

Stock Code: 2601

FIRST STEAMSHIP COMPANY LIMITED

2024 Annual General Meeting
Handbook
June 18, 2024

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Meeting Procedure for the FIRST STEAMSHIP COMPANY LIMITED 2024 Regular Shareholders' Meeting

I. Call the meeting to order

II. Chair Address

III. Report Items

IV. Proposed Resolutions

V. Discussion Items

VI. Other Proposals:

VII. Extraordinary Motions

VIII. Adjournment

Meeting Agenda for the FIRST STEAMSHIP COMPANY LIMITED 2024 Regular Shareholders' Meeting

Time: 9:00 am, June 18, 2024 (Tuesday)

Location: International Conference Hall, B1F., No. 231, Sec. 2, Jianguo S. Rd.,
Taipei City

Type of General Shareholders Meeting: Physical

- I. Call the meeting to order
- II. Chair Address
- III. Report Items
 - (I) 2023 Business Report
 - (II) Audit Committee's Review Report on 2023 Annual Business and Financial Reports
 - (III) Distribution of Profit Sharing Remuneration for Directors and Employees for 2023
 - (IV) Endorsements and Guarantees in 2023
 - (V) Investment Status and Operating Performance of Invested Enterprises in 2023
- IV. Proposed Resolutions
 - (I) 2023 Business Report and Financial Statements
 - (II) 2023 Profit Distribution and Loss Supplement Proposal
- V. Discussion Items
 - (I) Proposal for the modification to partial Articles of the Rules of Procedure for Shareholders Meetings of the Company
- VI. Other Proposals: Proposal to remove the non-compete restriction on elected directors
- VII. Extraordinary Motions
- VIII. Adjournment

Report Items

Report no.1

2023 Business Report

Business Report

The consolidated revenue of First Steamship Co. in 2023 was NT\$5,501,923 thousand, down 13.03% compared with NT\$6,326,043 thousand in 2022. The net loss was NT\$2,532,407 thousand, and the net loss after tax of parent company only was NT\$1,669,494 thousand. The basic loss per share is \$2.02, diluted loss per share of \$2.02, and book value per share of NT\$10.58.

I. 2023 Business Overview

(I) Marine Transportation Business

In the face of trends following the COVID-19 pandemic, the aftermath of the global supply chain tightening from 2021 to 2022, the sluggish shipping market, and the changes in shipping and trade patterns caused by the war in Ukraine, the shipping industry continues to forge ahead. The global shipping industry continues to face multiple challenges, including the intensification of trade policies and geopolitical tensions, and is responding to various changes in globalization patterns. The shipping sector finds itself at the nexus of these influential forces, impacting its adaptation to the evolving operational and regulatory landscape, concurrently contending with the impositions of novel environmental legislations.

International research data reveals that in 2023, the expansion pace of vessel capacity within the bulk market commenced deceleration, whilst global demand for bulk transportation persisted in a recovery trajectory. The global dry bulk transportation volume for 2023 is estimated to be 5,387.6 million tons, registering a year-over-year increase of 1.8%, thereby reversing the downward trend in transportation volume observed in 2022. The industry's transportation volume for 2024 is projected at 5,503 million tons, marking a year-over-year growth of 2.1%.

The Maritime Shipping Department always operates in a stable manner. To cope with the fluctuation in the economic climate in the international dry bulk shipping market, the fleet has been operating under a business model in which ships are leased out as short-term or long-term charter ships. As of the end of 2023, the fleet has a total of 11 bulk carriers, including 5 KAMSARMAXs, 4 SUPRAMAXs, and 2 HANDYs, all of which are aged less than 10 years. The collective tonnage of the 11 vessels amounts to 700,365 tons. 3 ships were chartered out under a long-term profitable contract, 7 were chartered out for the short- or medium-term, and 1 joined the KLAV POOL fleet for joint operations. Such a diversified business strategy enables higher shipping rates, thus the growth of the maritime transportation business under an uncertain climate.

