

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

**FIRST STEAMSHIP COMPANY LTD.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the three Months Ended March 31, 2022 and 2021 (revised)**

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

Telephone: (02)2706-9911

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~14
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	14
(6) Explanation of significant accounts	14~51
(7) Related-party transactions	51~56
(8) Pledged assets	56
(9) Significant commitments and contingencies	56~58
(10) Losses due to major disasters	58
(11) Subsequent events	58
(12) Other	58~59
(13) Other disclosures	
(a) Information on significant transactions	59
(b) Information on investees	59
(c) Information on investment in mainland China	59
(d) Major shareholders	59~60
(14) Segment information	60

## **Independent Auditors' Review Report**

To the Board of Directors First Steamship Company Ltd.:

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of the First Steamship Company Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of March 31, 2022 and 2021 (revised) and the consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021 (revised), as well as the changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ( “IASs” ) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

### **Scope of Review**

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” . A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As stated in note 6(g), the equity accounted investments of the First Steamship Company Ltd. and its subsidiaries in its investee companies of \$785,148 thousand and \$492,665 thousand as of March 31, 2022 and 2021 (revised). And its equity in net earnings on these investee companies of \$(8,152) thousand and \$ (1,182) thousand for the three months ended March 31, 2022 and 2021 (revised), respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors and audited by another auditor (please refer to other matter), based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the First Steamship Company Ltd. and its subsidiaries as of March 31, 2022 and 2021 (revised), and of its consolidated financial performance for the three months ended March 31, 2022 and 2021 (revised), as well as its consolidated cash flows for the three months ended March 31, 2022 and 2021 (revised) in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China

**Other Matter**

We did not audit the financial statements of Mariner Finance Ltd., a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mariner Finance Ltd., is based solely on the report of other auditor. The financial statements of Mariner Finance Ltd. had total assets of \$ 1,146,899 thousand and \$ 1,612,402 thousand; reflect the total assets constituting 3% and 5% of the consolidated total assets at March 31, 2022 and 2021 (revised). The net operating income was \$ 31,832 thousand and \$54,082 thousand; reflect the total operating revenues constituting 2% and 3% of the consolidated total operating revenues for the three months ended March 31, 2022 and 2021.

**Emphasis of matters**

As stated in note 6(g) of the consolidated financial report, on June 25, 2021, the equity investment held by the First Steamship Company Ltd. and its subsidiaries—Sandmartin International Holdings Ltd., it did not meet the requirements for classification as non-current assets classified as held for sale, in accordance with International Financial Reporting Standards ( “IFRS” ) 5, stop classifying them as non-current assets for sale and revise the financial statements during the comparison period. The accountant did not revise the review results accordingly.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 13, 2022

**Notes to Readers**

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

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

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

**Reviewed only, not audited in accordance with the generally accepted auditing standards**

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2022		December 31, 2021		March 31, 2021 (revised)	
	Amount	%	Amount	%	Amount	%
<b>Current assets:</b>						
1100 Cash and cash equivalents (Note 6(a))	\$ 3,649,221	9	4,275,526	11	3,411,700	10
1110 Current financial assets at fair value through profit or loss (Notes 6(b) and (p))	107,425	-	111,216	-	130,508	-
1170 Accounts receivable, net (Notes 6(c), 7 and 8)	573,382	1	539,068	1	702,608	2
1200 Other receivables, net (Notes 6(d) 、(m) 、(z) and 7)	511,915	1	644,357	2	361,612	1
1300 Inventories, net	310,728	1	264,967	1	407,772	1
1320 Inventories (for construction business), net (Notes 6(e) 、8 and 9)	1,365,727	4	1,365,621	4	1,347,903	4
1461 Non-current assets classified as held for sale(Notes 6(f))	196,212	1	196,292	1	-	-
1476 Other current financial assets (Notes 6(m) and 8)	100,210	-	103,179	0	90,387	-
1479 Other current assets, others (Notes 7 and 9)	459,697	1	416,199	1	401,024	1
	<u>7,274,517</u>	<u>18</u>	<u>7,916,425</u>	<u>21</u>	<u>6,853,514</u>	<u>19</u>
<b>Non-current assets:</b>						
1510 Non-current financial assets at fair value through profit or loss (Notes 6(b) and (m))	127,578	-	127,578	-	153,891	-
1535 Non-current financial assets at amortized cost, net (Note 13)	59,900	-	59,900	-	59,900	-
1550 Investments accounted for using equity method, net (Note 6(g))	785,148	2	762,825	2	888,818	3
1600 Property, plant and equipment (Notes 6(j) and 8)	14,124,502	37	13,833,681	35	13,571,710	41
1755 Right-of-use assets (Notes 6(k) and 8)	12,652,446	33	12,448,250	32	8,362,591	24
1760 Investment property, net (Not 8)	141,820	-	142,063	-	142,793	-
1780 Intangible assets (Note 6(l))	2,097,219	5	2,038,984	5	2,029,963	6
1840 Deferred tax assets	881,633	2	861,906	2	1,018,012	3
1915 Prepayments for business facilities (Note 9)	486	-	470	-	291,976	1
1935 Long-term lease payments receivable(Notes 6(c) , 7 and 8)	272,677	1	309,003	1	504,395	1
1975 Net defined benefit asset, non-current	892	-	894	-	490	-
1980 Other non-current financial assets(Notes 6(m),(z), 7 and 8)	274,938	1	263,794	1	496,195	1
1990 Other non-current assets(Notes 6(u) and 7)	219,416	1	221,603	1	197,081	1
	<u>31,638,655</u>	<u>82</u>	<u>31,070,951</u>	<u>79</u>	<u>27,717,815</u>	<u>81</u>
<b>Total assets</b>	<b>\$ 38,913,172</b>	<b>100</b>	<b>38,987,376</b>	<b>100</b>	<b>34,571,329</b>	<b>100</b>

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

	March 31, 2022		December 31, 2021		March 31, 2021 (revised)		
	Amount	%	Amount	%	Amount	%	
<b>Liabilities and Equity</b>							
<b>Current liabilities:</b>							
2100	Short-term borrowings (Notes 6(c) and (n))	\$ 3,568,588	9	3,396,693	9	3,328,984	10
2110	Short-term notes and bills payable	99,846	-	99,846	-	-	-
2170	Accounts payable (Note 6(q))	1,414,192	4	2,013,436	5	1,868,831	5
2200	Other payables (Notes 6 (q) 、(x)and 7)	864,945	2	986,971	3	871,447	3
2230	Current tax liabilities	53,104	-	54,547	-	26,768	-
2260	Liabilities related to non current assets classified as held for sale(Notes 6(f))	270	-	340	-	-	-
2280	Current lease liabilities (Notes 6(r) and 7)	721,001	2	837,940	2	764,230	2
2321	Current portion of bonds payable (Note 6(p))	-	-	-	-	873,875	3
2322	Current portion of long-term borrowings (Note 6(o))	1,361,887	3	1,621,462	4	2,134,342	6
2399	Other current liabilities (Notes 6(m) 、(z) and7)	222,884	1	230,303	1	79,578	-
		<u>8,306,717</u>	<u>21</u>	<u>9,241,538</u>	<u>24</u>	<u>9,948,055</u>	<u>29</u>
<b>Non-Current liabilities:</b>							
2500	Current financial liabilities at fair value through profit or loss (Note 6(b))	23,234	-	23,234	-	20,400	-
2540	Long-term borrowings (Note 6(o))	4,772,832	12	4,932,646	13	4,502,413	13
2570	Deferred tax liabilities	54,667	-	59,615	-	70,463	-
2580	Non-current lease liabilities (Notes 6(r) and 7)	11,194,575	29	10,770,711	27	6,947,594	19
2645	Guarantee deposits	715,069	2	700,582	2	533,182	2
		<u>16,760,377</u>	<u>43</u>	<u>16,486,788</u>	<u>42</u>	<u>12,074,052</u>	<u>34</u>
		<u>25,067,094</u>	<u>64</u>	<u>25,728,326</u>	<u>66</u>	<u>22,022,107</u>	<u>63</u>
<b>Equity attributable to owners of parent(Notes 6(g) , (p) and (u):</b>							
3100	Capital stock	8,347,761	22	8,347,761	21	7,459,680	22
3200	Capital surplus	1,917,905	5	1,906,116	5	1,914,015	6
3300	Retained earnings	747,555	2	641,378	2	469,600	1
3400	Other equity interest	(585,343)	(2)	(982,609)	(3)	(825,646)	(2)
3500	Treasury stock	(94,491)	-	(94,491)	-	(94,491)	-
	<b>Total equity attributable to owners of parent:</b>	<u>10,333,387</u>	<u>27</u>	<u>9,818,155</u>	<u>25</u>	<u>8,923,158</u>	<u>27</u>
36XX	<b>Non-controlling interests (Notes 6(i)and (u))</b>	<u>3,512,691</u>	<u>9</u>	<u>3,440,895</u>	<u>9</u>	<u>3,626,064</u>	<u>10</u>
	<b>Total equity</b>	<u>13,846,078</u>	<u>36</u>	<u>13,259,050</u>	<u>34</u>	<u>12,549,222</u>	<u>37</u>
	<b>Total liabilities and equity</b>	<u>\$ 38,913,172</u>	<u>100</u>	<u>38,987,376</u>	<u>100</u>	<u>34,571,329</u>	<u>100</u>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**  
**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2022 and 2021 (revised)**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended March 31			
	2022		2021 (revised)	
	Amount	%	Amount	%
4000 <b>Operating revenues (Notes 6(s) 、(w) and 7)</b>	\$ 1,769,701	100	1,787,694	100
5000 <b>Operating costs (Notes 6(s) and (y))</b>	530,243	30	729,609	41
<b>Gross profit from operations</b>	1,239,458	70	1,058,085	59
6000 <b>Operating expenses (Notes 6(r) , (x) and 7)</b>	950,163	54	868,783	49
6450 Impairment loss determined in accordance with IFRS 9 (Note 6(c) and 7)	33,161	2	16,339	1
<b>Net operating income</b>	256,134	14	172,963	9
<b>Non-operating income and expenses:</b>				
7100 Interest income(Notes 6(y) and 7)	10,877	1	6,657	-
7020 Other gains and losses, net (Notes 6(p), (y) and 7)	44,725	2	69,442	4
7050 Finance costs(Notes 6 (p), (r) and (y) and 7)	(198,800)	(11)	(186,830)	(10)
7055 Impairment loss determined in accordance with IFRS 9 (Notes 6(z) 、7 and 9)	(119)	-	5,618	-
7060 Share of profit (loss) of associates accounted for using equity method, net(Notes 6(g))	(8,152)	-	5,287	-
	(151,469)	(8)	(99,826)	(6)
7900 <b>Profit (loss) from continuing operations before tax</b>	104,665	6	73,137	3
7950 Less: Tax expense (Note 6(t))	38,252	2	66,801	4
<b>Profit (loss)</b>	66,413	4	6,336	(1)
8300 <b>Other comprehensive income:</b>				
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss(Notes 6 (u))</b>				
8361 Exchange differences on translation of foreign financial statements	498,190	28	(45,169)	(3)
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	30,475	2	8,735	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	528,665	30	(36,434)	(3)
8300 <b>Other comprehensive income, net</b>	528,665	30	(36,434)	(3)
<b>Comprehensive income (loss)</b>	\$ <b>595,078</b>	<b>34</b>	<b>(30,098)</b>	<b>(4)</b>
<b>Profit (loss), attributable to:</b>				
8610 Owners of parent	\$ 106,177	6	1,559	(1)
8620 Non-controlling interests	(39,764)	(2)	4,777	-
	\$ <b>66,413</b>	<b>4</b>	<b>6,336</b>	<b>(1)</b>
<b>Comprehensive income (loss) attributable to:</b>				
8710 Owners of parent	\$ 503,443	29	(13,271)	(2)
8720 Non-controlling interests	91,635 #	5	(16,827)	(2)
	\$ <b>595,078</b>	<b>34</b>	<b>(30,098)</b>	<b>(4)</b>
<b>Earnings per share (Note 6(v))</b>				
9750 Basic earnings per share (NT dollars)	\$	<b>0.13</b>	-	-
9850 Diluted earnings per share(NT dollars)	\$	<b>0.13</b>	-	-

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards  
**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2022 and 2021 (revised)**  
**(Expressed in Thousands of New Taiwan Dollars )**

