,171 thousand. On April 8, 2019, a resolution was passed during the meeting of Board of Directors to dispose all of the Group's shares in Summit. On April 23, 2019, the said shares were sold to Victor Sky Holding Ltd (Victor), a subsidiary of Sun City Group Holdings Co., Ltd. (Sun City), at the amount of $2,199,033 thousand (HK$554,934 thousand), with a par value of HK$1.94 per share, resulting in a net cash inflow of $1,863,563 thousand after deducting the financing amounting to $335,470 thousand upon purchased. The gain on disposal amounting to $997,264 thousand (HK$256,833 thousand) had already been recognized as other gains and losses in the consolidated statements of comprehensive income. The gain on disposal comprised of other comprehensive income of $4,238 thousand, a component that would be reclassified to profit or loss related to the associate the Group previously recognized, as well as capital surplus amounting to $(22,126) thousand.

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

(iii) On August 30, 2019, the Group subscribed to the private equity and the issuance of new shares of the investee, Taiwan Environment Scientific Co., Ltd., amounting to $147,424 thousand. Due to the unproportioned shareholding percentage of the Group, it recognized the capital surplus and retained earnings of $1,718 thousand and $(17,371) thousand, respectively.

(iv) In 2019, the Group acquired 29.11% of the equity of Da Yu Financial Holdings Limited (Da Yu) amounting to HK$174,898 thousand. As of December 31, 2020, the settlement had been completed. In addition, since the management of the Group is a director of Da Yu, the Group has significant influence over Da Yu, and therefore, the Group evaluates its investee using the equity method. Moreover, as of December 31, 2020 and 2019, the aforesaid amount in financing was $96,335 thousand and $105,982 thousand (reported as other payables).

(v) Guarantees

There is no guarantee in investments using equity methods of the Group.

(i) 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 December 31, 2020	Percentage of non-controlling interests December 31, 2019
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.81 %	45.47 %

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.

(i) Collective financial information of Grand Ocean Retail Group Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 5,131,625	5,680,778
Non-current assets	19,209,372	20,537,955
Current liabilities	(6,839,423)	(7,401,648)
Non-current liabilities	(8,990,130)	(9,913,540)
Net assets	**$ 8,511,444**	**8,903,545**
Non-controlling interest	**$ 3,558,635**	**4,048,441**

	For the years ended December 31 2020	For the years ended December 31 2019
Sales revenue	**$ 4,790,864**	**6,642,331**
Net income (loss)	$ (122,122)	603,637
Other comprehensive income	158,118	(371,862)
Comprehensive income	**$ 35,996**	**231,775**
Profit (loss), attributable to non-controlling interests	**$ (56,953)**	**270,324**
Comprehensive income, attributable to non-controlling interests	**$ 6,412**	**98,868**

(Continued)

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

	For the years ended December 31	
	2020	2019
Net cash flows from operating activities	$ 291,245	1,697,152
Net cash flows from investing activities	(348,292)	(371,224)
Net cash flows from financing activities	(866,599)	(1,528,809)
Effect of exchange rate changes	39,750	(195,306)
Net decrease in cash and cash equivalents	**$ (883,896)**	**(398,187)**
Dividends paid to non-controlling interests	**$ (183,973)**	**(150,582)**

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2020	$ 126,409	3,689,371	132,536	7,982,851	241,431	6,574,410	962,528	19,709,536
Additions	-	87,927	66,303	748	5,071	65,279	154,778	380,106
Transferred from inventories	-	-	9,523	-	-	-	-	9,523
Reclassifications	-	850,307	-	-	1,858	201,230	(1,053,395)	-
Disposals and obsolescence	-	-	(16,050)	-	(10,833)	(292,031)	-	(318,914)
Effect of change in foreign exchange rates	-	62,417	2,046	(424,647)	2,328	79,536	(5,376)	(283,696)
Balance at December 31, 2020	**$ 126,409**	**4,690,022**	**194,358**	**7,558,952**	**239,855**	**6,628,424**	**58,535**	**19,496,555**
Balance at January 1, 2019	$ 126,409	3,795,849	118,527	8,152,699	320,672	7,485,417	129,957	20,129,530
Additions	-	5,284	85,803	-	11,971	175,648	593,558	872,264
Transferred from prepaid equipment.	-	-	-	-	-	-	614,110	614,110
Transferred from intangible assets	-	-	-	-	673	13,052	-	13,725
Reclassifications	-	25,954	104	-	6,599	311,858	(337,539)	6,976
Disposals and obsolescence	-	-	(66,424)	-	(89,267)	(1,162,030)	-	(1,317,721)
Disposal of subsidiaries	-	-	(627)	-	(293)	-	-	(920)
Effect of change in foreign exchange rates	-	(137,716)	(4,847)	(169,848)	(8,924)	(249,535)	(37,558)	(608,428)
Balance at December 31, 2019	**$ 126,409**	**3,689,371**	**132,536**	**7,982,851**	**241,431**	**6,574,410**	**962,528**	**19,709,536**
Depreciation and impairment loss:								
Balance at January 1, 2020	$ -	485,856	54,856	1,872,310	172,556	3,545,675	-	6,131,253
Depreciation	-	94,038	24,862	321,269	19,804	401,428	-	861,401
Disposals and obsolescence	-	-	(11,712)	-	(10,073)	(291,671)	-	(313,456)
Effect of change in foreign exchange rates	-	7,409	310	(111,130)	1,761	44,903	-	(56,747)
Balance at December 31, 2020	**$ -**	**587,303**	**68,316**	**2,082,449**	**184,048**	**3,700,335**	**-**	**6,622,451**

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

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Balance at January 1, 2019	$ -	398,011	71,629	1,577,649	238,024	4,416,711	-	6,702,024
Depreciation	-	98,535	24,156	336,555	26,146	405,444	-	890,836
Transferred from intangible assets	-	-	-	-	243	4,924	-	5,167
Reclassifications	-	6,976	-	-	-	-	-	6,976
Disposals and obsolescence	-	-	(38,608)	-	(85,477)	(1,147,276)	-	(1,271,361)
Disposal of subsidiaries	-	-	(376)	-	(56)	-	-	(432)
Effect of change in foreign exchange rates	-	(17,666)	(1,945)	(41,894)	(6,324)	(134,128)	-	(201,957)
Balance at December 31, 2019	**$ -**	**485,856**	**54,856**	**1,872,310**	**172,556**	**3,545,675**	**-**	**6,131,253**
Carrying amounts:								
Balance at December 31, 2020	**$ 126,409**	**4,102,719**	**126,042**	**5,476,503**	**55,807**	**2,928,089**	**58,535**	**12,874,104**
Balance at January 1, 2019	**$ 126,409**	**3,397,838**	**46,898**	**6,575,050**	**82,648**	**3,068,706**	**129,957**	**13,427,506**
Balance at December 31, 2019	**$ 126,409**	**3,203,515**	**77,680**	**6,110,541**	**68,875**	**3,028,735**	**962,528**	**13,578,283**

(i) The disposal and obsolescence for the year ended December 31, 2020 were mainly due to the resolution decided during the board meeting of a subsidiary, Fuzhou Grand Ocean World Department Store Ltd., for not extending the original lease maturing on April 30, 2020, resulting in the related assets to be disposed and scrapped accordingly.

(ii) The significant components of the buildings include the main building, machinery and air conditioner with their own estimated useful lives.

(iii) Guarantee

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

(k) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, machine and transportation equipment were as follows:

	Land	Buildings	Machinery equipment	Total
Cost:				
Balance at January 1, 2020	$ 3,254,497	7,381,322	59,741	10,695,560
Additions	-	148	2,571	2,719
Disposal and derecognition	-	(153,792)	(1,704)	(155,496)
Lease modifications	-	3,488	-	3,488
Effect of changes in foreign exchange rates	40,015	86,265	589	126,869
Balance at December 31, 2020	**$ 3,294,512**	**7,317,431**	**61,197**	**10,673,140**

	Land	Buildings	Machinery equipment	Total
Balance at January 1, 2019	$ 3,378,465	7,574,869	55,964	11,009,298
Additions	-	4,567	5,993	10,560
Disposal and derecognition	-	(677)	-	(677)
Lease modifications	-	83,318	-	83,318
Effect of changes in foreign exchange rates	(123,968)	(280,755)	(2,216)	(406,939)
Balance at December 31, 2019	**$ 3,254,497**	**7,381,322**	**59,741**	**10,695,560**
Accumulated depreciation:				
Balance at January 1, 2020	$ 95,625	977,621	7,675	1,080,921
Depreciation for the period	94,981	893,742	9,409	998,132
Disposal and derecognition	-	(89,655)	(1,704)	(91,359)
Effect of changes in foreign exchange rates	2,995	25,914	160	29,069
Balance at December 31, 2020	**$ 193,601**	**1,807,622**	**15,540**	**2,016,763**
Balance at January 1, 2019	$ -	-	-	-
Depreciation for the year	99,367	992,551	7,947	1,099,865
Disposal and derecognition	-	(138)	-	(138)
Impairment loss	-	23,273	-	23,273
Effect of changes in foreign exchange rates	(3,742)	(38,065)	(272)	(42,079)
Balance at December 31, 2019	**$ 95,625**	**977,621**	**7,675**	**1,080,921**
Carrying amounts:				
Balance at December 31, 2020	**$ 3,100,911**	**5,509,809**	**45,657**	**8,656,377**
Balance at January 1, 2019	**$ 3,378,465**	**7,574,869**	**55,964**	**11,009,298**
Balance at December 31, 2019	**$ 3,158,872**	**6,403,701**	**52,066**	**9,614,639**

(i) The subsidiary, Wuhan Longyang Grand Ocean Department Store, signed an agreement for the partial annual fee reduction of the department store building, resulting in a decrease of $56,496 thousand (CNY$12,609 thousand) for the right of use asset and lease liability. Because of the agreement made by Wuhan Guanggu Grand Ocean Department Store Co., Ltd. to increase the fixed rental expense beginning January 1, 2020, the right of use assets and lease liabilities had increased by $139,814 thousand (CNY$31,205 thousand).