(II) Department Store Business

Despite the domestic easing of pandemic containment policies at the beginning of 2023, the impact brought about by the pandemic has yet to subside. Domestic trade and investment faltered, financial markets were tumultuous, fiscal policy expansion was marginally effective, resident wealth dissipated, recovery momentum was scarce, and the highly anticipated revenge spending did not materialize as expected. Since April 2022, the Consumer Confidence Index in China has seen a decline, falling from 113.2 to 86.7, although it briefly rebounded to 94.9 in February 2023, it subsequently decreased again, with the Consumer Confidence Index standing at only 87.6 by December 2023. According to data released by the People's Bank of China, the broad money supply (M2) approached 300 trillion yuan, marking a year-on-year increase of 10%, while both the Consumer Price Index (CPI) and the Producer Price Index (PPI) experienced minimal growth rates, further indicating the insufficiency of effective demand amongst residents, necessitating time for restoration. Faced with such a complex and volatile external environment, Grand Ocean's overall performance did not reach the anticipated level, yet during these challenging times, we still achieved some accomplishments and

progress.

(1) Reinvent Grand Ocean Strategy Advances Steadily

Grand Ocean has joined forces with the state-owned enterprise giant, the Power Construction Corporation of China, to sign a strategic cooperation agreement. This initiative not only represents both parties' firm confidence in future collaborations but also symbolizes the deep integration of cultural identity and strategic objectives between the two corporate groups, heralding a new chapter of a strong alliance. Through this strategic cooperation, the Group will be able to leverage the Power Construction Corporation's formidable strengths and abundant resources in the real estate sector to further expand its business scope and market influence.

In terms of physical investment, the Reinvent Grand Ocean strategy has taken another significant step forward. On September 1, 2023, Grand Ocean took over the mall at 1381 Jiefang Avenue, Wuhan, from the Power Construction Corporation of China's South Country Real Estate Company, establishing the shopping center - Grand Ocean Center. This property is advantageously located with convenient transportation, representing one of Wuhan's commercial core areas. Currently, in its trial operation phase, it plans to officially open on April 26, 2024. Grand Ocean received very favorable terms in this transaction, including an extended rent-free period and highly competitive rental terms, undeniably providing Grand Ocean with a stable physical space and financial advantage for its long-term development, further enhancing Grand Ocean's brand influence and competitive edge in Wuhan.

Grand Ocean's counter-cyclical investment strategy once again proves its foresight and scientific approach. Amid the complex and volatile global economic landscape, Grand Ocean dares to swim against the current, seizing the opportunities presented during market downturns

to invest. This counter-cyclical investment philosophy enables Grand Ocean to quickly take the lead as the market recovers, achieving asset appreciation and business expansion.

(2) Adjustments, Renovations, and Upgrades Lead the Fashion Trend

The Grand Ocean Nanjing Xinjiekou store, serving as the Group's flagship, was severely impacted during the pandemic period. In 2023, through meticulous adjustments and reforms, it once again won widespread recognition from consumers. The introduction of the UR brand injected new vitality into the store, significantly enhancing the entire mall's economic benefits through its contributed rental income. The UR brand, with its fashionable yet affordable pricing, perfectly adapted to the current economic environment, meeting the broad consumer demand for cost-effective goods. This move not only stimulated consumption but also became a beneficial exploration for Grand Ocean in introducing key stores, providing valuable experience and reference for future commercial development. Furthermore, as the small dining area on the basement level gradually returned to its former prosperity, it attracted the attention and footsteps of numerous consumers. The shops from the 1st to the 5th floor also became increasingly enriched, creating a diverse shopping environment. The dining and experience formats from the 6th to the 8th floor were nearly fully leased, with a reasonable and vibrant layout, forming a scientific combination of retail and experiential formats. Through these strategic adjustments and upgrades, the Nanjing Xinjiekou store not only rejuvenated its physical space but also took solid steps in business concepts and operating strategies, demonstrating strong market competitiveness and brand attractiveness.

After comprehensive and in-depth market research, understanding

the needs and preferences of local consumers, scientific adjustments and upgrades were made to the brand mix of various stores based on these valuable data and insights. Currently, Grand Ocean's main stores have essentially eliminated vacancies, significantly enhancing the consumer shopping experience.