	Equity attributable to owners of parent											
	Share capital	Retained earnings					Total other equity interest Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Non-control ling interests	Total equity	
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropri ated retained earnings						Total retained earnings
<b>Balance at January 1, 2021 (revised)</b>	\$	6,867,627	1,917,673	247,895	565,892	(345,746)	468,041	(810,816)	(94,491)	8,348,034	3,642,678	11,990,712
Gain for the three months ended March 31, 2021		-	-	-	-	1,559	1,559	-	-	1,559	4,777	6,336
Other comprehensive income (loss) for the three months ended March 31, 2021		-	-	-	-	-	-	(14,830)	-	(14,830)	(21,604)	(36,434)
Total comprehensive income for the three months ended March 31, 2021		-	-	-	-	1,559	1,559	(14,830)	-	(13,271)	(16,827)	(30,098)
Conversion of convertible bonds		592,053	(3,955)	-	-	-	-	-	-	588,098	-	588,098
Changes in ownership interests in subsidiaries		-	297	-	-	-	-	-	-	297	213	510
<b>Balance at March 31, 2021(revised)</b>	\$	<b>7,459,680</b>	<b>1,914,015</b>	<b>247,895</b>	<b>565,892</b>	<b>(344,187)</b>	<b>469,600</b>	<b>(825,646)</b>	<b>(94,491)</b>	<b>8,923,158</b>	<b>3,626,064</b>	<b>12,549,222</b>
<b>Balance at January 1, 2022</b>	\$	8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155	3,440,895	13,259,050
Gain for the three months ended March 31, 2022		-	-	-	-	106,177	106,177	-	-	106,177	(39,764)	66,413
Other comprehensive income (loss) for the three months ended March 31, 2022		-	-	-	-	-	-	397,266	-	397,266	131,399	528,665
Total comprehensive income for the three months ended March 31, 2022		-	-	-	-	106,177	106,177	397,266	-	503,443	91,635	595,078
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	11,789	-	-	-	-	-	-	11,789	(19,839)	(8,050)
<b>Balance at March 31, 2022</b>	\$	<b>8,347,761</b>	<b>1,917,905</b>	<b>-</b>	<b>565,892</b>	<b>181,663</b>	<b>747,555</b>	<b>(585,343)</b>	<b>(94,491)</b>	<b>10,333,387</b>	<b>3,512,691</b>	<b>13,846,078</b>



(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards  
**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2022 and 2021 (revised)**  
**(Expressed in Thousands of New Taiwan Dollars )**

	For the three months ended March 31	
	2022	2021 (revised)
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 104,665	73,137
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	515,361	479,811
Amortization expense	12,610	7,163
Expected credit loss	33,280	10,721
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(943)	(36,820)
Interest expense	198,800	186,830
Operating costs (Interest expense)	5,311	11,843
Interest income	(10,877)	(6,657)
Cost of share-based payments awards	-	510
Share of loss (profit) of associates accounted for using equity method	8,152	(5,287)
Loss (gain) on disposal of property, plan and equipment	(165)	189
Gain on disposal of intangible assets	(3,090)	(8,831)
Loss on disposal of investments	238	6,926
Gain on lease modifications	0	(2,116)
<b>Total adjustments to reconcile profit (loss)</b>	<u>758,677</u>	<u>644,282</u>
<b>Changes in operating assets and liabilities :</b>		
<b>Changes in operating assets :</b>		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	7,781	84,300
Accounts receivable	968	145,481
Other receivables	28,455	(1,547)
Inventories	(34,897)	(76,353)
Other current assets	(1,853)	(32,619)
The net defined benefit asset	2	-
Total changes in operating assets	<u>456</u>	<u>119,262</u>
<b>Changes in operating liabilities :</b>		
Accounts payable	(662,670)	(437,374)
Other payable	(148,063)	(97,709)
Other current liabilities	(10,229)	6,311
Total changes in operating liabilities	<u>(820,962)</u>	<u>(528,772)</u>
Total changes in operating assets and liabilities	<u>(820,506)</u>	<u>(409,510)</u>
Total adjustments	<u>(61,829)</u>	<u>234,772</u>
Cash inflow generated from operations	42,836	307,909
Interest received	10,015	3,897
Interest paid	(204,393)	(170,872)
Income taxes refund (paid)	(60,271)	(48,607)
<b>Net cash flows from (used in) operating activities</b>	<u>(211,813)</u>	<u>92,327</u>

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

Reviewed only, not audited in accordance with generally accepted auditing standards**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the three months ended March 31, 2022 and 2021(revised)****(Expressed in Thousands of New Taiwan Dollars )**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021 (revised)</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of subsidiaries	(202)	11,828
Acquisition of property, plant and equipment	(49,503)	(48,538)
Proceeds from disposal of property, plant and equipment	2,662	3,292
Decrease in other receivables	123,126	131,244
Acquisition of intangible assets	(32)	(94)
Proceeds from disposal of intangible assets	18,956	42,188
Decrease in other financial assets	5,634	295,305
Decrease (increase) in other non-current assets	161	(1,458)
Prepayments for business facilities	-	(8,289)
<b>Net cash flows used in investing activities</b>	<b>100,802</b>	<b>425,478</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	73,877	(2,503,982)
Increase (decrease) in short-term notes and bills payable	-	(49,992)
Proceeds from long-term debt	325	2,868,557
Repayments of long-term debt	(564,225)	(951,431)
Decrease in guarantee deposits received	(12,357)	(7,057)
Payments of lease liabilities	(140,553)	(430,270)
Acquisition of ownership interests in subsidiaries	(8,050)	-
<b>Net cash flows from financing activities</b>	<b>(650,983)</b>	<b>(1,074,175)</b>
Effect of exchange rate changes on cash and cash equivalents	135,609	(14,705)
Net decrease in cash and cash equivalents	(626,385)	(571,075)
Cash and cash equivalents at beginning of period	4,295,055	3,982,775
Cash and cash equivalents at end of period	<b>\$ 3,668,670</b>	<b>3,411,700</b>
Components of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 3,649,221	3,411,700
Reclassification to (non-current) assets (or disposal groups) held for distribution to owners	19,449	-
Cash and cash equivalents at end of period	<b>\$ 3,668,670</b>	<b>3,411,700</b>

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

**Reviewed only, not audited in accordance with generally accepted auditing standards**

**March 31, 2022 and 2021(revised)**

**(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 May 13, 2022.

### (3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018 – 2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

- (b) 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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.	January 1, 2023

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Amendments to IAS 8 “Definition of Accounting Estimates”	<p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p> <p>The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.</p> <p>The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.</p>	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:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

##### (a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements is the same as those in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

##### (b) Basis of consolidation

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

List of subsidiaries in the consolidated financial statements include.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	March 31, 2022	Shareholding December 31, 2021	March 31, 2021	Note
First Steamship Co., Ltd.	Yee Shin Investment Co., Ltd.	General investing	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 2)
First Steamship Co., Ltd.	Royal Sunway Development Co., Ltd.	Real estate development, rental and leasing of building	55.00%	55.00%	55.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	First Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	9.93%	9.69%	3.70%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 1)
First Steamship Co., Ltd.	First Mariner Holding Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship Co., Ltd.	Yee young Investment Co., Ltd.	General investing	100.00%	100.00%	100.00 %	The company directly (indirectly) holds more than 50% of its subsidiaries and it reduced capital of 20,825 thousand shares on September 2021.
Yee young Investment Co., Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	- %	- %	5.87%	The company directly (indirectly) holds more than 50% of its subsidiaries(note 1)
First Steamship S.A.	Longevity Navigation S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Praise Maritime S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Best Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Grand Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Ahead Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Media Assets Global Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Black Sea Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Ship Bulker Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Nature Sources Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Grand Ocean Retail Group Ltd.	Investment holding company	46.83%	46.83%	46.83%	The company directly (indirectly) holds more than 50% of its subsidiaries

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	Shareholding			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
First Steamship S.A.	Reliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Alliance Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Sure Success Steamship S.A.	International transportation and shipping agency	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Heritage Riches Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Steamship S.A.	Shining Steamship International S.A.	International transportation and shipping agency	100.00%	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%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Ahead Capital Ltd.	Grand Ocean Retail Group Ltd.	Investment holding company	1.79%	1.79%	1.79%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Holding Ltd.	First Mariner Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Holding Ltd.	Mariner Far East Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Capital Ltd.	Mariner Capital Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
First Mariner Capital Ltd.	Morgan Finance Ltd.	Loan company	-%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries (note 3)
Mariner Capital Ltd.	Mariner Finance Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Shanghai Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Suzhou 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 October 22,2021
Mariner Finance Ltd.	Nanjing Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Wuhan Youxin Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Qingdao Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chongqing Youren Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	March 31, 2022	Shareholding December 31, 2021	March 31, 2021	Name of Investor
Mariner Finance Ltd.	Fuzhou Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Dongguan Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Guangzhou Youqiang Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Changsha Youli Car Service Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Xian Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Chengdu Youcheng Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Lianyungang Youren Car Service Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Mariner Finance Ltd.	Jinan Youli Car Leasing Ltd.	Automobile Finance leasing company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Youchen Car Leasing Ltd.	Urumqi Taroko Car Rental Co., Ltd.	Automobile Finance leasing company	100.00%	100.00%	-	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Retail Group Ltd.	Grand Citi Ltd.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Citi Ltd.	Grand Ocean Classic Commercial Group Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Nanjing Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Fuzhou Grand Ocean Commoncial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Quanzhou Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Shanghai Jingxuan Business Administration., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Ltd.	Shanghai Qianshu Commercial Management Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	-	% The company directly (indirectly) holds more than 50% of its subsidiaries (note 6(h))
Quanzhou Grand Ocean Commercial Ltd.	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commercial Ltd.	Hefei Grand Ocean Classic Commercial Department Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal activity	March 31, 2022	Shareholding December 31, 2021	March 31, 2021	Name of Investor
Nanjing Grand Ocean Classic Commercial Ltd.	Hefei Grand Ocean Classic Commercial Department Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd.	Fuzhou Grand Ocean Classic Commercial Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd..	Wuhan Grand Ocean Classic Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commoncial Ltd..	Fuzhou Jiaruixing Bussiness Administration Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd.	Hengyang Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Ltd	Shiyan Ocean Modern Shopping Co., Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Chongqing Optics Valley Grand Ocean Commercial Development Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Ltd.	Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Ltd..	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	99.00%	99.00%	99.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Jingdian Commercial Ltd.	Yichang Grand Ocean Commercial Ltd.	Trading of cosmetics, furnishings, etc.	1.00%	1.00%	1.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Note 1: The 5.87% equity of GRAND OCEAN RETAIL GROUP LTD. had been transferred to the Group in 2021 due to the Group's restructure, wherein the related procedures had been completed.

Note 2: On July 30, 2021, the board of directors of the Group resolved to dispose the 100% equity of the subsidiary, Yee Shin Investment Co., Ltd. to a related party, Yonghenghui Investment Co., Ltd. For more information, please refer to note 6(f).

Note 3: The Group sold the Morgan Finance Ltd. through the board of directors on February 25, 2022 and completed the process of equity transferred. The more information, please refer to note 7.

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



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(c) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

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

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

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

In preparing the consolidated financial report, the significant judgments made by management when adopting the accounting policies of the consolidated company and the main sources of estimation uncertainty are consistent with note 5 of the 2021 consolidated financial report.

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

Except the following explanation mentioned below, the explanation of significant accounts described in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Petty cash	\$ 27,501	23,971	29,142
Demand deposits	3,621,720	4,251,555	2,601,069
Time deposits	-	-	781,489
Total	<b><u>\$ 3,649,221</u></b>	<b><u>4,275,526</u></b>	<b><u>3,411,700</u></b>

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

	<u>March 31,</u> <u>2022</u>	<u>December</u> <u>31, 2021</u>	<u>March 31,</u> <u>2021</u>
<b>Mandatorily measured at fair value through profit or loss:</b>			
Non-derivative financial assets—current			
Shares of stock of listed companies	\$ 88,927	92,055	111,351
Open fund	12,605	13,268	13,110
Foreign corporate bonds	5,893	5,893	5,893
Embedded derivatives—current			
Call and put rights of convertible bonds	-	-	154
Subtotal	<u>107,425</u>	<u>111,216</u>	<u>130,508</u>
Non-derivative financial assets—non-current			
Beneficiary rights - Specific construction project	127,578	127,578	119,158
Call rights of vehicles (note 6(m))	-	-	34,733
Subtotal	<u>127,578</u>	<u>127,578</u>	<u>153,891</u>
Total	<u><u>\$ 235,003</u></u>	<u><u>238,794</u></u>	<u><u>284,399</u></u>
<b>Held-for-trading financial liabilities:</b>			
Non-derivative financial liabilities—non-current			
Landlord beneficiary rights	<u><u>\$ 23,234</u></u>	<u><u>23,234</u></u>	<u><u>20,400</u></u>

- (i) In 2021, the Group entered into land investment project agreement with Sanlinger Investment Development Co., Ltd., wherein the Group sold 20% of its beneficial rights on the project land located in Wushigang section, Toucheng Township, Yilan County, and received the amount of \$20,000 thousand. Thereafter, Sanlinger Investment Development Co., Ltd. would bear the cost of the development and holding based on percentage. In 2021, the Group received the cost of holding and development from the Sanlinger Investment Development Co., Ltd., based on percentage at the amount of \$3,234 thousand
- (ii) Please refer to note 6(z) for disclosure of credit risk and market risk of all financial instruments mentioned above.
- (iii) The financial assets mentioned above had not been pledged as collateral.