(ii) For the year ended December 31, 2019, Fuzhou Tiandi Grand Ocean Department Store Co., Ltd. was in operation loss continuously, the Group recognized impairment loss of all its right-of-use assets amounting to $23,273 thousand (CNY$5,194 thousand). For the year ended December 31, 2020, the right-of-use assets and accumulated depreciation of Fuzhou Tiandi Grand Ocean Department Store Co., Ltd. and Yichang Grand Ocean Commerce Limited amounting to $88,982 thousand and $64,137 thousand were derecognized due to cease of business operation and non-lease components payments, respectively.

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

(l) Intangible assets

The costs, amortization, and impairment loss of intangible assets for the years ended December 31, 2020 and 2019, were as follows:

	Goodwill	Trademark	License Plate	Other	Total
Cost:					
Balance at January 1, 2020	$ 1,345,497	421,604	361,639	75,072	2,203,812
Additions	-	-	-	4,197	4,197
Disposal and derecognition	-	-	(59,765)	(39,396)	(99,161)
Effect of change in foreign exchange rates	16,138	(22,426)	3,302	(62)	(3,048)
Balance at December 31, 2020	**$ 1,361,635**	**399,178**	**305,176**	**39,811**	**2,105,800**
Balance at January 1, 2019	$ 1,396,645	430,575	375,927	80,545	2,283,692
Additions	-	-	-	14,592	14,592
Reclassifications	-	-	-	(13,725)	(13,725)
Disposal and derecognition	-	-	(513)	(3,563)	(4,076)
Effect of change in foreign exchange rates	(51,148)	(8,971)	(13,775)	(2,777)	(76,671)
Balance at December 31, 2019	**$ 1,345,497**	**421,604**	**361,639**	**75,072**	**2,203,812**
Accumulated amortization and impairment loss:					
Balance at January 1, 2020	$ 6,186	-	5,050	56,371	67,607
Amortization	-	-	-	5,647	5,647
Disposal and derecognition	-	-	-	(39,396)	(39,396)
Effect of change in foreign exchange rates	(329)	-	61	(264)	(532)
Balance at December 31, 2020	**$ 5,857**	**-**	**5,111**	**22,358**	**33,326**
Balance at January 1, 2019	$ 6,318	-	5,242	58,710	70,270
Amortization	-	-	-	8,426	8,426
Reclassifications	-	-	-	(5,167)	(5,167)
Disposal and derecognition	-	-	-	(3,530)	(3,530)
Effect of change in foreign exchange rates	(132)	-	(192)	(2,068)	(2,392)
Balance at December 31, 2019	**$ 6,186**	**-**	**5,050**	**56,371**	**67,607**
Carrying amounts:					
Balance at December 31, 2020	**$ 1,355,778**	**399,178**	**300,065**	**17,453**	**2,072,474**
Balance at January 1, 2019	**$ 1,390,327**	**430,575**	**370,685**	**21,835**	**2,213,422**
Balance at December 31, 2019	**$ 1,339,311**	**421,604**	**356,589**	**18,701**	**2,136,205**

(i) Recognition of amortization and impairment

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019:

	For the years ended December 31	
	2020	**2019**
Operating expenses	**$ 5,647**	**8,426**

(Continued)

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

(ii) Impairment testing of goodwill

For impairment testing, the Group had allocated goodwill to two CGUs, Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited. The aggregated carrying amount of goodwill was allocated to each CGU as follows:

	December 31, 2020		December 31, 2019	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Goodwill				
Wuhan Grand Ocean Classic Commercial Department Limited	$ 190,894	487,793	188,575	1,810,483
Fuzhou Grand Ocean Commerce Limited	1,164,884	1,546,689	1,150,736	1,727,556
	$ 1,355,778	**2,034,482**	**1,339,311**	**3,538,039**
Trademark				
Grand Ocean Classic Commercial Group Co., Ltd.	**$ 339,178**	**636,231**	**421,604**	**1,166,537**

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of December 31, 2020 and 2019 was estimated on its value in use except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of December 31, 2020 and 2019, was estimated by market method, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and it was level two input of the fair value hierarchy.

The recoverable amount of two CGUs, Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited, as of December 31, 2020 and 2019, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2020	**December 31, 2019**
Discount rate	10%	10%
Terminal value growth rate	3%	1%~4%

1) The discount rate is a pre-tax earnings ratio based on the government debt of China due in 2040, and adjustments of risk premium to reflect incremental risk of general investment in equity and systematic risk specific to CGU.

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

3) Operating revenue are considered the average growth level of the past three years. Also, managements use data to estimate that the selling price will stably grow at a rate higher than expected inflation rate in the future three years.

(Continued)

4) Operating costs and expenses are estimated based on past experiences and variable factors.

The aforementioned key assumptions represent management’ s evaluation and best estimates of future economic trend of retail business based on the external and internal historical information.

(iii) Impairment testing of license plate

As of December 31, 2020 and 2019, the recoverable amount of the CGU was as follows:

	December 31, 2020		December 31, 2019	
	Carrying amount	**Recoverable amount**	**Carrying amount**	**Recoverable amount**
Intangible assets—license plate	$ 300,065	323,002	356,589	365,779

The recoverable amount of the CGU was based on fair value less costs of disposal or value in use, which was higher. The recoverable amount of the CGU was determined to be higher than carrying amount of and impairment loss was not recognized.

On December 31, 2019, the fair value of license plate is computed based on a market approach, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and it was level two input of the fair value hierarchy.

The recoverable amount of the CGU, Mariner Finance Ltd., as of December 31, 2020, was estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2019
Discount rate	8.08%
Growth rate of earnings before interest, taxes, depreciation, and amortization from financial budget period	10%

1) The discount rate is a pre-tax earnings ratio based on the government debt of China due in 2025, and adjustments of risk premium to reflect incremental risk of general investment in equity and systematic risk specific to CGU.

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

3) Operating costs and expenses are estimated based on past experiences and variable factors.

The aforementioned key assumptions represent management’ s evaluation and best estimates of future economic trend of rental business based on the external and internal historical information.

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

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

		December 31, 2020	December 31, 2019
Other financial assets－current			
Deposits－out for lease	$	661	3,269
Restricted deposits		368,554	528,539
Certificate of deposits		17,800	-
Deposits－ready to transaction		18,971	12,396
Others		5,524	1,848
	$	**411,510**	**546,052**
Other financial assets－non-current			
Deposits－out for lease	$	147,063	163,533
Restricted deposits		15,000	-
Deposits－out for investment		353,550	698,512
Others		14,686	22,849
Less: Allowance for impairment		(38,579)	-
	$	**491,720**	**884,894**

(i) Deposits－out for lease is leasing deposit from lessee.; please refer to note 6(e) of investment and guarantee deposits.

(ii) As of December 31, 2020 and 2019, the collected receipts for securities brokerage business (were recognized as other current liabilities), amounting to $19,425 thousand and $12,396 thousand, respectively.

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

In addition, the Group reviewed the nature of other receivables and analyzed the current financial position of the counterparty. In order to secure the aforementioned debt, the Group had acquired pledge of stock rights of Fengan, and at the same time had obtained the debtor's promise that other investment profits to be priority to repay the debt. The Group evaluated that the aforementioned debt should have no impairment concern. Because the debtor takes time to complete the relevant legal procedures of the disposition of investment, the Group and the debtor renegotiate the repayment period, which should be before April 30, 2017, before September 30, 2017, and before December 31, 2017. The total amount of repayment should be 10%, 40% and 50%, respectively. In case of violation of the agreement, the aforementioned

(Continued)

collateral would be transferred to the Group for debt repayment. As of December 31, 2017, the Group had recoverd CNY$162,000 thousand according to aforesaid agreement. On December 19, 2017, the Board of Directors of the Group resolved during the meeting on the Fengsheng Group's extension of the repayment agreement, which extended remaining proceeds to June 30, 2018. Due to the delay of procedures of the disposition of investment, Fengsheng Group could not make the payments by the aforementioned date.