(3) Mini Program Mall Upgrade Achieves Online and Offline Data Monitoring and Points Sharing

Grand Ocean's digital transformation achieves another milestone with the launch of the upgraded WeChat Mini Program Mall on July 1, 2023, enabling online and offline data collection and real-time monitoring across all stores. This advancement allows us to optimize marketing strategies and enhance service quality by analyzing consumer behavior. Furthermore, seamless integration with the parking system not only simplifies the parking process for customers, significantly improving customer experience and operational efficiency, but also provides mall managers with valuable vehicle traffic data. The comprehensive upgrade of the points system allows consumers to use the same points system regardless of location, easily redeem gifts or enjoy services in the Mini Program Mall, offering tangible convenience to customers. This omnichannel integration undoubtedly strengthens our interaction with customers and lays a solid foundation for the introduction of more intelligent services in the future.

With the continuous upgrades and improvements to the Mini Program Mall, we look forward to bringing more innovative digital services to every customer in the near future and driving the entire Grand Ocean towards a more efficient and intelligent future.

(4) Local Lifestyle Channel Performance Exceeded Expectations

On TikTok and Meituan-Dianping platforms, the sales of Grand Ocean's local life group purchase vouchers respectively surpassed the

significant milestones of RMB 120 million and RMB 200 million, far exceeding our initial expectations. By selling coupons in live streaming rooms and guiding customers to store for redemption, Grand Ocean successfully achieved a seamless connection between online and offline channels. This strategy not only won us valuable public domain traffic but also significantly boosted fan growth. More importantly, this approach ensured the continuous popularity of our stores on online platforms, leading to a substantial increase in store traffic.

Additionally, the collaboration with live streaming platforms brought extra advantages. Stores could enjoy platform subsidies and other preferential policies through this method, which not only reduced marketing costs but also provided more attractive discounts to consumers, thereby stimulating their purchasing desire and enhancing conversion rates. This practice not only achieved breakthroughs in performance but also played a crucial role in enhancing brand exposure, customer loyalty, and increasing store traffic.

II. Future Outlook

(I) Marine Transportation Business

The global economy in 2024 is expected to decline from the level in 2023, given volatile geopolitical uncertainties, and rampant inflation that hurts each economy and thus slows the growth further. China has given up its zero-Covid policy and fully opened up. This will give momentum for economic growth, although such an effect will be deferred until the second half of the year. Therefore, the shipping rate and shipping market in the first half of 2024 will be weak and volatile, but is expected to gradually revive in the second half of 2023 due to China's revival.

In response to the uncertain factors and changes in the market, the FIRST STEAMSHIP fleet has been able to reduce operating costs, eliminate outdated vessels, and improve operating efficiency with its

stability and strength. And we will purchase new types of vessels that meet future regulatory requirements at the right time and seek reputable charterers in the market to sign stable and profitable contracts in order to enhance fleet capacity and improve the competitiveness in the marine transportation market.

(II) Department Store Business

The present retail cycle demonstrates an unfavorable disposition, characterized by diminished momentum in ascension and accelerated pace in decline, constituting a rigorous examination for every entity within the sector. In response to this ordeal, the paramount task is to transcend our cognitive comfort zones. This necessitates a departure from entrenched cognitive paradigms and marketing methodologies, in favor of an active engagement in the observation and analysis of market dynamics. Consumer demands and behaviors are witnessing nuanced alterations, and the strategic modus operandi of firms is in a state of continuous evolution. During this juncture, it is crucial to uphold an open-minded disposition and a fervent attitude towards learning. This represents not solely a challenge to individual competencies but also scrutinizes the adaptive capacity of the organization at large. It is essential to facilitate the exchange of knowledge among team members and to cultivate an ethos of interdepartmental collaboration, thereby collectively advancing the enterprise's innovation and progression.

(1) The Boundaryless Strategy Upgrade Enhances Member Operation Efficiency

Grand Ocean steadfastly adheres to the consumer-centric core philosophy, proactively establishing connections with customers. Our focus extends beyond monitoring customer clicks and purchasing habits; we delve into understanding their consumption preferences to offer more personalized service experiences. For those customers ranking high in

consumption, Grand Ocean has implemented a series of thoughtful measures, including exclusive discounts and customized services, as a token of appreciation for their loyalty and support.

The shifts in offline customer flow underscore the importance of online traffic acquisition. Advanced system tools will be employed to unlock members' potential. By proactively tracking guests' consumption habits and preferences, we can target activities and promotional information effectively, thus facilitating the integration of online and offline channels. The Heart of Retail we pursue is about genuinely listening to consumers, cherishing every customer, and continually creating opportunities for encounters and serendipitous interactions with consumers.