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(c) Trade receivables and other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
<b>Current</b>			
Accounts receivables	\$ 222,567	212,437	195,110
Less: Allowance for impairment	(17,489)	(13,266)	(11,066)
	<u>205,078</u>	<u>199,171</u>	<u>184,044</u>
Leases payment receivables (included operating lease)	591,951	521,160	714,536
Less: Unearned interest	(96,914)	(90,504)	(122,023)
Allowance for impairment	(126,733)	(90,759)	(73,949)
	<u>368,304</u>	<u>339,897</u>	<u>518,564</u>
<b>Subtotal of current asset</b>	<u>573,382</u>	<u>539,068</u>	<u>702,608</u>
<b>Non-current</b>			
Leases payment receivables	384,719	427,330	622,255
Less: Unearned interest	(37,113)	(44,014)	(54,842)
Allowance for impairment	(74,929)	(74,313)	(63,018)
	<u>272,677</u>	<u>309,003</u>	<u>504,395</u>
<b>Subtotal of non-current asset</b>	<u>272,677</u>	<u>309,003</u>	<u>504,395</u>
<b>Total</b>	<u><b>\$ 846,059</b></u>	<u><b>848,071</b></u>	<u><b>1,207,003</b></u>

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

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Leases payment receivables	\$ 363,820	322,579
Less: Allowance for impairment	(73,598)	(48,360)
	<u><b>\$ 290,222</b></u>	<u><b>274,219</b></u>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	<b>March 31, 2022</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 115,807	0.74%	854
1 to 30 days past due	172,219	1.19%	2,046
61 to 90 days past due	32	22.16%	7
More than 91 days past due ( Note )	190,765	65.61%	125,157
	<b>\$ 478,823</b>		<b>128,064</b>
	<b>December 31, 2021</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 284,076	0.44%	1,260
1 to 30 days past due	18,200	2.57%	467
31 to 60 days past due	3,761	10.75%	404
61 to 90 days past due	378	23.14%	88
More than 91 days past due ( Note )	184,978	61.90%	114,493
	<b>\$ 491,393</b>		<b>116,712</b>
	<b>March 31, 2021</b>		
	<b>Gross carrying amount of leases payment receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 941,895	0.27%	2,534
1 to 30 days past due	18,472	2.58%	477
31 to 60 days past due	11,597	11.81%	1,370
61 to 90 days past due	5,599	24.67%	1,381
More than 91 days past due ( Note )	182,363	71.81%	131,205
	<b>\$ 1,159,926</b>		<b>136,967</b>

Note: As of March 31, 2022, December 31, 2021 and March 31, 2021 ,the Group had filed lawsuits for collecting the overdue receivables from leasing business with total amount of \$ 119,119 thousand (CNY 26,422 thousand), \$108,746 thousand (CNY\$25,057 thousand) and \$ 73,457 thousand (CNY 16,919 thousand). The Group assessed the recoverability of those overdue receivables, and recognized provision for allowance of 62,631 thousand (CNY 13,892 thousand), \$59,316 thousand (CNY\$13,688 thousand) and \$ 53,861 thousand (CNY 12,406 thousand) less unearned interests and guarantee deposit.

- 2) The Group' s main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the recoverability. The retail business department in China which is classified as leasing was effected by COVI-19 pandemic. Therefore, partial receivables were deferred. The expected credit loss was determined as follows:

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
1 to 90 days past due	\$ 13,451	0%	-
91 to 180 days past due	5,305	3%	185
181 to 270 days past due	5,385	32%	1,676
271 to 365 days past due	4,333	100%	4,333
More than 365 days past due	<u>11,295</u>	100%	<u>11,295</u>
	<b><u>\$ 39,769</u></b>		<b><u>17,489</u></b>

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
1 to 90 days past due	\$ 11,568	0%	-
91 to 180 days past due	5,506	3%	192
181 to 270 days past due	3,949	52%	1,849
271 to 365 days past due	414	100%	414
More than 365 days past due	<u>10,811</u>	100%	<u>10,811</u>
	<b><u>\$ 32,248</u></b>		<b><u>13,266</u></b>

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
1 to 90 days past due	\$ 28,108	0%	-
91 to 180 days past due	5,707	3%	-
181 to 270 days past due	986	47%	113
271 to 365 days past due	443	100%	443
More than 365 days past due	<u>10,510</u>	100%	<u>10,510</u>
	<b><u>\$ 45,754</u></b>		<b><u>11,066</u></b>

- 3) The expected credit loss of shipping business department was determined as follows:

	<b>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	<b><u>\$ 21,063</u></b>	-	<u>-</u>

	<b>December 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	<b><u>\$ 10,099</u></b>	-	<u>-</u>

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	<b><u>\$ 10,414</u></b>	-	<u>-</u>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 178,338	132,523
Impairment losses recognized	33,161	16,339
Foreign exchange gain (loss)	7,652	(829)
Balance on March 31	<u><u>\$ 219,151</u></u>	<u><u>148,033</u></u>

- (iii) Expiration analysis of the Group lease payments to report the undiscounted lease payments to be received in the future

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Less than one year	\$ 591,951	521,160	714,536
One to two years	235,368	239,186	328,439
Two to three years	149,351	188,144	293,816
Total lease payments receivable	976,670	948,490	1,336,791
Unearned finance income	(134,027)	(134,518)	(176,865)
Present value of lease payments receivable	<u><u>\$ 842,643</u></u>	<u><u>813,972</u></u>	<u><u>1,159,926</u></u>

- (iv) 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:

<b>March 31, 2022</b>					
<b>Resale company</b>	<b>Transferred accounts receivable amount</b>	<b>Credit lines</b>	<b>Advanced amount (recognized under Short-term borrowings)</b>	<b>Range of interest rates</b>	<b>Guarantee item</b>
CDIB International Leasing Corp.	<u><u>\$ 28,012</u></u>	<u><u>90,167</u></u>	<u><u>822</u></u>	9.3%	Accounts receivables
<b>December 31, 2021</b>					
<b>Resale company</b>	<b>Transferred accounts receivable amount</b>	<b>Credit lines</b>	<b>Advanced amount (recognized under Short-term borrowings)</b>	<b>Range of interest rates</b>	<b>Guarantee item</b>
CDIB International Leasing Corp.	<u><u>\$ 42,103</u></u>	<u><u>86,798</u></u>	<u><u>5,102</u></u>	9.3%	Accounts receivables
<b>March 31, 2021</b>					
<b>Resale company</b>	<b>Transferred accounts receivable amount</b>	<b>Credit lines</b>	<b>Advanced amount (recognized under Short-term borrowings)</b>	<b>Range of interest rates</b>	<b>Guarantee item</b>
CDIB International Leasing Corp.	<u><u>\$ 103,488</u></u>	<u><u>86,832</u></u>	<u><u>52,352</u></u>	9.3%	Accounts receivables

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(vii) Details of the above notes receivable and accounts receivable as guarantee for bank loans and financing quota. Please refer to note 8.

(d) Other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other receivables–loans (note 7)	\$ 106,947	115,989	9,130
Other receivables–investment (note 6(m))	365,178	462,201	221,422
Other receivables–Lease guarantee deposit	64,701	62,284	62,829
Other receivables – return payment (note)	-	34,247	-
Other receivables–others	99,040	89,019	90,137
Less: Loss allowance	(123,951)	(119,383)	(21,906)
	<b>\$ 511,915</b>	<b>644,357</b>	<b>361,612</b>

Note : The Group’ s subsidiaries Fuzhou Grand Ocean Commerce Co, Ltd., reached an agreement with supplier to return part of supply to supplier because some floor owner of departments failed to meet renewal condition and that floor most of whom was self-operated, therefore incurred return payments.

- (i) The other receivables–loans arise from the demand of short-term financing by the car rental platform, and obtain collateral when necessary. Furthermore, other receivables–others are the advance payment in accordance with the promotions held by retail business department and vendors. Since the Group and the vendors are in a long-term business relationship, the Group has considered historical experience and believed that they were less doubtful of the recoverability of these receivables. The Group 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 \$1,511 thousand (CNY\$348 thousand). As a result, the Group assessed that amount of \$64,701 thousand (CNY\$14,352 thousand) should have no impairment concern.
- (iii) For credit risk information, please refer to note 6(z).

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(e) Inventories (construction department)

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Land held for construction site	\$ 518,437	518,437	518,292
Construction in progress	678,002	677,896	592,773
Buildings and land held for sale	41,931	41,931	64,481
Prepayment for land purchases and development expenses	127,357	127,357	172,357
	<b>\$ 1,365,727</b>	<b>1,365,621</b>	<b>1,347,903</b>

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

(f) Non-current Assets Held for Sale

The Board of Directors' meeting on July 30, 2021, the Group decided to dispose 100% equity in subsidiary Yishin investment Co, Ltd., to Yonghenghui investment Co, the currency amount of disposal was \$356,000 thousand. The Group received deposit for \$150,000 thousand (reported as other current liabilities) on November 24, 2021, and the rest was deposited in a trust account. Both parties have started dealing with the sale, and expected to finish the transaction within one year, therefore the assets and liability are classified in disposal groups.

As of March 31, 2022, the disposal group comprised the following assets and liabilities:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Cash and cash equivalents	\$ 19,449	19,529
Investments accounted for using equity method	176,763	176,763
the assets of disposal groups	<b>\$ 196,212</b>	<b>196,292</b>
the liabilities of disposal groups(other payables)	<b>\$ 270</b>	<b>340</b>

(g) Investments accounted for using equity method

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>(revised) March 31, 2021</b>
Taiwan Environment Scientific Co., Ltd. (note 6(f))	\$ -	-	185,588
Jiawang Assets Development Co., Ltd.	5,234	5,755	7,357
Da Yu Financial Holdings Limited	696,842	675,949	695,873
Sandmartin International Holdings Limited	51,633	50,641	-
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	31,439	30,480	-
Haikou Zhuke Technology Co., Ltd.	-	-	-
Shanghai Zhuke Technology Co., Ltd.	-	-	-
	<b>\$ 785,148</b>	<b>762,825</b>	<b>888,818</b>



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(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:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of individually insignificant associates' equity	\$ 785,148	762,825	888,818
<b>For the three months ended March 31</b>			
Attributable to the Group:	<b>2022</b>	<b>2021</b>	
Gain(Loss) from continuing operations	\$ (8,152)	5,287	
Other comprehensive income	30,475	8,735	
Total comprehensive income	\$ 22,323	14,022	

(ii) Sandmartin International Holdings Limited

According to the resolution decided during the board meeting held on December 7, 2018, the Group decided to dispose its equity method investment in Sandmartin International Holdings Ltd., (reported under non-current assets classified as held for sale) and started to conduct the related sales, which is expected to be completed within one year. The Group has taken all the necessary actions to respond accordingly to the changes in the situation and actively seek for a reasonable price to attract other buyers since the transaction is expected to be completed within one year. Therefore, in order to optimize the return of its investment, the Group increased the capital of Sandmartin International Holdings Ltd. in cash, at a shareholding ratio amounting to \$75,434 thousand (HKD\$20,924 thousand), based on the resolution the approved during the board meeting held on June 25, 2021. All related regulatory registration procedures were completed as of the reporting date. Since the requirements for the recognition of the non-current assets held for sale had been reassessed in 2021, the completion of the transaction will not be able to materialize within one year, resulting in the Group to cease the classification of the above investment as non-current assets held for sale and revise its financial statements for the comparative period. The results are summarized as follows:

**Consolidated Balance Sheets (March 31, 2021)**

	Before revision	Influence number	After revision
Non-current assets held for sale	\$ 125,657	(125,657)	-
Unappropriated retained earnings	(264,545)	(79,642)	(344,187)
Other equity interest	(787,376)	(38,270)	(825,646)
Non-controlling interests	3,633,808	(7,744)	3,626,064

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### Consolidated Balance Sheets ((January 1, 2021)

	<u>Before revision</u>	<u>Influence number</u>	<u>After revision</u>
Non-current assets held for sale	\$ 120,633	(120,633)	-
Unappropriated retained earnings	(270,641)	(75,105)	(345,746)
Other equity interest	(772,772)	(38,044)	(810,816)
Non-controlling interests	3,650,162	(7,484)	3,642,678

#### Consolidated Statements of Comprehensive Income (For the three months ended March 31,2021)

	<u>Before revision</u>	<u>Influence number</u>	<u>After revision</u>
Other gains and losses	\$ 74,227	(4,785)	69,442
Other comprehensive income	(36,196)	(238)	(36,434)
Non-controlling interests	5,025	(248)	4,777
Non-controlling comprehensive income	(16,567)	(260)	(16,827)

Furthermore, the change has no significant impact on the operating results of the First quarter of 2022

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

- (1) On May 6, 2021, the Group signed 5 year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as “Shanghai Dongfadao”) at the amount of CNY\$7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as Nanjing Dongfadao), wherein the Group will acquire 49% of the entire equity. As of March 31, 2022, the Group has invested the amount of \$30,373 thousand (CNY\$7,000 thousand).
- (2) The share repurchase agreement of the investment agreement
  - a) If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity of Nanjing Dongfadao can be repurchased via written consent..
  - b) If the deficit of Nanjing Dongfadao continues to accumulate for six months or has reached the amount of CNY\$5,000 thousand, the Group has the right to notify Shanghai Dongfadao to repurchase its shares unconditionally, at a price deemed as the difference between the total investment amount of the Group and the profit distribution obtained in previous period.