To ensure the recovery of the aforementioned creditor's rights and the development of Fengan's property, on August 12, 2019, the Board of Directors resolved to sign a "Debt Confirmation and Repayment Plan" with Damahua Investment Co., Ltd. (Damahua), Fengsheng and Fengan, stating that Damahua will provide financial support to Fengan for the development and construction of a real estate property to be sold to the market to ensure that the future sales proceeds will be used to repay for the aforementioned claims. As of December 31, 2019, the outstanding receivables were $698,512 thousand (CNY$162,000 thousand). Considering the development progress of Fengan's property, the credit recovery period will exceed one year; therefore, the related receivables reclassified to other non current receivables were recognized as other non- current financial assets. The Group evaluated that the aforementioned debt should have no impairment concern under the cash flow of pledge asset.

The aforementioned "Debt Preservation and Conditional Credit Transfer Agreement" stated that the development project of the Fengan property must be restarted before June 30, 2020. However, the progress of approval was delayed because of COVID-19 pandemic; therefore, the development project could not start as expected. As a result, the Group has agreed to extend 6 more months before restarting the development project of Fengan property due to force majeure.

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

1) Damahua agrees to pay CNY$30,000 thousand before February 9, 2021.

2) Damahua agrees to pay CNY$51,000 thousand before December 31, 2021.

3) Damahua agrees to pay CNY$81,000 thousand before June 30, 2022.

4) Under the premise of obtaining written consent of the Group, Damahua can transfer the title of properties located in Citong road to the Group, as the payment of debt.

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

As of December 31, 2020, the outstanding receivables were $707,100 thousand (NCY$162,000 thousand). On February 9, 2021, the Group has collected the first payment of CNY$30,000 thousand. Besides, due to the renegotiation of payment and considering the default risk in expected duration. The Group recognizied expected credit loss of $55,597 thousand (CNY$12,981 thousand) for the year ended December 31, 2020.

In addition, the receivables within a year of maturity were reclassified as other receivables amounting to $353,550 thousand (CNY$81,000 thousand) and loss allowance amounting to $18,083 thousand (CNY$4,143 thousand).

(n) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 2,097,345	1,539,979
Secured bank loans	3,660,991	1,847,308
Other secured loans	86,502	157,671
Total	**$ 5,844,838**	**3,544,958**
Unused credit lines	**$ 800,491**	**831,072**
Range of interest rates	**1.23%~9.5%**	**1.5%~9.5%**

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

(o) Long-term borrowings

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

	December 31, 2020			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Secured bank loans	USD	1.11%~2.23%	2021~2025	$ 1,917,032
	CNY	5.23%	2021~2022	572,882
Unsecured bank loans	NTD	1.54%~1.8%	2021~2022	646,330
	CNY	4.60%~5.56%	2021~2023	314,531
	USD	1.75%~4.63%	2021~2022	1,075,832
Other secured loans	CNY	9%~15.6%	2021~2023	190,500
				4,717,107
Less: current portion				(1,971,667)
Total				**$ 2,745,440**
Unused credit lines				**$ 219,776**

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

	December 31, 2019			
	Currency	**Annual interest rate**	**Year of maturity**	**Amount**
Secured bank loans	USD	2.80%~4.15%	2021~2023	$ 2,253,249
	CNY	5.23%	2021~2022	652,160
Unsecured bank loans	NTD	1.77%~1.8%	2020~2021	503,000
	CNY	4.94%~5.51%	2020~2022	343,004
	USD	3.20%~5.28%	2020~2021	797,872
Other secured loans	CNY	9%~15.6%	2020~2022	200,804
				4,750,089
Less: current portion				(1,074,361)
Total				**$ 3,675,728**
Unused credit lines				**$ 240,900**

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

(p) Bonds payable

The information of bonds of the Group were as follows:

	December 31, 2020	**December 31, 2019**
Total ordinary bonds issued	$ 2,000,000	2,000,000
Total convertible bonds issued	1,542,300	1,542,300
Less: current portion	(1,431,651)	(999,223)
Cumulative redeemed amount	(2,000,000)	(1,000,000)
Discounted corporate bonds payable	(110,649)	(206,505)
Long-term portion of bonds payable	**$ -**	**1,336,572**
Embedded derivative—call and put rights, accounted under financial assets (liabilities) at fair value through profit or loss	**$ 925**	**(2,622)**
Equity component conversion right (reported as capital surplus—share options)	**$ 96,902**	**96,902**

	For the years ended December 31	
	2020	**2019**
Embedded derivative instruments – call and put rights, included in financial liabilities at fair value through profit or loss	**$ 3,547**	**3,856**
Interest expense	**$ 104,231**	**103,402**

For the collateral of corporate bonds, please refer to note 8.

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

As of February 26, 2019, the key terms and conditions of the outstanding overseas guaranteed convertible bonds issued by the Group were as follows:

Item	Overseas Guaranteed Convertible Bonds 2018
Issue Size	$1,542,300 thousand (equivalent to US$ 50,000 thousand) The Bonds will be issued as guaranteed convertible bonds, in registered form at face value in denomination of US$200 thousand or in any integral multiples thereof. The USD par value of the Bonds will be translated based on NT$30.846 / US$1 according to Taipei Forex Inc. Taiwan Dollar 11:00am Fixing on 19 February 2019, "TRY11 Index" on Bloomberg (the "Fixed Exchange Rate").
Issue Date	26 February 2019
Maturity Date	26 January 2022 (2 years + 11 months)
Listing Venue	Listing Venue Tentatively the Bonds are to be listed on the Singapore Stock Exchange.
Coupon	Zero
SBLC Bank	The Bank of East Asia Limited, Taipei Branch
Early Redemption at Option of Issuer	Issuer Call – After year 2, the Issuer may redeem in whole but not in part, at the US Dollar Linked Amount of the Early Redemption Amount on the date of redemption if the Market Price of the Shares (translated into US Dollars at the Prevailing Rate) for each of 30 consecutive Trading Days, the last of which occurs not more than 10 trading days prior to the date of the redemption notice, shall have been at least 130% of the quotient of the Early Redemption Amount divided by the number of Shares to be issued per Bond Clean up Call – Callable at any time, in whole but not in part, at the US Dollar Linked amount of the Early Redemption Amount if more than 90% in principal amount of the Bonds originally outstanding has been redeemed, repurchased and cancelled or converted Tax Call – Yes, in whole but not in part, at the US Dollar Linked amount of the Early Redemption Amount if, as a result of changes relating to tax laws in the ROC, the Issuer becomes obligated to pay additional amounts. Bondholders have the right to elect for their Bonds not to be redeemed but with no entitlement to any additional amounts The Early Redemption Amount for each US$200 thousand of Bonds is determined so that it represents for the Bondholder a gross yield of 0.50% per annum on an annual basis.

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

Item	Overseas Guaranteed Convertible Bonds 2018
Redemption at the Option of the Bondholder	Bondholders' Put – At the end of year 2, Bondholders may exercise the put option in relation to their Bonds in whole but not in part, at the US Dollar Linked amount of the Early Redemption Amount. Change of Control Put – Yes, at the US Dollar Linked Amount of the Early Redemption Amount upon the occurrence of a Change of Control. Delisting Put – Yes, at the US Dollar Linked Amount of the Early Redemption Amount, if the Shares cease to be listed or admitted for trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the TWSE.
Conversion Procedure	Conversion Period The Bonds may be converted into newly issued common shares of the Issuer at any time after ninety (90) days from the Issue Date (exclusive), and ending on: (1) the seventh (7th) day prior to the Maturity Date or (2) the fifth (5th) Trading Day prior to any date where the Issuer exercises its early redemption right pursuant to the applicable laws and the Trust Deed.
	Conversion Price The initial Conversion Price is NT$10.42. The exchange rate used for the Conversion Price calculation is the Fixed Exchange Rate.
Redemption at Maturity	Unless previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed on the Maturity Date at an amount equal to the principal amount of the Bonds plus a gross yield of 0.5% per annum, calculated on an annual basis (the "Redemption Amount").The Redemption Amount will be 101.47% of the face value and converted into NT dollars based on the Fixed Exchange Rate, and this fixed NT dollar amount will be converted using the prevailing exchange rate for payment in US dollars.

(q) Accounts payable and other payables

		December 31, 2020	December 31, 2019
Accounts payable			
Arising from direct sales	$	117,806	167,318
Arising from concessionaire sales		2,135,103	2,825,519
Others		62,256	61,020
Total	**$**	**2,315,165**	**3,053,857**
Other payables			
Securities payable	$	96,335	105,982
Construction payables		166,330	261,609
Others		748,003	714,439
Total	**$**	**1,010,668**	**1,082,030**

(Continued)

(r) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	$ 878,522	955,219
Non-current	$ 7,306,931	8,232,934

Please refer to note 6(z) for maturity analysis.

The amounts recognized in profit or loss were as follow:

	For the year ended December 31	
	2020	2019
Interest on lease liabilities	$ 418,719	480,976
Variable lease payments not included in the measurement of lease liabilities	$ 88,358	127,162
Expenses relating to short-term leases	$ 426	205
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 1,424	2,845
Related rent concessions for Covid-19 (recognized as deduction of depreciation expenses of right-of-use assets	$ 190,193	-

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

	For the year ended December 31	
	2020	2019
Total cash outflow for leases	$ 1,355,321	1,465,471

(i) Lease of land, housing and construction

The Group leases land use rights, housing and buildings as office space, staff quarters and department store buildings for business. The lease period of office premises staff quarters and department store buildings is usually with three years, one year, and ten to twenty years, respectively. Some leases include the option to extend the lease period at the end of the lease term.

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

Some leases of retail stores contain variable lease payments which are based on sales that the Group makes at the store. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the year ended December 31, 2020 were as follows:

	2020			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ 92,813	88,358	181,171	884

	2019			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ 97,099	129,338	226,437	1,293

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

(ii) Other leases

The lease period of the Group leased transportation and machinery and equipment is two to ten years. Some lease contracts stipulate that the Group has options to purchase the leased assets at the end of lease term.

In addition, the period in which the Group leases part of the office is one year, and the leases are short-term leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

(s) Operating lease

(i) Leases as lessor

The Group leases its marine equipment and transportation equipment. Since it does not transfer almost all the risks and rewards of ownership of the assets attached to the underlying assets, these lease contracts are classified as operating leases. Please refer to note 6 (j) for property, plant and equipment. In addition, please refer to note 6(d) for the information of the rental business in finance leases.

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

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

1) Bulk carriers

		December 31, 2020	December 31, 2019
Less than one year	$	577,676	499,775
Between one and two years		402,034	277,019
Between two and three years		383,488	132,848
Between three and four years		125,782	132,848
Between four and five years		130,980	132,848
More than five years		6,716	151,411
Total undiscounted lease payments	$	**1,626,676**	**1,326,749**

2) Transportation equipment

		December 31, 2020	December 31, 2019
Less than one year	$	45,966	42,197
Between one and two years		36,073	31,564
Between two and three years		34,006	5,684
Total undiscounted lease payments	$	**116,045**	**79,445**

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

		For the years ended December 31	
		2020	2019
Operating costs	$	**26,066**	**28,106**

(t) Income Tax

(i) Income tax expense

The components of income tax were as follows:

		For the years ended December 31	
		2020	2019
Current tax expense			
Current period	$	87,200	410,161
Land value increment tax		1,279	13,784
Undistributed earnings additional 10% tax		-	2,469
Adjustment for prior periods		(3,324)	4,997
		85,155	431,411
Deferred tax expense			
Origination and reversal of temporary differences		(135,331)	(87,664)
Income tax expense (income)	$	**(50,176)**	**343,747**

(Continued)

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

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

	For the years ended December 31	
	2020	**2019**
Profit (loss) excluding income tax	$ (371,318)	2,015,026
Income tax calculated on profit before tax using the Company's domestic tax rate	$ (83,333)	449,448
Effect of tax rates in foreign jurisdiction	21,104	22,760
Non-deductible expenses	12,451	16,684
Share of profit of associates accounted for using equity method	3,932	7,532
Tax-exempt income (loss)	177	(20,308)
Recognition of previously unrecognized tax losses	(17,932)	(31,128)
Land value increment tax	1,279	13,784
Tax-exempt land income	(1,800)	(42,805)
Undistributed earnings additional tax	-	2,469
Current year losses for unrecognized deferred tax asset	152,268	89,301
Change in unrecognized temporary differences	31,516	(185,611)
Change in provision in prior periods	(3,324)	4,997
Realized loss on disposal of investments	(197,308)	-
Others	30,794	16,624
Total	**$ (50,176)**	**343,747**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities, the details of which were as follows:

	December 31, 2020	**December 31, 2019**
Aggregated amount of temporary differences related to investments in subsidiaries	**$ 1,106,482**	**1,496,220**
Unrecognized deferred tax liabilities	**$ 221,296**	**299,244**

The Board of Directors of the Group resolved during the meeting to adopt the stock dividend policy for the subsidiary, First Steamship S.A. Moreover, Group does not intend to dispose the equity investment in the near future, hence the temporary difference between the book value and the tax of the subsidiary will not be disposed and the non-recognized deferred income tax liabilities shall not be dividend.

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

2) Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Tax effect of deductible temporary differences	$ 7,858	12,671
The carry forward of unused tax losses	$ 411,199	394,395

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Besides, the Law of the People's Republic of China on Enterprise Income Tax allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

Deferred tax liabilities:

	Estimated subsidiary earnings appropriated
Balance at January 1, 2020	$ 49,030
Recognized in profit or loss	24,361
Foreign currency translation differences for foreign operations	(3,036)
Balance at December 31, 2020	$ 70,355
Balance at January 1, 2019	$ 68,973
Recognized in profit or loss	(19,174)
Foreign currency translation differences for foreign operations	(769)
Balance at December 31, 2019	$ 49,030

(Continued)

Deferred tax assets:

		Rental expenses	Tax losses deduction and other	Total
Balance at January 1, 2020	$	682,681	195,104	877,785
Recognized in profit or loss		(5,962)	165,654	159,692
Foreign currency translation differences for foreign operations		10,202	3,650	13,852
Balance at December 31, 2020	$	**686,921**	**364,408**	**1,051,329**
Balance at January 1, 2019	$	359,914	158,719	518,633
Recognized in profit or loss		19,490	49,000	68,490
Recognized in other comprehensive income		329,302	-	329,302
Foreign currency translation differences for foreign operations		(26,025)	(12,615)	(38,640)
Balance at December 31, 2019	$	**682,681**	**195,104**	**877,785**

(iii) As of December 31, 2020, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

	Unutilized business loss			Expiry date	
Year of loss		**Taiwan**	**China**	**Taiwan**	**China**
2011	$	13,913	-	2021	-
2015		70,701	-	2025	-
2016		71,989	76,712	2026	2021
2017		45,593	375,624	2027	2022
2018		20,950	117,961	2028	2023
2019		119,226	181,740	2029	2024
2020		122,325	521,004	2030	2025
Total	$	**464,697**	**1,273,041**		

(iv) Examination and Approval

1) Tax return for the years through 2019 of subsidiary, Royal Sunway Development Co., Ltd. were examined and approved by the national tax authorities.

2) The Company's and other ROC subsidiaries' tax returns for the years through 2018 were examined and approved by the national tax authorities

3) The annual tax returns of subsidiaries in China through 2019 were examined and approved by the tax authority.

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

(u) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were 1,200,000 thousand shares and 1,000,000 thousand shares, respectively, with par value of $10 per share. The total value of authorized ordinary shares was amounted to $12,000,000 thousand and $10,000,000 thousand, respectively. Also, the number of issued and outstanding shares were 686,763 thousand shares and 630,883 thousand shares, respectively. All issued shares were paid up upon issuance.

(i) A resolution was made at the special shareholders' meeting on September 30, 2020, that the Company can issue domestic or overseas convertible bonds in private if the convertible ordinary shares are within 240,000 thousand shares. Also, the board meeting was authorized to raise funds from specified persons in batches with a year depends on the operation needs.

(ii) Capital surplus

The components of the capital surplus were as follows:

		December 31, 2020	December 31, 2019
Share capital	$	375,316	561,458
Stock option from convertible corporate bonds		748,921	748,921
Employee share options		96,902	96,902
Forfeited share options		13,838	13,838
Treasury share transactions		15,967	15,967
Changes in equity of associates accounted for using equity method		-	11,629
Difference arising from subsidiary's share price and its carrying value		596,524	430,844
Changes in a parent's ownership interest in a subsidiary		66,873	64,795
Donation from shareholders		3,332	3,332
	$	**1,917,673**	**1,947,686**

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

Earnings distribution of capital surplus with $186,142 thousand in cash was decided by the resolution adopted, at the special shareholders meeting held on June 18, 2020.