(iv) Guarantees

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

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

- (v) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that had not been reviewed. Except for Taiwan Environment Scientific Co., Ltd and Nanjing Grand Ocean Dongfadao Catering Co., Ltd. has reviewed by CPA.

- (h) Business combination—acquisition of subsidiaries

On June 30, 2021, the Group acquired the entire shares of Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd. (hereinafter referred to as “Shanghai Qianshu”), resulting in its equity interest in Shanghai Qianshu to increase from 0% to 100% and gain control over it, enabling the Group to expand its business on retail industry. For the related information, please refer to note 6(h) of the consolidated financial statements for the year ended December 31, 2021.

- (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		
		March 31, 2022	December 31, 2021	March 31, 2021
GRAND OCEAN RETAIL GROUP LTD.	China/Cayman Islands	41.45%	41.69%	41.81%

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.

The financial information of Grand Ocean Retail Group Ltd.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 4,272,601	4,999,105	4,388,363
Non-current assets	22,745,516	22,278,302	18,699,498
Current liabilities	(6,303,961)	(7,225,731)	(6,185,236)
Non-current liabilities	(12,447,760)	(12,012,875)	(8,447,335)
Net assets	<b>\$ 8,266,396</b>	<b>8,038,801</b>	<b>8,455,290</b>
Non-controlling interests	<b>\$ 3,426,424</b>	<b>3,351,378</b>	<b>3,541,669</b>

	For the three months ended March 31	
	2022	2021
Sales revenue	<b>\$ 1,250,799</b>	<b>1,457,857</b>
(Loss) Profit	\$ (87,584)	9,962
Other comprehensive income	315,179	(51,673)
Comprehensive income (loss)	<b>\$ 227,595</b>	<b>(41,711)</b>
Profit (loss), attributable to non-controlling interests	<b>\$ (36,514)</b>	<b>4,413</b>
Comprehensive income (loss), attributable to non-controlling interests	<b>\$ 94,885</b>	<b>(17,179)</b>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>
Net cash flows from operating activities	\$ (442,335)	(111,925)
Net cash flows from investing activities	67,300	100,667
Net cash flows from financing activities	(419,718)	(625,357)
Effect of exchange rate changes	119,079	(15,020)
Net decrease in cash and cash equivalents	<u><b>\$ (675,674)</b></u>	<u><b>(651,635)</b></u>

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (j) Property, plant and equipment

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

	Land	Buildings	Transportation equipment	Vessels	Office equipment	Leasehold Improvement	Construction in progress	Total
Cost or deemed cost:								
Balance at January 1, 2022	\$ 126,409	4,661,517	191,363	9,191,189	234,509	6,742,846	31,596	21,179,429
Additions	-	-	83	-	2,357	14,461	23,265	40,166
Transferred from prepaid equipment.	-	-	-	-	741	15,063	(15,804)	-
Disposals and obsolescence	-	-	(4,913)	-	(1,199)	-	-	(6,112)
Disposals subsidiaries	-	-	-	-	(325)	(945)	-	(1,270)
Effect of change in foreign exchange rates	-	178,048	6,899	315,563	9,479	262,330	1,379	773,698
Balance at March 31, 2022	<b>\$ 126,409</b>	<b>4,839,565</b>	<b>193,432</b>	<b>9,506,752</b>	<b>245,562</b>	<b>7,033,755</b>	<b>40,436</b>	<b>21,985,911</b>
Balance at January 1, 2021	\$ 126,409	4,690,022	194,358	7,558,952	239,855	6,628,424	58,535	19,496,555
Additions	-	-	1,967	-	1,510	4,120	7,957	15,554
Transferred from prepaid equipment.	-	-	-	930,762	-	-	-	930,762
Inventory transfer	-	-	8,750	-	-	-	-	8,750
Other reclassifications	-	-	-	-	949	28,688	(29,637)	-
Disposals and obsolescence	-	-	(6,767)	-	(4,852)	(751)	-	(12,370)
Disposals subsidiaries	-	-	(5,212)	-	(5,131)	(3,878)	-	(14,221)
Effect of change in foreign exchange rates	-	(24,545)	(983)	18,586	(1,208)	(35,409)	(147)	(43,706)
Balance at March 31, 2021	<b>\$ 126,409</b>	<b>4,665,477</b>	<b>192,113</b>	<b>8,508,300</b>	<b>231,123</b>	<b>6,621,194</b>	<b>36,708</b>	<b>20,381,324</b>
Depreciation and impairment loss:								
Balance at January 1, 2022	\$ -	693,421	77,316	2,369,354	180,428	4,024,715	514	7,345,748
Depreciation	-	28,063	9,112	94,315	3,558	107,112	-	242,160
Disposals and obsolescence	-	-	(2,478)	-	(1,137)	-	-	(3,615)
Disposals subsidiaries	-	-	-	-	(323)	(945)	-	(1,268)
Effect of change in foreign exchange rates	-	26,302	3,147	83,388	7,002	158,536	9	278,384
Balance at March 31, 2022	<b>\$ -</b>	<b>747,786</b>	<b>87,097</b>	<b>2,547,057</b>	<b>189,528</b>	<b>4,289,418</b>	<b>523</b>	<b>7,861,409</b>
Balance at January 1, 2021	\$ -	587,303	68,316	2,082,449	184,048	3,700,335	-	6,622,451
Depreciation	-	27,858	8,929	82,996	3,658	107,451	-	230,892
Disposals and obsolescence	-	-	(3,911)	-	(4,301)	(677)	-	(8,889)
Disposal subsidiary	-	-	(5,212)	-	(5,027)	(3,878)	-	(14,117)
Effect of change in foreign exchange rates	-	(3,180)	(343)	4,130	(923)	(20,407)	-	(20,723)
Balance at March 31, 2021	<b>\$ -</b>	<b>611,981</b>	<b>67,779</b>	<b>2,169,575</b>	<b>177,455</b>	<b>3,782,824</b>	<b>-</b>	<b>6,809,614</b>
Carrying amounts:								
Balance at January 1, 2022	<b>\$ 126,409</b>	<b>3,968,096</b>	<b>114,047</b>	<b>6,821,835</b>	<b>54,081</b>	<b>2,718,131</b>	<b>31,082</b>	<b>13,833,681</b>
Balance at March 31, 2022	<b>\$ 126,409</b>	<b>4,091,779</b>	<b>106,335</b>	<b>6,959,695</b>	<b>56,034</b>	<b>2,744,337</b>	<b>39,913</b>	<b>14,124,502</b>
Balance at January 1, 2021	<b>\$ 126,409</b>	<b>4,102,719</b>	<b>126,042</b>	<b>5,476,503</b>	<b>55,807</b>	<b>2,928,089</b>	<b>58,535</b>	<b>12,874,104</b>
Balance at March 31, 2021	<b>\$ 126,409</b>	<b>4,053,496</b>	<b>124,334</b>	<b>6,338,725</b>	<b>53,668</b>	<b>2,838,370</b>	<b>36,708</b>	<b>13,571,710</b>

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	Land	Buildings	Machine and transportation equipment	Total
Cost :				
Balance at January 1, 2022	\$ 3,275,716	11,648,905	58,416	14,983,037
Effect of change in foreign exchange rates	<u>127,143</u>	<u>452,124</u>	<u>2,267</u>	<u>581,534</u>
Balance at March 31, 2022	<b><u>\$ 3,402,859</u></b>	<b><u>12,101,029</u></b>	<b><u>60,683</u></b>	<b><u>15,564,571</u></b>
Balance at January 1, 2021	\$ 3,294,512	7,317,431	61,197	10,673,140
Addition	-	13,928	-	13,928
Disposals and obsolescence	-	(30,967)	-	(30,967)
Disposal subsidiary	-	(17,848)	(2,446)	(20,294)
Effect of change in foreign exchange rates	<u>(17,520)</u>	<u>(38,657)</u>	<u>(313)</u>	<u>(56,490)</u>
Balance at March 31, 2021	<b><u>\$ 3,276,992</u></b>	<b><u>7,243,887</u></b>	<b><u>58,438</u></b>	<b><u>10,579,317</u></b>
Depreciation :				
Balance at January 1, 2022	\$ 288,745	2,224,563	21,479	2,534,787
Depreciation	24,458	246,658	1,842	272,958
Effect of change in foreign exchange rates	<u>11,745</u>	<u>91,762</u>	<u>873</u>	<u>104,380</u>
Balance at March 31, 2022	<b><u>\$ 324,948</u></b>	<b><u>2,562,983</u></b>	<b><u>24,194</u></b>	<b><u>2,912,125</u></b>
Balance at January 1, 2021	\$ 193,601	1,807,622	15,540	2,016,763
Depreciation	24,255	222,595	1,826	248,676
Disposals and obsolescence	-	(17,251)	-	(17,251)
Disposal subsidiary	-	(17,848)	(1,223)	(19,071)
Effect of change in foreign exchange rates	<u>(1,213)</u>	<u>(11,087)</u>	<u>(91)</u>	<u>(12,391)</u>
Balance at March 31, 2021	<b><u>\$ 216,643</u></b>	<b><u>1,984,031</u></b>	<b><u>16,052</u></b>	<b><u>2,216,726</u></b>
Carrying amounts: :				
Balance at January 1, 2022	<b><u>\$ 2,986,971</u></b>	<b><u>9,424,342</u></b>	<b><u>36,937</u></b>	<b><u>12,448,250</u></b>
Balance at March 31, 2022	<b><u>\$ 3,077,911</u></b>	<b><u>9,538,046</u></b>	<b><u>36,489</u></b>	<b><u>12,652,446</u></b>
Balance at January 1, 2021	<b><u>\$ 3,100,911</u></b>	<b><u>5,509,809</u></b>	<b><u>45,657</u></b>	<b><u>8,656,377</u></b>
Balance at March 31, 2021	<b><u>\$ 3,060,349</u></b>	<b><u>5,259,856</u></b>	<b><u>42,386</u></b>	<b><u>8,362,591</u></b>

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(1) Intangible assets

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

	<u>Goodwill</u>	<u>Trademark</u>	<u>License Plate</u>	<u>Other</u>	<u>Total</u>
Cost:					
Balance at January 1, 2022	\$ 1,450,805	387,825	188,554	33,734	2,060,918
Additions	-	-	-	32	32
Disposal and derecognition	-	-	(15,866)	-	(15,866)
Effect of change in foreign exchange rates	<u>56,311</u>	<u>13,316</u>	<u>6,970</u>	<u>1,312</u>	<u>77,909</u>
Balance at March 31, 2022	<b><u>\$ 1,507,116</u></b>	<b><u>401,141</u></b>	<b><u>179,658</u></b>	<b><u>35,078</u></b>	<b><u>2,122,993</u></b>
Balance at January 1, 2021	\$ 1,361,635	399,178	305,176	39,811	2,105,800
Additions	-	-	-	94	94
Disposal and derecognition	-	-	(33,357)	(4,393)	(37,750)
Effect of change in foreign exchange rates	<u>(7,200)</u>	<u>701</u>	<u>(1,369)</u>	<u>(207)</u>	<u>(8,075)</u>
Balance at March 31, 2021	<b><u>\$ 1,354,435</u></b>	<b><u>399,879</u></b>	<b><u>270,450</u></b>	<b><u>35,305</u></b>	<b><u>2,060,069</u></b>
Accumulated amortization and impairment loss:					
Balance at January 1, 2022	\$ -	-	5,082	16,852	21,934
Amortization	-	-	-	2,921	2,921
Effect of change in foreign exchange rates	-	-	197	722	919
Balance at March 31, 2022	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>5,279</u></b>	<b><u>20,495</u></b>	<b><u>25,774</u></b>
Balance at January 1, 2021	\$ 5,857	-	5,111	22,358	33,326
Amortization	-	-	-	1,312	1,312
Disposals and obsolescence	-	-	-	(4,393)	(4,393)
Effect of change in foreign exchange rates	<u>10</u>	<u>-</u>	<u>(27)</u>	<u>(122)</u>	<u>(139)</u>
Balance at March 31, 2021	<b><u>\$ 5,867</u></b>	<b><u>-</u></b>	<b><u>5,084</u></b>	<b><u>19,155</u></b>	<b><u>30,106</u></b>
Carrying amounts:					
Balance at January 1, 2022	<b><u>\$ 1,450,805</u></b>	<b><u>387,825</u></b>	<b><u>183,472</u></b>	<b><u>16,882</u></b>	<b><u>2,038,984</u></b>
Balance at March 31, 2022	<b><u>\$ 1,507,116</u></b>	<b><u>401,141</u></b>	<b><u>174,379</u></b>	<b><u>14,583</u></b>	<b><u>2,097,219</u></b>
Balance at January 1, 2021	<b><u>\$ 1,355,778</u></b>	<b><u>399,178</u></b>	<b><u>300,065</u></b>	<b><u>17,453</u></b>	<b><u>2,072,474</u></b>
Balance at March 31, 2021	<b><u>\$ 1,348,568</u></b>	<b><u>399,879</u></b>	<b><u>265,366</u></b>	<b><u>16,150</u></b>	<b><u>2,029,963</u></b>

(i) Impairment testing

Although the key assumptions used by the Group in evaluating department store retail and license plate cash-generating units were no significant change of the consolidated financial statements of the year ended December 31, 2021. Please refer to Note 6(l) of the annual consolidated financial statements for the year ended December 31, 2021.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Other financial assets — current			
Deposits — out for lease	\$ 581	559	638
Restricted deposits	96,371	99,397	68,340
Certificate of deposits	-	-	17,800
Others	3,258	3,223	3,609
	<u>\$ 100,210</u>	<u>103,179</u>	<u>90,387</u>
Other financial assets — non-current			
Deposits — out for lease	\$ 219,518	211,317	146,282
Restricted deposits	-	-	15,000
Deposits — out for investment	-	-	351,670
Call rights of vehicles	36,067	34,719	-
Others	19,353	17,758	17,991
Less: Allowance for impairment	-	-	(34,748)
	<u>\$ 274,938</u>	<u>263,794</u>	<u>496,195</u>

(i) Deposits — out for lease is leasing deposit from lessee.