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

(iii) Retained earnings

According to the Articles of Association, the Company is required to appropriate earnings every accounting year. The after tax earnings are initially used to offset cumulative losses. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

According to the Company's articles of incorporation, the dividend policy of the Company is based on the principle of prudence, which considers the Company's future funding needs and financial structure by reserving a certain amount of earnings, and distributing stock dividends and cash dividends from the remaining earnings. In order to maintain stable dividend distribution, in principle, the distribution of cash dividends shall not be less than 10% of the total dividends. If the distribution of cash dividends is less than $0.1 dollars per share, the Board of Directors can pass a resolution to distribute stock dividends instead, but it will be subject to a resolution by the shareholders during their shareholders' meeting.

1) Legal reserve

According to the ROC Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Group chose to apply the exemption under the IFRS1 "First-time adoption of IFRS"; therefore, a portion of cumulative translation adjustments amounting to thousand was reclassified as special earnings reserve. The net increase in retained earnings due to this reclassification is not covered by the Ruling No. 1010012865 issued by the FSC on April 6, 2012 for purposes of appropriating the same amount of special earnings reserve.

In accordance with the aforementioned Ruling No. 1010012865, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. A resolution was passed during the shareholders' meeting held on June 28, 2019 and June 18, 2020 for the reversal of special earnings reserve of $105,284 thousand and the appropriation of special earnings reserve of $335,040 thousand, respectively.

3) Earnings distribution

On September 30, 2020 and June 28, 2019, resolutions were passed during the special shareholders' meeting and shareholders' meeting, respectively, to appropriate the 2019 and 2018 earnings, respectively. These earnings were appropriated as follows:

	For the years ended December 31	
	2019	2018
Dividends distributed to common shareholders:		
Cash	$ 62,088	63,088
Stock	558,795	-
Total	**$ 620,883**	**63,088**

(iv) 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. As of December 31, 2020, a total of 10,000 thousand shares were not yet cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of total issued shares. Also the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized reserves.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

2) The details for transferring treasury was as below:

Management share incentive plan	1st	2nd
Resolved date of board of directors' meeting	August 11, 2017	May 14, 2019
Transferring treasury shares (thousand shares)	6,370	6,282
Nominated employees	the senior level management, and employees nominated by the general manager or Board of Directors	
The grant-date fair value	$0.052, $0.076, and $0.051	$0.72 and $0.60
Subscripted price per share	$24.72, $24.43, and $24.73	$24.43 and $24.73

Management share incentive plan	1st	2nd
The period which employees must comply with after shares have been granted	A.The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date. B.Within the 24th to the 36th month period from the subscription date, the employees can choose to sell up to 30% of the original shares subscripted or postpone the sale. C.Within the 36th month to the 48th month period from the subscription date, the employees can choose to sell another 30% of the original shares subscripted (i.e. accumulated shares sold cannot exceed 60% of the original shares subscripted) or postpone the sale. D.After the 48th month period from the subscription date, the employees can choose to sell the remaining 40% of the original shares subscripted (i.e. accumulated shares sold up to 100% of the original shares subscripted) or postpone the sale.	A.The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date. B.Within the 24th to the 36th month period from the subscription date, the employees can choose to sell up to 30% of the original shares subscripted or postpone the sale. C.Within the 36th month to the 48th month period from the subscription date, the employees can choose to sell another 70% of the original shares subscripted (i.e. accumulated shares sold cannot exceed 100% of the original shares subscripted) or postpone the sale.

Management share incentive plan	1st	2nd
The period which employees must comply with after shares have been granted	A.The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date. B.After the 24th from the subscription date, the employees can choose to sell all of the original shares subscripted or postpone the sale.	

The transferred price deducting tax was $153,776 thousand, and the Group recognized cost of share-based payments awards and capital surplus amounting to $1,271 thousand and $(374) thousand, respectively.

3) The details for transferring treasury shares to employees:

(In thousands of shares)

	For the years ended December 31	
	2020	**2019**
Outstanding at January 1 (Same as outstanding at December 31)	11,882	6,350
Granted during the year	-	6,282
Vested during the year	(1,375)	(750)
Outstanding at December 31	$ **10,507**	**11,882**

(Continued)

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

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of December 31, 2020 and 2019, these prepaid salaries amounting to $183,676 thousand and $214,055 thousand were recognized under prepaid account, respectively. Considering the crisis the industry is facing and the impact caused by COVID-19, a resolution was passed during the board of directors' meeting to defer the repayment of advanced employees' salary for one year on February 27, 2020.

(v) Other equity interests

	Exchange differences on translation of foreign financial statements	Equity related to non-current assets classified as held for sale	Non-controlling interests	Total
Balance at January 1, 2020	$ (595,680)	29,788	4,117,351	3,551,459
Loss attributable to non-controlling interests	-	-	(34,335)	(34,335)
Exchange differences on associates accounted for using equity method	(44,979)	-	-	(44,979)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(313,136)	(313,136)
Changes in ownership interests in subsidiaries	-	-	890	890
Subsidiaries' cash dividends paid	-	-	(183,973)	(183,973)
Equity related to non-current assets classified as held for sale	-	(9,070)	(495)	(9,565)
Exchange differences on foreign operation	(152,831)	-	63,860	(88,971)
Balance at December 31, 2020	**$ (793,490)**	**20,718**	**3,650,162**	**2,877,390**
Balance at January 1, 2019	$ (266,508)	35,656	3,938,602	3,707,750
Profit attributable to non-controlling interests	-	-	266,902	266,902
Subsidiaries' cash dividends paid	-	-	(150,582)	(150,582)
Changes in ownership interests in subsidiaries	-	-	237,293	237,293
Exchange differences on associates accounted for using equity method	1,796	-	-	1,796
Losses reclassified to profit or loss on disposal of associates accounted for using equity method	4,238	-	-	4,238
Disposal of subsidiaries	-	-	(3,407)	(3,407)
Equity related to non-current assets classified as held for sale	-	(5,868)	(350)	(6,218)
Exchange differences on foreign operation	(335,206)	-	(171,107)	(506,313)
Balance at December 31, 2019	**$ (595,680)**	**29,788**	**4,117,351**	**3,551,459**

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

(v) Earnings per share

	For the years ended December 31 2020	2019
Basic earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company	$ (286,807)	1,404,377
Weighted average number of ordinary shares at December 31	630,883	630,883
Effect on issuance of stock dividend	55,880	-
Effect of treasury stock	(8,190)	-
Weighted-average number of ordinary shares at December 31	678,573	630,883
Earnings (loss) per share (dollars)	**$ (0.42)**	**2.23**
Diluted earnings (loss) per share		
Profit (loss) attributable to ordinary shareholders of the Company	$ (286,807)	1,404,377
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	(Note)	59,414
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	$ (286,807)	1,463,791
Weighted-average number of ordinary shares at December 31	678,573	630,883
Effect of dilutive potential ordinary shares		
Effect of issuance of share option	(Note)	793
Effect of conversion of convertible bonds	(Note)	120,187
Weighted average number of ordinary shares (diluted) at December 31	678,573	740,865
Earnings (loss) per share (dollars)	**$ (0.42)**	**1.98**

Note: Antidilutive effect on earnings per share was not calculated.

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2020 Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	$ -	5,864	-	-	459,064	464,928
China	-	-	4,790,864	229,246	-	5,020,110
Other	936,729	20,061	-	-	-	956,790
	$ 936,729	25,925	4,790,864	229,246	459,064	6,441,828
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	1,512,406	-	-	1,512,406
Commodity sales (Retail revenue – direct sales)	-	-	1,685,987	-	-	1,685,987
Lease revenue (Note)	936,729	5,864	709,330	60,348	-	1,712,271
Financial lease interest income (Note)	-	-	-	151,659	-	151,659
Service revenue and others	-	20,061	883,141	17,239	459,064	1,379,505
	$ 936,729	25,925	4,790,864	229,246	459,064	6,441,828

(Continued)

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

	For the year ended December 31, 2019					
	Shipping department	Investing department	Retail department	Rental department	Other department	Total
Primary geographical markets						
Taiwan	$ -	4,934	-	3,058	56,690	64,682
China	-	-	6,642,331	317,299	-	6,959,630
Other	1,049,420	58,273	-	-	-	1,107,693
	$ 1,049,420	63,207	6,642,331	320,357	56,690	8,132,005
Major products/services lines						
Commissions revenue (Retail revenue – concessionaire sales)	$ -	-	2,522,661	-	-	2,522,661
Commodity sales (Retail revenue – direct sales)	-	-	1,920,388	-	-	1,920,388
Lease revenue (Note)	1,049,420	4,934	947,899	65,984	-	2,068,237
Financial lease interest income (Note)	-	-	-	222,987	-	222,987
Service revenue and others	-	58,273	1,251,383	31,386	56,690	1,397,732
	$ 1,049,420	63,207	6,642,331	320,357	56,690	8,132,005

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

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable	$ -	-	20,992
Less: allowance for impairment	-	-	-
Total	$ -	-	20,992
Contract liabilities—advance real estate receipts	$ -	150	5,173

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period amounting to $150 thousand and $4,774 thousand, respectively. In addition, the contract was cancelled for the year ended December 31, 2020, so contract liabilities which were reversed recognized as default income amounting to $398 thousand.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes during the period from January 1 to December 31, 2020 and 2019.