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

The Group reviewed the nature of other receivables and analyzed the current financial position of the counterparty. In order to secure the aforementioned debt, the Group had acquired pledge of stock rights of Fengan, and at the same time had obtained the debtor's promise that other investment profits to be priority to repay the debt. The Group evaluated that the aforementioned claims should have no impairment concern in December 31, 2016. Because the debtor takes time to complete the relevant legal procedures of the disposition of investment, the Group and the debtor renegotiate the repayment period, which should be before April 30, 2017, before September 30, 2017, and before December 31, 2017. The total amount of repayment should be 10%, 40% and 50%, respectively. In case of violation of the agreement, the aforementioned collateral would be transferred to the Group for debt repayment. As of December 31, 2017, the Group had recovered CNY\$162,000 thousand according to aforesaid agreement. On December 19, 2017, the Board of Directors of the Group resolved during the meeting on the Fengsheng Group's extension of the repayment agreement, which extended remaining proceeds to June 30, 2018. Due to the delay of procedures of the disposition of investment, Fengsheng Group could not make the



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

payments by the aforementioned date.

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

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

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

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

In 2021, the Group has collected the payment of CNY\$55,500 thousand. In March 2022, the Group has collected the payment of CNY\$25,500 thousand. As of March 31, 2022, December 31, 2021 and March 31, 2021, the outstanding receivables were \$365,178 thousand (CNY\$81,000 thousand), \$462,201 thousand (CNY\$106,500 thousand) and \$573,092 thousand (CNY\$132,000 thousand), respectively. The receivables within a year of maturity and loss allowance were reclassified as other receivables already, please refer to note 6(d).

- (iii) In November 2020, the Group acquired the right to purchase the 765 Zotye vehicles of Shanghai Zhuke Technology Co., Ltd. (hereinafter referred to as "Shanghai Zhuke") at the price of CNY\$8,000 thousand. Thereafter, Shanghai Zhuke would unconditionally transfer

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

the vehicles to the Group after three years. However, Zotye International Automobile Trading Co., Ltd. entered into bankruptcy and was liquidated in December 2020, which prompted Shanghai Zhuke to make a proposal with disposal of vehicles in advance to the Group. On August 19, 2021, the Group approved the proposal and reached a supplemental agreement with Shanghai Zhuke, who agreed to pay the amount at a fair value of CNY\$11,000 thousand upon maturity (March 2023). The aforementioned receivables of CNY\$8,000 thousand had already been discounted and reclassified from financial assets at fair value through profit or loss to other financial assets – noncurrent.

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

(n) Short-term borrowings

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31</u> <u>2021</u>
Unsecured bank loans	\$ 1,258,760	1,115,752	955,410
Secured bank loans	2,309,006	2,275,839	2,321,222
Other secured loans	822	5,102	52,352
Total	<u>\$ 3,568,588</u>	<u>3,396,693</u>	<u>3,328,984</u>
Unused credit lines	<u>\$ 1,077,505</u>	<u>1,069,143</u>	<u>1,367,913</u>
Range of interest rates	<u>1.49%~9.30%</u>	<u>1.41%~9.30%</u>	<u>1.53%~9.30%</u>

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:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Unsecured bank loans	\$ 1,235,454	1,363,866	4,577,330
Secured bank loans	4,564,577	4,850,567	1,901,474
Secured commercial promissory note	249,914	249,916	-
Other secured loans	84,774	89,759	157,951
Less: current portion	(1,361,887)	(1,621,462)	(2,134,342)
Total	<u>\$ 4,772,832</u>	<u>4,932,646</u>	<u>4,502,413</u>
Unused credit lines	<u>\$ 326,769</u>	<u>214,374</u>	<u>489,737</u>
Range of interest rates	<u>0.58%~15.60%</u>	<u>0.49%~15.60%</u>	<u>1.09%~15.60%</u>

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

(ii) Significant loan contract agreement

The Group signed a joint credit agreement with a joint credit bank group (six banks including Changhua Bank). According to the contract, the Group should maintain the following financial ratios and regulations, and start the inspection from the second quarter of 2021, and the audit shall be performed every six months:

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (1) Current ratio [current assets / (current liabilities - in this case as long-term liabilities due within one year - current lease liabilities)]: not less than 80%;
- (2) Debt ratio (total liabilities - lease liabilities) / total equity: not more than 150%;
- (3) Interest protection multiple (pre-tax net profit + interest expense + depreciation + amortization) / interest expense: should be maintained at 3 times (inclusive) or more;
- (4) Tangible net worth (total equity - intangible assets): should be maintained at NT\$9 billion (inclusive) or more.

(p) Bonds payable

The information of bonds of the Group were as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Total convertible bonds issued	\$ -	1,542,300	1,542,300
Less: Current portion	-	-	(873,875)
Cumulative redeemed amount	-	(1,542,300)	(616,920)
Discounted corporate bonds payable	-	-	(51,505)
Long-term portion of bonds payable	<u>\$ -</u>	<u>-</u>	<u>-</u>
Embedded derivative instruments – call and put rights (Reported as at fair value through profit or loss)	<u>\$ -</u>	<u>-</u>	<u>154</u>
Equity component-conversion right (Reported as capital surplus-share options)	<u>\$ -</u>	<u>-</u>	<u>58,141</u>
		<b>For the three months ended</b>	
		<b>March 31</b>	
		<u>2022</u>	<u>2021</u>
Embedded derivative instruments – call and put rights, included in financial liabilities (at fair value through profit or loss)	<u>\$ -</u>	<u>-</u>	<u>(771)</u>
Interest expense		<u>\$ -</u>	<u>24,808</u>

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(g) Accounts payable and other payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Accounts payable</u>			
Arising from direct sales	\$ 91,240	86,889	164,045
Arising from concessionaire sales	1,217,929	1,853,055	1,653,278
Others	<u>105,023</u>	<u>73,492</u>	<u>51,508</u>
Total	<u><b>\$ 1,414,192</b></u>	<u><b>2,013,436</b></u>	<u><b>1,868,831</b></u>
<u>Other payables</u>			
Securities payable	\$ -	-	98,828
Construction payables	162,915	166,014	132,712
Others	<u>702,030</u>	<u>820,957</u>	<u>639,907</u>
Total	<u><b>\$ 864,945</b></u>	<u><b>986,971</b></u>	<u><b>871,447</b></u>

(r) Lease liabilities

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current	<u><b>\$ 721,001</b></u>	<u><b>837,940</b></u>	<u><b>764,230</b></u>
Non- Current	<u><b>\$ 11,194,575</b></u>	<u><b>10,770,711</b></u>	<u><b>6,947,594</b></u>

Expiration analysis, please refer to Note 6 (z) for financial instruments.

The amounts recognized in profit or loss as follows:

	<u>For the three months end March 31</u>	
	<u>2022</u>	<u>2021</u>
Interest expense of lease liabilities	<u><b>\$ 139,741</b></u>	<u><b>99,155</b></u>
Variable leases payments not included in the measurement of lease liabilities	<u><b>\$ 19,014</b></u>	<u><b>30,206</b></u>
Expenses relating to short-term leases	<u><b>\$ 328</b></u>	<u><b>350</b></u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u><b>\$ 415</b></u>	<u><b>444</b></u>

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

	<u>For the three months end March 31</u>	
	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u><b>\$ 300,051</b></u>	<u><b>560,425</b></u>

(i) Real estate leases

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

(ii) Other lease

The Group leases transportation and machinery equipment, with lease terms of two to ten years. In some cases, the Group has options to purchase the assets at the end of the contract term.

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

(s) Operating lease

**Leases as lessor**

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

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

(i) Bulk carriers

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Less than one year	\$ 651,051	786,357	479,064
Between one and two years	506,047	524,985	402,740
Between two and three years	347,483	366,392	315,796
Between three and four years	164,156	219,669	126,003
Between four and five years	-	6,276	105,327
Total undiscounted lease payments	<b><u>\$ 1,668,737</u></b>	<b><u>1,903,679</u></b>	<b><u>1,428,930</u></b>

(ii) Transportation equipments

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Less than one year	\$ 43,400	45,251	55,094
Between one and two years	33,413	38,099	32,094
Between two and three years	8,144	10,917	23,259
Between three and four years	1,762	3,235	-
Total undiscounted lease payments	<b><u>\$ 86,719</u></b>	<b><u>97,502</u></b>	<b><u>110,447</u></b>

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

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

	<u>For the three months end March 31</u>	
	<u>2022</u>	<u>2021</u>
Operating costs	<u>\$ 8,564</u>	<u>4,490</u>

(t) Income Tax

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

	<u>For the three months ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 54,747	38,792
Land value increment tax	-	71
	<u>54,747</u>	<u>38,863</u>
Deferred tax expense		
Origination and reversal of temporary differences	(16,495)	27,938
Income tax expense from continuing operations	<u>\$ 38,252</u>	<u>66,801</u>

(ii) Examination and Approval

- 1) The Company's and other ROC subsidiaries' tax returns for the years through 2020 were examined and approved by the national tax authorities
- 2) The annual tax returns of subsidiaries in China through 2020 were examined and approved by the tax authority.

(u) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31 2022 and 2021. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

(i) Ordinary shares

In 2021, convertible bonds issued by the Group amounting to \$592,053 thousand were converted into 59,205 thousand shares of common stock with par value \$10. The date of capital increase was March 31 2021, respectively. The relevant statutory registration procedures have since been completed. In addition, due to the above-mentioned transactions, the company reversed the capital reserve-stock options \$(38,761) thousand and recognized the corporate bond conversion premium of \$34,806 thousand.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (ii) Capital surplus

The components of the capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Share capital	\$ 352,570	352,570	375,316
Stock option from convertible corporate bonds	851,231	851,231	783,727
Share options	-	-	58,141
Forfeited share options	13,838	13,838	13,838
Treasury share transactions	15,967	15,967	15,967
Difference arising from subsidiary's share price and its carrying value	613,586	601,797	596,524
Changes in a parent's ownership interest in a subsidiary	67,381	67,381	67,170
Donation from shareholders	3,332	3,332	3,332
	<b>\$ 1,917,905</b>	<b>1,906,116</b>	<b>1,914,015</b>

On July 30, 2021, the shareholders meeting decided to breakeven using legal reserve for \$247,895 thousand and additional paid in capital in excess of par for \$22,746 thousand, and \$270,641 thousand in total.

#### (iii) Retained earnings

The Company's article of incorporation stipulates that Company's profit should be used to offset the prior years' deficits in first, then 10% is to be appropriated as legal reserve, when the legal reserve has reached the company's actual capital received isn't unrestricted. Then in according to the act or the competent authority the special reserve is allocated or reversed. Then any remaining earning together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company shall take into account the actual operating conditions of the current year, future investment development, funding needs, financial structure, and take into account the interests of shareholders. Distributable surplus may be distributed in the form of shares or cash, unless it is reserved at the discretion. However, cash dividends shall not be less than 10% of the total dividends. If the cash dividends to be distributed per share are less than \$0.5, they shouldn't be distributed unless otherwise resolved by the shareholders' meeting.