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

(x) Employee compensation and directors' remuneration

According to the Articles of Association, once the Company has annual profit, it should appropriate no less than 1% of the profit to its employees and 3% or less as directors’ and supervisor’s remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The pervading target given via shares or cash includes dependent employees of the Company’s subsidiaries under certain requirements approved by Board of Directors. However, directors’ remuneration could only be paid by cash.

As the operations for the year 2020 resulted in a net loss, no employee compensation and directors’ remuneration were estimated and accrued.

The compensation to employees amounted to $14,352 thousand for the year ended December 31, 2019. The remunerations to directors amounted to $0 thousand for the year ended December 31, 2019. These amounts were calculated using the Company's net profit before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

There is no difference between actual amount distributed and the estimated amount in the consolidated financial statements of 2019 for the employee compensation and directors’ remuneration. The information is available on the Market Observation Post System website.

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	**2019**
Bank deposits	$ 21,184	37,473
Financial assets measured at amortized cost	3,369	35,403
Loans	298	4,727
Open fund	989	1,061
Other	6,574	19
	$ 32,414	**78,683**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	**2019**
Dividend income	**$ 3,011**	**3,371**

(Continued)

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

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ (2,647)	(17,033)
Gains (loss) on disposals of investments	(237)	1,000,407
Gain on lease modification	-	19
Gain on disposal of non-current assets classified as held for sale	-	217,213
Foreign exchange gain (losses)	47,151	(2,203)
Net gain (loss) on financial assets or liabilities at fair value through profit or loss		
Open fund and listed companies	54,206	55,142
Embedded derivative instruments–call and put options	3,547	3,856
Beneficial rights from the specific construction project	2,158	-
Impairment loss (gain of reversal)		
Non-current assets classified as held for sale	(152,842)	31,816
Right-of-use assets	-	(23,273)
Others	149,045	199,463
	$ 100,381	**1,465,407**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	$ 236,896	329,555
Interest on corporate bonds	8,375	25,125
Amortization on discount of corporate bonds	95,856	78,277
Lease liabilities	418,719	480,976
Other financial expense	12,492	23,745
Other interest	1	1,966
	$ 772,339	**939,644**

The interest related to leases amounting to $56,541 thousand and $56,985 thousand for the years ended December 31, 2020 and 2019, respectively, was recognized as interest expense under operating cost.

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

(z) Financial instruments

(i) Credit risks

1) Credit risk exposure

As of December 31, 2020 and 2019, the maximum exposure of credit risks of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations were mainly from:

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

· The Group provided financial guarantees to an associate amounting to $412,696 thousand and $116,133 thousand.

2) Concentration of credit risk

There is no significant concentration on single customer in the Group's retail business, and debtors of accounts receivable are banks with high credit rating; therefore, management believes that there is no significant concentration of credit risk.

The Group's automobile lease business has a wide range of customers. To minimize the credit risk, the Group transacts with corporations or individuals that have credit ratings equivalent, and will assesses the ratings based on other publicly available financial information and will continuously monitor the exposure to credit risk.

Besides, the Group's shipping business consistently adheres to its policy of receiving in advance of each freight fee charged to customers to minimize credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables, other financial assets, preferred stock and corporate bonds., etc., please refer to notes (c), (e) and (m).

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

The movement in the allowance for impairment for other receivables and other financial assets for the year ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	**2019**
Balance at January 1	$ -	18,608
Impairment losses recognized (gain of reverse)	73,008	(18,627)
Amounts written off	(11,032)	-
Effect of foreign exchange rate	1,149	19
Balance at December 31	**$ 63,125**	**-**

(Continued)

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
December 31, 2020					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 3,773,224	3,773,224	3,229,888	44,637	498,699
Floating rate instrument	7,573,508	7,786,498	4,799,324	2,987,174	-
Fixed rate instruments	4,566,415	4,825,636	4,223,841	601,795	-
Lease liabilities	8,185,453	10,061,310	1,256,228	4,658,507	4,146,575
	$ 24,098,600	26,446,668	13,509,281	8,292,113	4,645,274
December 31, 2019					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 4,362,608	4,362,608	3,647,699	162,371	552,538
Floating rate instrument	5,507,439	5,779,144	2,899,873	2,879,271	-
Fixed rate instruments	5,667,185	6,089,966	3,524,264	2,565,702	-
Lease liabilities	9,188,153	11,479,164	1,378,453	5,037,213	5,063,498
	$ 24,725,385	27,710,882	11,450,289	10,644,557	5,616,036

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

(iii) Market risk

1) Currency risk

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

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD:NTD	$ 6,043	28.48	172,105	900	30.08	27,072
HKD:USD	-	0.1273	-	261	0.1285	1,009
NTD:USD	10,125	0.0351	10,125	3,922	0.0332	3,917
EUR:USD	-	1.2310	-	148	1.1217	4,994
Non-monetary items						
Non-current assets classifies as held for sale						
HKD:US	32,280	0.1273	120,633	73,216	0.1285	283,041
Investment accounted for equity method						
HKD:US	189,643	0.1273	687,415	175,614	0.1285	678,892

(Continued)

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

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial liabilities						
Monetary items						
USD:CNY	8,175	6.5249	232,823	25,225	6.9762	758,767
HKD:USD	26,577	6.1273	96,335	27,415	0.1285	105,967

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from cash and cash equivalents, financial assets at fair value though profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD or CNY against the USD, EUR, HKD, AUD and CNY as of December 31, 2020 and 2019 would have increased (decreased) the profit before tax by $6,097 thousand and $8,277 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 loss on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $47,151 thousand and $(2,203) thousand, respectively.

(iv) 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 $16,190 thousand and $391 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the years ended December 31, 2020 and 2019, respectively, given that all other variable factors remaining constant.

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

(v) Other market price risk

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

	For the years ended December 31			
	2020		2019	
	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Increase 5%	$ -	8,604	-	7,526
Decrease 5%	$ -	(8,604)	-	(7,526)

(vi) 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:

	December 31, 2020				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 345,176	185,206	40,812	119,158	345,176
Embedded derivative instruments-call and put options	925	-	-	925	925
	$ 346,101	185,206	40,812	120,083	346,101

	December 31, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 162,866	162,866	-	-	162,866
Financial liabilities at fair value through profit or loss					
Embedded derivative instruments-call and put options	$ 2,622	-	-	2,622	2,622

(Continued)

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

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

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

a) Financial assets or liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well established, only small volumes are traded, or bid ask spreads are very wide. Determining whether a market is active involves judgment.

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

- Stocks in listed companies, fund and Corporate bonds, which have standard term and quoted prices in active markets. The fair values are referenced by market quotation.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques. Embedded derivative instruments are measured at model of adjusted Binary tree.

c) Financial guarantee contract

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to use a probability-weighted discounted cash flow analysis that incorporates the expected default rate of the borrower and expected recoveries in the event of default.

4) There were no transfers in either direction of levels in 2020 and 2019.

5) Reconciliation of Level 3 fair values

(Continued)

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

	Financial assets and liabilities as held for sale		
	Non-derivative financial assets -Beneficial rights	**Non-derivative financial assets -Call rights of vehicles**	**Embedded derivative instruments**
Opening balance, January 1, 2020	$ -	-	(2,622)
Issuance	117,000	34,919	-
In profit or loss	2,158	-	3,547
Ending Balance, December 31, 2020	**$ 119,158**	**34,919**	**925**
Opening balance, January 1, 2019	$ -	-	-
Issuance	-	-	(6,478)
In profit or loss	-	-	3,856
December 31, 2019	**$ -**	**-**	**(2,622)**

For the year ended December 31, 2020, total gains and losses that were included in "other gains and losses" were as follows:

	2020	**2019**
Total gains and losses recognized:		
In profit or loss, and including "other gains and losses"	**$ 5,705**	**3,856**

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

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss – embedded derivative instruments, and the financial instrument in Level 3 has only one significant unobservable input.

Quantified information of significant unobservable inputs was as follow:

Item	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Embedded derivative instruments–call and put options	Adjusted Binary tree	· Volatility (As of December 31, 2020 and 2019 were 37.32% and 24.29%)	· The estimated fair value would decrease if the volatility was higher
Beneficial rights	Discounted cashflow	·Volatility of buildings sale prices and costs (as of December 31, 2020 were $410 thousand per squere feet and $130 thousand per square feet)	·The estimated fair value would increase if the credit risk was higher.