##### 1) Legal reserve

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

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

## 2) Special reserve

When the Company first adopted the IFRS recognized by the FSC, the Company chose to apply the IFRS 1 "First time adoption of IFRS" exemption item and recorded the exchange difference on translation of foreign financial statements adjustment under shareholders' equity with additional reservation. Except that the retained earnings arising from the first adoption of the IFRS recognized by the FSC on the conversion date is a net decrease, and there is no need to set aside the same amount of special reserve according to the regulations of the FSC.

In accordance with the rules issued by the FSC, 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 shareholder's equity. For the 2019 earnings to be distributed in 2020, the amount to be reclassified to special reserve shall be a portion of current period earnings and undistributed prior period earnings; and for the 2020, the amount to be reclassified to special reserve shall be a portion of current period earnings and undistributed prior period earnings. As for the year 2020 earnings to be distributed in 2020, the amount to be reclassified to special reserve shall be a portion of current period earnings, plus other line items in the retained earnings movements and undistributed prior period earning. 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. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

## 3) Earnings distribution

Resolutions passed by the Board of Directors and the General Meeting of Shareholders held on March 30, 2022 and July 30, 2021, respectively, decided not to distribute the adjusted income distribution for 2021 and 2020.

## (v) 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 March 31, 2022, 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.



**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

- 2) The movement in treasury shares of subsidiaries was as follows:

	(In thousands of shares) For the three months ended March 31	
	2022	2021
Outstanding at January 1	9,007	10,507
Quantity sold in this period	(310)	-
Outstanding at March 31	<b><u>8,697</u></b>	<b><u>10,507</u></b>

The prepayments from transferring treasury shares for employees to subscribe were recognized as prepaid payroll. As of March 31, 2022, December 31, 2021 and March 31, 2021, the prepayments amounting to \$146,563 thousand, \$141,093 thousand and \$166,831 thousand, respectively (reported as other current assets). Considering the changes in the economic environment and the impact of the COVID-19, a resolution adopted was decided at the Board of Directors held on August 31, 2021 to defer the repayments of prepaid payroll to 2023

- (vi) Other equity interests

	Exchange differences on translation of foreign financial statements	Non-controlling Interest	Total
Balance at January 1, 2022 after revision	\$ (982,609)	3,440,895	2,458,286
Profit of non-controlling interests	-	(39,764)	(39,764)
Exchange differences on subsidiaries accounted for using equity method	30,475	-	30,475
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(19,839)	(19,839)
Exchange differences on foreign operations	<u>366,791</u>	<u>131,399</u>	<u>498,190</u>
Balance at March 31, 2022	<b><u>(585,343)</u></b>	<b><u>3,512,691</u></b>	<b><u>2,927,348</u></b>
Balance at January 1, 2021 after revision	\$ (810,816)	3,642,678	2,831,862
Profit of non-controlling interests	-	4,777	4,777
Changes in ownership interests in subsidiaries	8,735	-	8,735
Exchange differences on subsidiaries accounted for using equity method	-	213	213
Exchange differences on foreign operations	<u>(23,565)</u>	<u>(21,604)</u>	<u>(45,169)</u>
Balance at March 31, 2021 after revision	<b><u>(825,646)</u></b>	<b><u>3,626,064</u></b>	<b><u>2,800,418</u></b>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(v) Earnings per share

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021(revised)</b>
<b>Basic earnings (loss) per share</b>		
Profit attributable to ordinary shareholders of the Company	<b>\$ 106,177</b>	<b>1,559</b>
Weighted-average number of ordinary shares		
Weighted average number of ordinary shares at January 1	824,776	676,763
Effect of conversion of convertible bonds	-	1,330
Weighted average number of ordinary shares at December 31	824,776	824,776
<b>Earnings per share (dollars)</b>	<b>\$ 0.13</b>	<b>-</b>
<b>Diluted earnings per share</b>		
Profit attributable to ordinary shareholders of the Company	106,177	1,559
Effect of dilutive potential ordinary shares		
Effect of conversion of convertible bonds	-	(Note)
Profit attributable to ordinary shareholders of the Company (diluted)	<b>\$ 106,177</b>	<b>1,559</b>
Weighted-average number of ordinary shares	824,776	678,093
Effect of dilutive potential ordinary shares		
Effect of issuance of share option	384	6
Effect of conversion of convertible bonds	-	(Note)
Weighted-average number of ordinary shares (diluted)	825,160	678,099
<b>Earnings per share (dollars)</b>	<b>\$ 0.13</b>	<b>-</b>

Note : The conversion of convertible bonds was not included in the calculation of the weighted-average number of shares (diluted) due to the anti-dilutive effect.

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

<b>For the three months ended March 31, 2022</b>						
	<b>Freight department</b>	<b>Invest department</b>	<b>Retail department</b>	<b>Lease department</b>	<b>Other department</b>	<b>Total</b>
Primary geographical markets						
Taiwan	\$ -	1,666	-	-	-	1,666
China	-	-	1,250,799	31,832	-	1,282,631
Other	485,404	-	-	-	-	485,404
	<b><u>\$ 485,404</u></b>	<b><u>1,666</u></b>	<b><u>1,250,799</u></b>	<b><u>31,832</u></b>	<b><u>-</u></b>	<b><u>1,769,701</u></b>
Major products/services lines						
Commissions revenue (Retail \$ revenue – concessionaire sales)	-	-	415,075	-	-	415,075
Commodity sales (Retail revenue – direct sales)	-	-	269,685	-	-	269,685
Lease revenue (Note)	485,404	1,666	315,982	17,894	-	820,946
Financial lease interest income (Note)	-	-	-	13,420	-	13,420
Service revenue and others	-	-	250,057	518	-	250,575
	<b><u>\$ 485,404</u></b>	<b><u>1,666</u></b>	<b><u>1,250,799</u></b>	<b><u>31,832</u></b>	<b><u>-</u></b>	<b><u>1,769,701</u></b>
<b>For the three months ended March 31, 2021</b>						
	<b>Freight department</b>	<b>Invest department</b>	<b>Retail department</b>	<b>Lease department</b>	<b>Other department</b>	<b>Total</b>
Primary geographical markets						
Taiwan	\$ -	1,188	-	-	20,353	21,541
China	-	-	1,457,857	54,082	-	1,511,939
Other	254,214	-	-	-	-	254,214
	<b><u>\$ 254,214</u></b>	<b><u>1,188</u></b>	<b><u>1,457,857</u></b>	<b><u>54,082</u></b>	<b><u>20,353</u></b>	<b><u>1,787,694</u></b>
Major products/services lines						
Commissions revenue (Retail \$ revenue – concessionaire sales)	-	-	465,817	-	-	465,817
Commodity sales (Retail revenue – direct sales)	-	-	531,967	-	-	531,967
Lease revenue (Note)	254,214	1,188	250,708	20,396	-	526,506
Financial lease interest income (Note)	-	-	-	30,933	-	30,933
Service revenue and others	-	-	209,365	2,753	20,353	232,471
	<b><u>\$ 254,214</u></b>	<b><u>1,188</u></b>	<b><u>1,457,857</u></b>	<b><u>54,082</u></b>	<b><u>20,353</u></b>	<b><u>1,787,694</u></b>

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

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(x) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and no more than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employee compensation could be distributed by cash or shares. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions that is approved by the Board of Directors. Directors' remuneration could only be distributed by cash.

The employee compensation from January 1 to March 31, 2022 and 2021 the estimated amounts of employee compensation are \$1,062 thousand and \$61 thousand respectively. The directors' remuneration from January 1 to March 31, 2022 and 2021 the estimated amounts of directors' remuneration are both \$0 thousand. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses for each period. The difference between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

For the year ended December 31, 2021, the Company estimated its employee compensation and directors' remuneration amounting to \$3,467 thousand and \$0 thousand. There were no differences between the amount to be distributed as rewards to employees and directors and those estimations made by the board of directors. Related information would be available at the Market Observation Post System. For the year ended December 31, 2021, the Company loss before tax. As the operations for the year 2020 resulted in a net loss, no employee compensation and directors' remuneration were estimated and accrued.

(y) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income		
Bank deposit	\$ 7,385	5,152
Loans	2,078	7
Open-end fund	234	237
Other	1,180	1,261
Total	<b>\$ 10,877</b>	<b>6,657</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2022	2021 (revised)
Loss on disposal of property, plant and equipment	\$ 165	(189)
Gain on disposal of intangible asset	3,090	8,831
Loss on disposal of investment	(238)	(6,926)
Gain on contract revised	-	2,116
Foreign exchange gains (loss)	14,597	(4,700)
Gain (loss) on financial assets (liabilities) at fair value through profit or loss		
Open fund and listed companies	943	37,591
Embedded derivative instruments — call and put rights of convertible bonds	-	(771)
Other (included credit card charge income and etc.)	26,168	33,490
	<b><u>\$ 44,725</u></b>	<b><u>69,442</u></b>

(iii) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31	
	2022	2021
Interest expense	\$ 56,274	61,519
Amortization on discount of corporate bonds	-	24,808
Lease liabilities	139,741	99,155
Financial expenditures	2,360	1,348
Other interest	425	-
	<b><u>\$ 198,800</u></b>	<b><u>186,830</u></b>

The interest related to leases amounting to \$ 5,311 thousand and \$ 11,843 thousand for the three months ended March 31, 2022 and 2021, respectively, was recognized as interest expense under operating cost.

(z) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2021.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(i) Amount of maximum exposure to credit risk

Maximum credit risk exposure of the Group's on March 31, 2022, December 31, 2021 and March 31, 2021, which may be caused by the failure of the counterparty to perform its obligations and the financial guarantee provided by the Group's .mainly from:

- The carrying amount of financial assets recognized in the balance sheet ; and
- The amount of financial guarantee provided by the Group's to the outside world and the commitment to purchase the defaulted creditor's rights are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Financial guarantee	\$ 298,327	303,785	393,251
Buy defaulted claims	\$ 195,700	218,259	129,815

The changes in the financial guarantee liabilities recognized for the above financial guarantees from 1 January to 31 March 2022 and 2021 are as follows:

	For the three months ended March 31	
	2022	2021
Balance at January 1	\$ 1,062	-
Impairment losses recognized	119	-
Effect of foreign exchange rate	44	-
Balance at March 31 (other current liabilities)	<b>\$ 1,225</b>	<b>-</b>

(ii) Credit risk

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

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

The movement in the allowance for impairment for other receivables and other financial assets for the three months ended March 31, 2022 and 2021 were as follows:

	For the three months ended March 31	
	2022	2021
Balance at January 1	\$ 119,383	63,125
Impairment losses recognized	-	(5,618)
Delisting subsidiaries	-	(562)
Effect of foreign exchange rate	4,568	(291)
Balance at March 31	<b>\$ 123,951</b>	<b>56,654</b>

# 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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<b>March 31, 2022</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 2,994,206	2,994,206	2,281,094	23,800	689,312
Floating rate instrument	7,064,024	7,387,239	2,922,759	3,657,285	807,195
Fixed rate instruments	2,739,129	2,840,489	2,461,684	378,805	-
Leases liabilities	<u>11,915,576</u>	<u>16,065,623</u>	<u>1,133,807</u>	<u>5,701,651</u>	<u>9,230,165</u>
	<b><u>\$ 24,712,935</u></b>	<b><u>29,287,557</u></b>	<b><u>8,799,344</u></b>	<b><u>9,761,541</u></b>	<b><u>10,726,672</u></b>
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 3,700,989	3,700,989	3,002,368	27,922	670,699
Floating rate instrument	7,120,119	7,431,331	2,257,542	4,365,715	808,074
Fixed rate instruments	2,930,528	3,041,777	2,634,871	406,906	-
Lease liabilities	<u>11,608,651</u>	<u>15,741,113</u>	<u>1,372,776</u>	<u>5,483,046</u>	<u>8,885,291</u>
	<b><u>\$ 25,360,287</u></b>	<b><u>29,915,210</u></b>	<b><u>9,267,557</u></b>	<b><u>10,283,589</u></b>	<b><u>10,364,064</u></b>
	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 years</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>
<b>March 31, 2021</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 3,174,632	3,174,632	2,643,404	37,065	494,163
Floating rate instrument	7,296,773	7,611,190	2,911,692	4,275,066	424,432
Fixed rate instruments	3,641,669	3,823,396	3,426,414	396,982	-
Lease liabilities	<u>7,711,824</u>	<u>9,479,128</u>	<u>1,128,286</u>	<u>4,464,270</u>	<u>3,886,572</u>
	<b><u>\$ 21,824,898</u></b>	<b><u>24,088,346</u></b>	<b><u>10,109,796</u></b>	<b><u>9,173,383</u></b>	<b><u>4,805,167</u></b>

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

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

### (iii) Market risk

#### 1) Currency risk

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

	March 31, 2022			December 31, 2021			March 31, 2021			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:NTD	\$	9,315	28.62	266,595	8,684	27.67	240,286	122	28.53	3,481
HKD:NTD	-	-	-	-	-	-	-	5,298	3.6710	19,449
HKD:USD	3,319	0.1278	12,140	5,161	0.1283	18,322	-	-	-	-
NTD:USD	1,998	0.0349	1,998	2,968	0.0361	2,968	7,117	0.0351	7,117	7,117
<u>Non-monetary items</u>										
Investments accounted for using equity method										
HKD:USD	204,668	0.1278	748,475	204,612	0.1283	726,590	189,567	0.1287	695,873	695,873
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY	3,250	6.3482	93,016	3,875	6.3757	107,221	6,950	6.5713	198,283	198,283
HKD:USD	-	-	-	-	-	-	26,915	0.1287	98,828	98,828

#### 2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from cash and cash equivalents, financial assets at fair value through profit or loss, loans and borrowings; and trade and other payables that are denominated in foreign currency. strengthening (weakening) of 1% of the NTD or CNY against the USD, EUR, HKD, AUD and CNY as of March 31, 2022 and 2021 would have increased (decreased) the profit before tax by \$1,877 thousand and \$2,671 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$14,597 thousand and \$(4,700) thousand, respectively.

#### 3) Interest rate analysis

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

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



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

If the interest rate had increased or decreased by 0.5%, the Group's profit before tax would have decreased or increased by \$4,182 thousand and \$5,765 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the three months ended March 31, 2022 and 2021, respectively, given that all other variable factors remaining constant.

4) Other market price risk

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

<b>Prices of securities at the reporting date</b>	<b>For the three months ended March 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Comprehensive Income (Loss) (net of tax)</b>	<b>Net Income (Loss) (net of tax)</b>	<b>Comprehensive Income (Loss) (net of tax)</b>	<b>Net Income (Loss) (net of tax)</b>
Increase 5%	\$ -	4,446	-	5,567
Decrease 5%	\$ -	(4,446)	-	(5,567)

(iv) Fair value of financial instruments

1) Fair value hierarchy

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

	<b>March 31, 2022</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 235,003	101,532	5,893	127,578	235,003
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 23,234	-	-	23,234	23,234
	<b>December 31, 2021</b>				
	<b>Carrying amount</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 238,794	105,323	5,893	127,578	238,794
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	\$ 23,234	-	-	23,234	23,234

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

	March 31, 2021				
	Carrying amount	Fair Value			Total
	Level 1	Level 2	Level 3		
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 284,245	124,461	40,626	119,158	284,245
Embedded derivative instruments-call and put options	154	-	-	154	154
	<u>\$ 284,399</u>	<u>124,461</u>	<u>40,626</u>	<u>119,312</u>	<u>284,399</u>
<b>Financial liabilities at fair value through profit or loss</b>					
Non-derivative financial liabilities	<u>\$ 20,400</u>	<u>-</u>	<u>-</u>	<u>20,400</u>	<u>20,400</u>

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

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

- a) Financial assets measured at amortized cost and financial liabilities measured at amortized cost.

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

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

#### 3.1) Non-derivative financial instruments

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

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

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

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

#### 3.2) 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.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 3.3) Financial guarantee contract

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

#### 3.4) Construction protection right

Discounted cash flow models that are applied to estimate the fair value of a financial guarantee. The assumption is to the investee estimated future cash flow, after considering the fluctuations in building prices and construction costs, according to the time value and circulation of money.

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

5) Reconciliation of Level 3 fair values

	<b>Financial assets and liabilities as held for sale</b>		
	<b>Non-derivative financial assets -Beneficial rights</b>	<b>Non-derivative financial assets - Landlord Beneficial rights</b>	<b>Embedded derivative instruments</b>
Opening balance, January 1, 2022	\$ 127,578	(23,234)	-
Ending Balance, March 31, 2022	<u>\$ 127,578</u>	<u>(23,234)</u>	<u>-</u>
Opening balance, January 1, 2021	\$ 119,158	-	925
Issuance	-	(20,400)	-
In profit or loss	-	-	(771)
Ending Balance, March 31., 2021	<u>\$ 119,158</u>	<u>(20,400)</u>	<u>154</u>

For the three months ended March 31, 2022 and 2021, total gains and losses that were included in “other gains and losses” were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Total gains and losses recognized:		
In profit or loss (presented in “other gains and losses”)	<u>\$ -</u>	<u>(771)</u>

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

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

There were no differences between the quantitative information of the material unobservable input values of the combined company as at March 31, 2022 and those disclosed in the 2021 consolidated financial report. For relevant information, please refer to Note 6(z) of the 2021 Consolidated Financial Report.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

	Inputs	Variation	Impacts of fair value change on net income or loss	
			Favourable	Unfavourable
<b>March 31, 2022</b>				
Financial assets at fair value through profit and loss				
Beneficial rights-Specific construction project	Sale price	5%	17,770	(17,770)
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	10,946	(11,153)
<b>December 31, 2021</b>				
Financial assets at fair value through profit and loss				
Beneficial rights-Specific construction project	Sale price	5%	17,420	(17,420)
Embedded derivative instruments–call and put options	Volatility	5%	10,946	(11,153)
	Inputs	Variation	Impacts of fair value change on net income or loss	
			Favourable	Unfavourable
<b>March 31, 2021</b>				
Financial assets at fair value through profit or loss				
Beneficial rights-Specific construction project	Sale price	5%	10,038	(10,008)
Embedded derivative instruments–call and put options	Volatility	5%	185	-
Financial liabilities at fair value through profit or loss				
Beneficial rights- landowner	Sale price	5%	10,946	(11,153)

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

#### (aa) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note 6(aa) of the consolidated financial statements for the year ended December 31, 2021.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(ab) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(ab) of consolidated financial statements for the year ended December 31, 2021 for further details.

(ac) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the three months ended March 31, 2022 and 2021, were as follows:

- 1) Acquisition of right-of-use assets from lease. Please refer to Note 6 (k).
- 2) Adjustment of liabilities from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes		March 31, 2022
			Other	Foreign exchange movement	
Short-term borrowings	\$ 3,396,693	73,877	-	98,018	3,568,588
Short-term notes and bills payable	99,846	-	-	-	99,846
Long-term borrowings	6,554,108	(563,900)	-	144,511	6,134,719
Leases liabilities	11,608,651	(140,553)	-	447,478	11,915,576
Guarantee deposits	<u>700,582</u>	<u>(12,357)</u>	-	<u>26,844</u>	<u>715,069</u>
Total liabilities from financing activities	<u><b>\$ 22,359,880</b></u>	<u><b>(642,933)</b></u>	<u><b>-</b></u>	<u><b>716,851</b></u>	<u><b>22,433,798</b></u>

	January 1, 2021	Cash flows	Non-cash changes		March 31, 2021
			Other(Note)	Foreign exchange movement	
Short-term borrowings	\$ 5,844,838	(2,503,982)	-	(11,872)	3,328,984
Short-term notes and bills payable	49,992	(49,992)	-	-	-
Bonds payable	1,431,651	-	(557,776)	-	873,875
Long-term borrowings	4,717,107	1,917,126	-	2,522	6,636,755
Leases liabilities	8,185,453	(430,270)	(3,158)	(40,201)	7,711,824
Guarantee deposits	<u>543,726</u>	<u>(7,057)</u>	<u>(661)</u>	<u>(2,826)</u>	<u>533,182</u>
Total liabilities from financing activities	<u><b>\$ 20,772,767</b></u>	<u><b>(1,074,175)</b></u>	<u><b>(561,595)</b></u>	<u><b>(52,377)</b></u>	<u><b>19,084,620</b></u>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note: Bonds payable is the amortization on issuance costs of discount of corporate bonds to \$ 24,808 thousand, the effect of corporate bond conversion \$(582,584) thousand. Lease liability is the effect of adding and terminating the leases amounting to \$(1,904) thousand and the effect of disposal subsidiaries to \$(1,254) thousand. Guarantee deposited is the effect of disposal subsidiaries to \$(661) thousand.

#### (7) Related-party transactions:

- (a) Parent company and ultimate controlling company

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

- (b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Yonghenghui Investment Co., Ltd.	Same chairman with the Company
Nanjing Tiandu Co., Ltd.	The Group' s manager is the company' s chairman
Shanghai Tian An Tower Co., Ltd.	The Group' s manager is the company' s director
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(Note)
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	A substantial related party
Shanghai Tianrong Real Estate Co., Ltd.	A substantial related party
Tian An Investment Co., Ltd.	A substantial related party
Shanghai Haiguang Real Estate Management Co., Ltd.	A substantial related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	An associate
Hainan Sanhe Licheng Business Service Co., Ltd.	An associate
Haikou Zhuke Technology Co., Ltd.	An associate
Wuhan Zhuke Technology Co., Ltd.	An associate
Shanghai Zhuke Technology Co., Ltd.	An associate
Chengdu Zhuke Technology Co., Ltd.	An associate
Changsha Zhuke Technology Co., Ltd.	An associate
Da Yu Financial Holdings Ltd.	An associate
Taiwan Environment Scientific Co., Ltd.	An associate
Jiawang Assets Development Co., Ltd.	An associate

Note: The company was a substantial related party of the Group originally. On June 30, 2021, the Group obtained control of the company. As a result, The Group recognized the company as its subsidiary.

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

(c) Significant transactions with related parties

(i) Prepayments

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Nanjing Tiandu Co., Ltd.(note)	\$ 113,676	106,668	-
Other related parties	6,584	16,665	70,500
	<b>\$ 120,260</b>	<b>123,333</b>	<b>70,500</b>

Note: In accordance with rental agreement, the group prepays a fixed amount monthly for variable rents and it will be settled at the end of the year.

(ii) Other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other related parties	\$ 2,236	1,302	-

(iii) Payables to Related Parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other payables	Other related parties	\$ 1,443	1,406	-

(iv) Leases

1) Lease liabilities and interest costs

<b>Relationship</b>	<b>Purpose</b>	<b>Lease liabilities</b>		
		<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Shanghai Kaixuanmen	Office building and department store	\$ 4,514,194	4,295,335	-
Other related parties	Office building and department store	15,967	22,526	43,500
Other related parties	Energy-saving renovation engineering equipment	40,522	40,775	45,967
		<b>\$ 4,570,683</b>	<b>4,358,636</b>	<b>89,467</b>

<b>Relationship</b>	<b>Purpose</b>	<b>Interest costs</b>	
		<b>For the three months ended March 31 2022</b>	<b>2021</b>
Shanghai Kaixuanmen	Office building and department store	\$ 51,238	559
Other related parties	Energy-saving renovation engineering equipment	491	572
		<b>\$ 51,729</b>	<b>1,131</b>

**FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

2) Operating lease

<u>Relationship</u>	<u>Purpose</u>	<b>Payments that are not included in the measurement of the variable lease liabilities</b>	
		<b>For the three months ended March 31</b>	
		<b>2022</b>	<b>2021</b>
Nanjing Tiandu Co., Ltd.	Office building and department store	<b>\$ 18,389</b>	<b>25,084</b>
		<b>Property management fee</b>	
		<b>For the three months ended March 31</b>	
		<b>2022</b>	<b>2021</b>
Other related parties	Office building and department store	<b>\$ 947</b>	<b>940</b>

3) Deposits-out for lease

<u>Account</u>	<u>Relationship</u>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other non-current financial assets	Shanghai Kaixuanmen	\$ 67,625	65,099	-
Other non-current financial assets	Other related parties	12,362	11,900	11,904
		<b>\$ 79,987</b>	<b>76,999</b>	<b>11,904</b>

(v) Operating revenue

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

<u>Relationship</u>	<u>Account</u>	<b>For the three months ended March 31</b>		
		<b>2021</b>	<b>2021</b>	<b>2021</b>
Hainan Sanhe Licheng	Financial lease interest income	\$ 9,485	4,715	
Zhuke Technology	Financial lease interest income	-	12,595	
Zhuke Technology	Lease revenue	2,151	-	
		<b>\$ 11,636</b>	<b>17,310</b>	
<u>Relationship</u>	<u>Account</u>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Hainan Sanhe Licheng	Lease receivables	\$ 142,303	135,389	167,907
Zhuke Technology	Lease receivables	363,820	322,579	452,347
Less: Allowance for impairment		(74,919)	(48,672)	-
		<b>\$ 431,204</b>	<b>409,296</b>	<b>620,254</b>



## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The interest income deriving from finance leases received by the Group from its associates is based on the interest rate agreed by both parties and collected monthly. The interest rate is not significantly different from that of nonrelated parties. The receivables with related parties were guaranteed by vehicles for finance lease. Chengdu Sanhe Licheng is the guarantor of the receivables from Hainah Sanhe Licheng. The Group measures the loss allowances at an amount equal to lifetime expected credit losses for receivables of related parties.