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

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

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

	Inputs	Fluctuation in inputs	Profit or loss Favorable	Profit or loss Unfavorable
December 31, 2020				
Financial assets at fair value through profit or loss				
Beneficial rights from the specific construction project	Sale price	5%	10,008	(10,008)
Financial assets at fair value through other comprehensive income				
Embedded derivative instruments–call and put options	Volatility	5%	463	(308)
December 31, 2019				
Financial assets at fair value through profit or loss				
Embedded derivative instruments–call and put options	Volatility	5%	308	(308)

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

(aa) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

The Groups risk management policies are established to identify and analyze the Group' s exposure to risks, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

(iii) Credit risk

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

1) Trade and other receivables

To minimize the credit risk, the Group's shipping business consistently adheres to its policy of receiving in advance of each freight fee being charged to its customers. In addition, the Group's vessel management receives fees monthly, assesses possibility of collecting receivables, and recognizes allowances for doubtful account.

The Group's retail business is expected to have no significant credit risk because its collection methods of primary customers and debtors of accounts receivable are through cash or credit card.

To minimize credit risk, the Group's automobile lease business transacts with corporations with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establishes sales limits based on credit rating for each of its approved customer. In addition, the management of credit risk to other receivables, please refers to notes 6(e) and (m).

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposures, and a collective loss component which the loss has been incurred but not yet identified. Considering that the Group has no concentration on single customer and complies with the policy to receive proceeds in advance, the credit risk of accounts receivable is estimated to be low.

2) Investment

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

3) Guarantees

the Group's guarantees with high credit ratings, and assesses the ratings based on other publicly available financial information and records of transactions with its major borrower. The Group continuously monitors the exposure to credit risk and counterparty credit ratings for each of its approved borrower.

For the Group providing financial guarantees, please refer to notes 7, 9 and 13.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’ s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

As of December 31, 2020 and 2019, the Group's unused credit line amounted to $3,028,055 thousand and $2,969,138 thousand, respectively.

(v) Market risk

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

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

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the NTD, US, and CNY. The currencies used in these transactions are the US and CNY.

The subsidiaries of the Group which use the CNY as the functional currency, choose US or EUR borrowings to reduce the finance cost, because these borrowings are denominated in currencies that not match the cash flows generated by the underlying operations of the Group. The Group considers that reduced finance cost should offset the exchange rate risk arising from US and EUR borrowings, and therefore, hedge accounting is not applied in these circumstances.

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

2) Interest rate risk

The Group’ s risks with exposure to changes in interest rates arise mainly from borrowings from banks. Borrowings on a variable–rate basis will exposed the Group to the variability in cash flows attributable to interest rate risk. The Group assess the level of interest rate is recently stable in the business environment. Therefore, material interest rate risk is less likely to occur.

(Continued)

3) Other market price risk

The Group is exposed to equity price risk due to use capital effectively and hold different investment portfolios. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market index. Material investments within the portfolio are managed on an individual basis, and all buy and sell decisions are approved by the management authority.

The primary goal of the Group's investment strategy is to maximize investment returns; the board of directors and member in investment department were all professional in finance to make appropriate decision, and therefore the market price risk of investment at fair value through profit or loss were controlled by management.

(ab) Capital management

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

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

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

As of 2020, the Group's capital management strategy is consistent with the prior year as of 2019. The gearing ratio is maintained so as to ensure financing at reasonable cost.

The Group's debt to adjusted capital ratios at the end of the reporting period were as follows:

	December 31, 2020	**December 31, 2019**
Total liabilities	$ 24,292,217	25,011,007
Less: cash and cash equivalents	(3,982,775)	(5,149,276)
Net debt	**$ 20,309,442**	**19,861,731**
Total equity	**$ 12,111,345**	**13,258,758**
Total capital	**$ 32,420,787**	**33,120,489**
Debt-to-equity ratio	**63 %**	**60 %**

(ac) Changes in liabilities arising from financing activities

(i) Acquiring the right-of-use assets, please refer to note 6(k).

(ii) The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019 were as follows:

	January 1, 2020	Cash flows	Non-cash changes: Other (Note)	Non-cash changes: Foreign exchange movement	December 31, 2020
Short-term borrowings	$ 3,544,958	2,346,682	-	(46,802)	5,844,838
Short-term notes and bills payable	49,954	38	-	-	49,992
Bonds payable	2,335,795	(1,000,000)	95,856	-	1,431,651
Long-term borrowings	4,750,089	108,739	-	(141,721)	4,717,107
Lease liabilities	9,188,153	(846,394)	(248,123)	91,817	8,185,453
Guarantee deposits	720,549	(182,157)	-	5,334	543,726
Total liabilities from financing activities	**$ 20,589,498**	**426,908**	**(152,267)**	**(91,372)**	**20,772,767**

Note: It is mainly the rent concession, which decreases operating expenses amounting to $190,193 thousand, the affect of adding and terminating the leases amounting to $57,930 thousand, and the amortization on discount of corporate bonds.

	January 1, 2019	Cash flows	Non-cash changes: Other (Note 2)	Non-cash changes: Foreign exchange movement	December 31, 2019
Short-term borrowings	$ 3,540,288	98,985	-	(94,315)	3,544,958
Short-term notes and bills payable	49,947	7	-	-	49,954
Bonds payable	1,995,336	542,300	(201,841)	-	2,335,795
Long-term borrowings	7,262,108	(2,410,887)	-	(101,132)	4,750,089
Lease liabilities	10,297,999	(854,283)	93,320	(348,883)	9,188,153
Guarantee deposits	953,419	(205,679)	-	(27,191)	720,549
Total liabilities from financing activities	**$ 24,099,097**	**(2,829,557)**	**(108,521)**	**(571,521)**	**20,589,498**

Note: It is mainly the amortization on discount of corporate bonds.

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

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

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

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Nanjing Tiandu Co., Ltd.	The Group's manager is the company's chairman
Shanghai Tian An Tower Co., Ltd.	The Group's manager is the company's director
Huizhou Tianan Xinghe City Management Co., Ltd.	A substantial related party
Huiyang Tamsui New Sun City Construction Co., Ltd.	A substantial related party
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	A substantial related party
Shanghai Qianshu Commercial Management Co., Ltd.	A substantial related party
Hainan Sanhe Licheng Business Service Co., Ltd.	An associate
Haikou Zhuke Technology Co., Ltd.	An associate
Wuhan Zhuke Technology Co., Ltd.	An associate
Shanghai Zhuke Technology Co., Ltd.	An associate
Chengdu Zhuke Technology Co., Ltd.	An associate
Changsha Zhuke Technology Co., Ltd.	An associate

(c) Significant transactions with related parties

(i) Sales

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

	Operating revenues		Lease receivables	
	2020	2019	December 31, 2020	December 31, 2019
Hainan Sanhe Licheng Business Service Co., Ltd.	$ 16,642	-	169,068	-
Zhuke Technology Co., Ltd.	26,134	-	487,746	-
	$ 42,776	**4,726**	**656,814**	**220,099**

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

The interest income of finance leases between the Group and the associates is based on the interest rate agreed by both parties and collected monthly. The interest rate is not significantly different from the one with non-related parties. The receivables with related parties are guaranteed by vehicles for finance lease, and no impairment losses were required after the assessment. Chengdu Sanhe Licheng is joint guarantor of the receivables from Hainah Sanhe Licheng.

(ii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Other payables	Other related parties	$ 3,200	-

(iii) Prepayments

	December 31, 2020	December 31, 2019
Other related parties	$ 49,291	48,692

Note: It is a short-term prepaid lease fee and a monthly fixed prepaid variable rent of the Group, which is settled at the end of the year.

(iv) Leases

1) Liabilities lease

		Lease liabilities		
Relationship	**Purpose**	**December 31, 2020**	**December 31, 2019**	**January 1, 2019**
Other related parties	Office building and department store	$ 50,590	76,266	105,591
Other related parties	Energy-saving renovation engineering equipment	47,905	53,811	56,815
		$ 98,495	130,077	162,406

		Rent expense	
Relationship	**Account**	**2020**	**2019**
Other related parties	Office building and department store	2,987	4,418
Other related parties	Energy-saving renovation engineering equipment	2,439	2,809
		$ 5,426	7,227

2) Operating lease

Relationship	Account	Payments that are not included in the measurement of the lease liabilities 2020	2019
Other related parties	Office building and department store	$ 85,934	127,162

Relationship	Account	Property management fee 2020	2019
Other related parties	Office building and department store	3,679	1,354

As of December 31, 2020 and 2019, rental security deposit of the Group to other related parties amounted to $11,968 thousand and $8,624 thousand, respectively.

(v) Others

The Group provided management consulting services and signed service contracts with other related parties. For the years ended December 31, 2019 and 2018, the revenue from consulting services was $3,481 thousand and $17,612 thousand , respectively. On December 31, 2020 and 2019, the outstanding amounts were $0 and $28,745 thousand (CNY$6,667 thousand) which reported as other receivables.