Hainah Sanhe Licheng has recognized the expected credit loss of \$975 thousand for the three months ended March 31, 2022. The overdue receivables of Zhuke Technology were due to the COVID-19 pandemic, which significantly increased the credit risk on financial assets, resulting in the expected credit loss of \$22,859 thousand to be recognized for the three months ended March 31, 2022. Please refer to note 6(c).

#### (vi) Account receivables-related parties

<u>Account</u>	<u>Category of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other receivables (loaning funds)	Hainan Sanhe	\$ 22,542	21,700	-
Other receivables (loaning funds)	Zhuke Technology	76,642	86,798	-
Other receivables (loaning funds)	An associate	490	490	490
Less: Allowance for impairment		<u>(54,100)</u>	<u>(52,079)</u>	<u>-</u>
		<u><b>\$ 45,574</b></u>	<u><b>56,909</b></u>	<u><b>490</b></u>
Other financial assets (note)	Zhuke Technology	<u><b>\$ 36,067</b></u>	<u><b>34,719</b></u>	<u><b>-</b></u>

Note: Call rights of vehicles were listed as financial assets at fair value through profit and loss for \$34,733 thousand on March 31, 2022.

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

	<u>Interest income</u>		<u>Interest receivables</u>		
	<u>For the three months ended</u>				
	<u>March 31</u>		<u>March 31,</u>	<u>December</u>	<u>March 31</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>31, 2021</u>	<u>2021</u>
Hainan Sanhe	\$ 364	-	-	532	-
Zhuke Technology	<u>1,707</u>	<u>-</u>	<u>637</u>	<u>1,871</u>	<u>-</u>
	<u><b>\$ 2,071</b></u>	<u><b>-</b></u>	<u><b>637</b></u>	<u><b>2,403</b></u>	<u><b>-</b></u>

The Group uses of lifetime expected loss provision to provide for its expected credit losses for receivables of related parties. The credit risk on a financial asset of Zhuke Technology has increased significantly. The group evaluated the value of collateral and measures the collections after period and repayments, then recognized expected credit loss for \$0 thousand for the three months ended March 31, 2022.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (vii) Guarantees

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31 2021</b>
Hainan Sanhe	\$ -	-	65,682
Zhuke Technology	65,327	70,759	94,569
	<b>\$ 65,327</b>	<b>70,759</b>	<b>160,251</b>

The Group evaluated the value of collaterals, which can cover lifetime expected credit losses for the contract and no impairment losses were required.

#### (viii) Others

- 1) The Group provided management consulting services and signed service contracts with other related parties. For the three months ended March 31, 2022 and 2021, the revenue from consulting services was \$ 2,464 thousand and \$ 6,879 thousand, respectively. On March 31, 2022, December 31, 2021, and March 31, 2021, the outstanding amounts were zero, zero and \$ 6,826 thousand which reported as other receivables.
- 2) On February 25, 2022, the board of directors of the Group resolved to sell 100% equity of the subsidiary, Morton Finance Ltd. to Da Yu Financial Holdings Ltd. for the disposal price of \$7,818 thousand (HKD\$2,178 thousand). After deducting the company's net assets of \$7,818 thousand, the disposal loss of \$238 thousand was recognized. The disposal loss includes the loss of \$238 thousand that is related to the subsidiary and recognized in other comprehensive profit and loss.
- 3) The Group disposed its entire equity in its subsidiary, Morton Securities Ltd. (Morton), to Da Yu Financial Holdings Ltd., at the amount of \$26,212 thousand (HKD\$7,140 thousand), based on the resolution approved during the board meeting held on March 16, 2021. The deduction of Morton's net assets of \$32,502 thousand resulted in the disposal loss of \$6,926 thousand, including the amount of \$636 thousand related to Morton, to be recognized in other comprehensive income under profit or loss.
- 4) Based on the resolution approved during the board meeting held on July 30, 2021, the Group resolved to dispose its entire equity in its subsidiary, Yee Shin Investment Co., Ltd., to a related party, Yonghenghui Investment Co., Ltd., at the amount of \$356,000 thousand, wherein the Group had received the deposit amounting to \$150,000 thousand, recognized as other current liabilities under noncurrent assets –held for sale. Please refer to note 6(f) for further information.

#### (d) Key management personnel compensation

##### (i) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2021</b>
Short-term employee benefits	<b>\$ 13,087</b>	<b>14,003</b>

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) The Group granted key management personnel rights to subscribe treasury shares as prepaid salaries. As of March 31, 2022, December 31, 2021 and March 31, 2021, those prepaid salaries amounting to \$41,078 thousand (CNY\$9,112 thousand), \$39,572 thousand (CNY\$9,118 thousand) and \$ 41,088 thousand (CNY\$ 9,464 thousand), which were recognized under other non-current assets accounts.

#### (8) Pledged assets:

The carrying amount of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Inventories (for construction business)	Bank loans	\$ 1,181,886	1,181,780	1,089,039
Other financial assets	Bank loans, bank depository funds	96,371	99,397	83,340
Accounts receivable	Other secured loans	28,012	42,103	103,488
Lease payment receivables	Other secured loans	30,734	30,624	123,857
Property, plant and equipment(Note)	Bank loans and Other secured loans	10,227,797	10,000,355	9,647,563
Investment Property	Bank loans	<u>141,820</u>	<u>142,063</u>	<u>142,792</u>
		<b><u>\$ 11,706,620</u></b>	<b><u>11,496,322</u></b>	<b><u>11,190,079</u></b>

**Note :** Including the land use rights, which are recognized as rightofuse assets and longterm prepaid rentals.

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

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

##### (a) Unrecognized contractual commitments

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31 2021</u>
<u>Contracted price</u>			
Construction contract of land and building	\$ 665,331	665,331	714,038
Purchase contract of vehicle for rent	-	-	11,990
Purchase vessel equipment	-	-	943,887
Contract of construction case	3,355	56,762	-
<u>Received or paid price</u>			
Construction contract of land and building	\$ 108,309	108,309	153,309
Purchase contract of vehicle for rent(recorded as other current assets)	-	-	10,854
Purchase vessel equipment	-	-	291,976
Contract of construction case	336	5,554	-

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (ii) Shangshi Financial Leasing Co., Ltd. (Shangshi) signed several finance leases contracts with different customers introduced by the Group based on the finance lease business cooperation agreement entered into by Shangshi and the Group. According to the agreement, the Group will look for customers with good credit ratings, in accordance with the contracted risk control standards, before introducing them Shangshi. Thereafter, the Group will receive a portion of the rewards from Shangshi for each rental payment made by the customers. In addition, the Group promised to buy unconditionally the default claims from Shangshi for any customer who violated the agreement. Since there were no significant overdue receivables as March 31, 2022, the Group can use the lifetime expected loss provision for the contract to provide for its expected credit losses of \$119 thousand, which was recognized for three months ended March 31, 2022, as follow:

	<u>March 31</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Contracted value	<u>\$ 334,715</u>	<u>312,947</u>	<u>159,872</u>
Remaining amount building	<u>\$ 195,700</u>	<u>218,259</u>	<u>129,815</u>

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

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

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

#### (b) Contingencie

- (i) While the Group acquired the Quanzhou real estate, the assignor, Quanzhou FuHua Co., Ltd., failed to comply with the term of the contract, which stated that the assignor should repay the mortgage loan secured by the fourth floor of Quanzhou real estate with the consideration paid by the Group to release the mortgage. Therefore, the mortgagee filed an application to freeze the rent earned from the fourth floor of Quanzhou real estate in June 2020. The Group evaluates that the creditor still has means to repay the mortgage loan; hence, the fourth floor of Quanzhou real estate may not be at risk of impairment.
- (ii) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as "Chongqing Zhengsheng"), to reduce the period for the lease payments due to the COVID-19 pandemic in 2020. However, the negotiation failed and Chongqing Zhengsheng filed a lawsuit against the Group in November 2020 demanding for the payment of the arrears and rental of the extended area used by the Group. The hearing concerning the above lawsuit has yet to commence as of the reporting date. As of March 31, 2022, the Group had recognized its rental expenses before the government regulated deadline based on the lease contract. Meanwhile, the Group filed a counterclaim against Chongqing Zhengsheng, wherein the court ruled against the Group. Thereafter, the Group filed an appeal to the high court, in which the case is still in progress

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (iii) The real estate property right transfer registration of Shiyan International Financial Center project from the first floor to the ninth floor above ground that the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. purchased from Hubei Grand Ocean Huayu Investment Co., Ltd. (hereinafter referred to as "Hubei Huayu") had not been completed in accordance with the agreement of commercial property contract; therefore, the Group filed a lawsuit on September 6, 2021. In accordance with the PRC law, the Group has adequate protection for the property; hence, no losses will be incurred by the Group regarding the matter.

On the other hand, Hubei Huayu filed a lawsuit against Grand Ocean Classic Commercial Group Ltd. and Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. on September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY\$93 million for the damage. After the assessment of the Group, the right to make a claim occurred in 2017 exceeded the 3 year limitation period for the protection of civil rights according to the law. In addition, the Group has paid on schedule according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it is determined that the Group has no obligation to pay any compensation.

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

**(12) Other:**

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

By function	For the three months ended March 31					
	2022			2021		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	77,200	125,266	202,466	51,745	122,957	174,702
Health and labor insurance	308	1,281	1,589	334	938	1,272
Pension	280	14,493	14,773	360	13,976	14,336
Others	4,246	26,201	30,447	3,775	25,513	29,288
Depreciation	103,543	411,818	515,361	92,030	387,781	479,811
Amortization	8,951	3,659	12,610	5,347	1,816	7,163

- (b) Seasonality of operations

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

- (c) Other

In March 2022, affected by the outbreak of the COVID-19 pandemic in many areas of mainland China, some cities announced the "city closure" policy, which greatly impacted the operation of department store in China retail industry.

## FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

The Group's stores in Quanzhou and Shanghai, the implementation of local closure measures, although the Quanzhou area has resumed normal operations in mid-April, the Shanghai area continues to suspend operations. The impact of the epidemic is still uncertain, the Group will continue to pay attention to development of the COVID-19 pandemic .

#### (13) Other disclosures:

##### (a) Information on significant transactions:

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

- (i) Loans to other parties : Appendix 1, please refer to the chinese version consolidated financial statements P53-54.
  - (ii) Guarantees and endorsements for other parties : Appendix 2, please refer to the chinese version consolidated financial statements P55-56.
  - (iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures) : Appendix 3, please refer to the chinese version consolidated financial statements P57.
  - (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of \$300 million or 20% of the capital stock : None.
  - (v) Acquisition of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None.
  - (vi) Disposal of individual real estate with amount exceeding the lower of \$300 million or 20% of the capital stock : None
  - (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of \$100 million or 20% of the capital stock : None
  - (viii) Receivables from related parties with amounts exceeding the lower of \$100 million or 20% of the capital stock : Appendix 4, please refer to the chinese version consolidated financial statements P58.
  - (ix) Trading in derivative instruments : None
  - (x) Business relationships and significant intercompany transactions : Appendix 5, please refer to the chinese version consolidated financial statements P59.
- (b) Information on investees : Appendix 6, please refer to the chinese version consolidated financial statements P60-61
- (c) Information on investment in mainland China : Appendix 7, please refer to the chinese version consolidated financial statements P62-63
- (d) Major shareholders:

Shareholder' s Name	Shareholding	Shares	Percentage
Henghua Investment Co., Ltd.		57,065,945	6.83%

# FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

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

### (14) Segment information:

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

	Freight department	Invest department	Retail department	Lease department	Other segment	Reconciliatio n and elimination	Total
<b>For the three months ended</b>							
<b>March 31, 2022</b>							
Revenue:							
Revenue from external customers	\$ 485,404	1,666	1,250,799	31,832	-	-	1,769,701
Intersegment revenues	-	18,627	-	-	-	(18,627)	-
<b>Total revenue</b>	<b>\$ 485,404</b>	<b>20,293</b>	<b>1,250,799</b>	<b>31,832</b>	<b>-</b>	<b>(18,627)</b>	<b>1,769,701</b>
<b>Reportable segment profit or loss</b>	<b>\$ 197,332</b>	<b>(6,881)</b>	<b>(49,332)</b>	<b>(29,231)</b>	<b>(7,223)</b>	<b>-</b>	<b>104,665</b>
<b>For the three months ended</b>							
<b>March 31, 2021(revised)</b>							
Revenue:							
Revenue from external customers	\$ 254,214	1,188	1,457,857	54,082	20,353	-	1,787,694
Intersegment revenues	-	17,195	-	-	-	(17,195)	-
<b>Total revenue</b>	<b>\$ 254,214</b>	<b>18,383</b>	<b>1,457,857</b>	<b>54,082</b>	<b>20,353</b>	<b>(17,195)</b>	<b>1,787,694</b>
<b>Reportable segment profit or loss</b>	<b>\$ 30,309</b>	<b>(18,573)</b>	<b>76,692</b>	<b>(16,722)</b>	<b>1,431</b>	<b>-</b>	<b>73,137</b>