(vi) Guarantees

On December 31, 2020 and 2019, the amount of guarantee that the Group provided for associates, which signed the finance lease agreements with non-related parties, is $179,696 thousand (CNY$41,169 thousand) and $64,385 thousand (CNY$14,932 thousand).

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31 2020	2019
Short-term employee benefits	$ 52,249	55,968

(ii) The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2020 and 2019, those prepaid salaries amounting to $41,291 thousand (CNY$9,460 thousand) and $45,585 thousand (CNY$10,572 thousand), respectively, were recorded as non-current assets.

(8) Pledged assets:

(a) The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Inventories (for construction business)	Bank loans	$ 1,099,702	101,531
Other financial assets－current and non-current (Note 1)	Bank loans, bank depository funds and ordinary bonds payable	383,554	528,539
Accounts receivable	Other secured loans	127,118	92,855
Lease payment receivables	Other secured loans	131,402	145,826
Property, plant and equipment (Note 2)	Bank loans, other secured loans and ordinary bonds payable	8,823,715	9,602,555
Investment Property	Bank loans, ordinary bonds payable	143,036	144,009
		$ 10,708,527	10,615,315

Note 1: The credit line of the above pledged assets has been made, with some are actually appropriated.

Note 2: Including the land use rights, which are recognized as right-of-use assets and long-term prepaid rentals.

(9) Commitments and contingencies:

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

(a) Unrecognized contractual commitments

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

	December 31, 2020	December 31, 2019
Contracted price		
Construction contract of land and building	$ 665,331	665,331
Purchase contract of vehicle for rent	12,054	23,981
Sales contract of land	-	11,020
Purchase vessel equipment	1,870,680	1,931,136
Received or paid price		
Construction contract of land and building	108,309	108,309
Purchase contract of vehicle for rent (recorded as other current assets)	10,912	16,816
Sales contract of land	-	150
Purchase vessel equipment	1,217,580	386,227

(Continued)

(ii) The Group signed a finance lease business cooperation agreement with Shanghai Financial Leasing Co., Ltd., then found and reviewed customers according to the contracted risk control standards. Shanghai Financial Leasing Co., Ltd. signed a finance lease contract with the customer, and the Group received some contract considerations from Shanghai Financial Leasing Co., Ltd. on schedule. In addition, the Group promised to buy unconditionally the default claims from Shanghai Financial Leasing Co., Ltd. if the customers violate the agreement, it will buy the default claims from Shanghai Financial Leasing Co., Ltd. Since there was no past due occurred, the Group did not accrue expected credit losses after evaluation.

The Group provided guarantees for banks loans as follows:

	December 31, 2020	December 31, 2019
Contract value	$ 143,698	48,321
Residual amounts	$ 120,682	46,866

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

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

(b) Contingencies:

(i) While the Group acquired the Quanzhou real estate, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the fourth floor of Quanzhou real estate with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the fourth floor of Quanzhou real estate in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the fourth floor of Quanzhou real estate may not be at risk of impairment.

(ii) The subsidiaries of the Group, Chongqing Guanggu Grand Ocean Department Store Co., Ltd., negotiated with the lessor, Chongqing ZhengSheng Real Estate Ltd., to reduce the lease payments and to shorten the length of lease because its business was not able to operate as expected and its lease payments were higher than those within the vicinity. Meanwhile, the subsidiaries negotiated with the lessor about rent concessions due to the COVID-19 pandemic during 2020. The aforementioned negotiation about lease payments reduction and rent concessions failed to reach an agreement, resulting in the lessor to file a lawsuit against Chongqing Guanggu Grand Ocean Department Store Co., Ltd. in November 2020 for overdue payments. The aforementioned overdue payments include rent in dispute, which the lessor claimed that the lessee had occupied the area not mutually agreed on. As of the reporting date, the trial has yet to be conducted. Meanwhile, the Group files a counterclaim, wherein both parties are now applying for settlement negotiations out of court.

(Continued)

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

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

(a) As of March 16, 2021, a resolution was passed during the board of directors' meeting of the Group to sell all entire equity of its subsidiary, Morton Securities Limited to Da Yu Financial Holdings Limited (an associate) amount HKD$7,140 thousand.

(b) As of March 30, 2021, the part of bondholders of "Overseas Guaranteed Convertible Bonds 2018" of the Group exercised the conversion to newly issued common shares of $59,205 thousand shares. The capital increase date will be on March 31, 2021.

(12) Other:

A summary of current-period employee benefits, depreciation, depletion and amortization, by function, is as follows:

	For the years ended December 31					
By function	2020			2019		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	$ 184,622	569,578	754,200	191,191	670,173	861,364
Health and labor insurance	1,224	3,853	5,077	1,074	4,313	5,387
Pension	1,296	8,472	9,768	1,236	60,551	61,787
Others	15,802	87,190	102,992	16,345	123,159	139,504
Depreciation	345,140	1,515,366	1,860,506	358,743	1,632,931	1,991,674
Depletion	-	-	-	-	-	-
Amortization	29,661	7,059	36,720	31,555	10,143	41,698

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties: Appendix 1.

(ii) Guarantees and endorsements for other parties: Appendix 2.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300,000 thousand or 20% of the capital stock: Appendix 4.

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

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300,000 thousand or 20% of the capital stock: Appendix 5.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300,000 thousand or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300,000 thousand or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100,000 thousand or 20% of the capital stock: Appendix 6.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: Appendix 7.

(b) Information on investees: Appendix 8.

(c) Information on investment in mainland China: Appendix 9.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Henghua Investment Co., Ltd.	57,065,945	8.30 %
Jen-Hao Kuo	39,057,006	5.68 %

Note: (1) The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership exceeding 5%, that have been issued by the Company without physical registration (including treasury shares) as of the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual numbers of shares that have been issued without physical registration due to different preparation basis.

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

(Continued)

(14) Segment information:

(a) General information

The Group has four reportable segments: shipping business, investing department, retail business department and rental department.

Shipping business departments' main operating activities are international transportation and shipping agency; investing departments' main operating activities are investments; retail business departments' main operating activities are trading of cosmetics, furnishings and etc.; rental business Departments' main operating activities are providing services of financial leasing. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies.

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

For the year ended December 31, 2020		Shipping department	Investing department	Retail department	Rental department	Other segment	Reconciliation and elimination	Total
Revenue:								
Revenue from external customers		936,729	25,925	4,790,864	229,246	459,064	-	6,441,828
Intersegment revenues		-	65,365	-	-	-	(65,365)	-
Interest income		24,121	15,776	26,242	541	4,232	(38,498)	32,414
Total revenue	$	960,850	107,066	4,817,106	229,787	463,296	(103,863)	6,474,242
Interest expenses	$	58,711	150,388	560,110	80,532	17,637	(38,498)	828,880
Share of profit (loss) of associates accounted for using equity method		-	29,433	-	(6,035)	(1,759)	-	21,639
Other material non-cash items:								
Impairment of assets		-	(133,897)	(18,945)	-	-	-	(152,842)
Reportable segment profit or loss	$	52,698	(296,415)	(181,409)	2,267	51,541	-	(371,318)
Investments accounted for using equity method	$	-	866,912	-	-	7,884	-	874,796
Reportable segment assets	$	7,578,392	1,729,258	24,340,997	1,823,937	930,978	-	36,403,562
Reportable segment liabilities	$	2,905,937	3,496,799	15,829,553	1,332,342	727,586	-	24,292,217
For the year ended December 31, 2019								
Revenue:								
Revenue from external customers		1,049,420	63,207	6,642,331	320,357	56,690	-	8,132,005
Intersegment revenues		-	67,640	-	557	-	(68,197)	-
Interest income		16,896	43,390	56,364	6,554	16	(44,537)	78,683
Total revenue	$	1,066,316	174,237	6,698,695	327,468	56,706	(112,734)	8,210,688
Interest expenses	$	106,533	177,194	649,895	86,602	20,942	(16,735)	1,024,431
Depreciation and amortization		366,437	19,250	1,611,882	35,203	600	-	2,033,372
Share of profit (loss) of associates accounted for using equity method		(6,295)	(20,762)	-	(4,888)	(157)	-	(32,102)
Other material non-cash items:								
Impairment of assets		-	-	(23,273)	-	-	-	(23,273)
Reportable segment profit or loss	$	92,388	761,672	928,858	239,310	(7,202)	-	2,015,026
Investments accounted for using equity method	$	-	893,907	-	6,076	9,643	-	909,626
Reportable segment assets	$	7,966,858	1,929,871	26,218,733	1,881,203	273,720	(620)	38,269,765
Reportable segment liabilities	$	2,476,966	3,701,930	17,315,188	1,397,908	119,635	(620)	25,011,007

(Continued)

(c) Product and service information

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

(d) Geographic information

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

(e) Major customers

For the years ended December 31, 2020 and 2019, the major customers of the Group were less than 10% of the operating revenue.