To further enhance our member operation capabilities, Grand Ocean mandates the boundaryless retail sector to strengthen membership management and services, improve user outreach capabilities; augment the effectiveness of social media operations, and continue to expand local lifestyle channels for better member services. Our goal is to increase the share of boundaryless retail performance to 30% of Grand Ocean's total sales performance.

(2) Acceleration of the Pace of Mall Adjustments, Renovations, and Upgrades

During the past four years of the pandemic, the pace of mall renovation and adjustment business has significantly slowed. However, with the rapid changes in the operating environment and the continuous evolution of market demands and consumer behavior, malls must undergo transformations and upgrades to better adapt to this new normal. In this context, the Hefei store is set to implement an important renovation plan in 2024—the redesign of the B1F subway connection passageway. This initiative aims to facilitate a direct connection

between the mall and the subway station, allowing customers to enter the mall directly from the subway more conveniently. This will not only bring a richer flow of visitors to the Hefei store but also indicates that the mall will have higher visibility and accessibility, thereby activating potential consumer motivation. Similarly, the Fuzhou store II will introduce a brand-new cinema. For this purpose, a series of renovation works will be carried out on the relevant floors to optimize the spatial layout, making it more spacious and comfortable, while also enhancing the overall shopping experience. Such adjustments not only respond to market demands but also reflect our deep understanding of customer needs and attention to detail.

(3) Streamlining Operations to Enhance Efficiency

In the economic downturn cycle, it's imperative to optimize operational models, enhance efficiency, and reduce unnecessary expenditures to navigate the changing economic environment. to ensure our team operates more efficiently and flexibly, we have meticulously adjusted the staffing of profitable and loss-making stores. Streamlining and optimizing not merely entails reducing personnel but also entails the strategic allocation of existing human resources. We have focused on developing the capabilities of core team members, enhancing their professional skills and management levels, so they can maximize their effectiveness in their respective roles. Additionally, we are introducing more automation and technological innovations when necessary to improve work efficiency and reduce costs.

In terms of management processes, to ensure our team can operate efficiently, we will simplify process designs, eliminating unnecessary links and steps. This reform will help improve overall management efficiency and create a clearer and more efficient work environment for employees.

To achieve this goal, we shall clarify the responsibilities and requirements of each link and the time limits for completing tasks. For instance, in the tenant recruitment process, we set clear goals—general brands to complete the review process within 7 days, and major brands to complete all procedures within 14 days. We propel ourselves forward, ensuring a rapid response to market changes.

(4) Establishing Shanghai company to Advance the Construction of the E-Commerce Headquarters

In consideration of factors such as talent reserves, financing, fiscal subsidies, and the establishment of high-tech enterprises, Grand Ocean plans to establish a company in Shanghai in the future. Upon establishment, it will integrate the online businesses of the Group's stores and construct an e-commerce platform subsidiary to serve as Grand Ocean's e-commerce headquarters, overseeing online channel management and member operations, while also enjoying local policy support from Shanghai.

III. Conclusion

In 2023, the global economy was impacted by weak end-market demand and industrial inventory adjustments, resulting in sluggish growth momentum, poor global trade performance, and subpar financial performances across numerous countries, posing headwinds to business operations. The World Bank, in its "Global Economic Prospects" report published in January 2024, projected that the global economic growth rate would slow further to 2.4% from 2.6% in 2023, marking a decline for the third consecutive year. Despite a global inflation slowdown and the nearing end of the interest rate hike cycle by central banks, with the global economy showing signs of faltering, the international community still faces various geopolitical conflicts and multilateral tensions, presenting various challenges and risks to global economic development this year.

Facing global economic fluctuations and various uncertainties, the FIRST

STEAMSHIP team will respond prudently, implement control over operating costs, and actively develop high-return investment projects. The Group's operations will be conducted in the most favorable manner, continuing to expand its existing key development businesses, adjusting business directions based on changes in the external environment dynamically, and laying a solid foundation for long-term operations. We firmly believe that a robust development strategy of diversified business management will drive FIRST STEAMSHIP to continuously create advantages, expand profits, and grow upwards in a competitive environment. We look forward to your continued support and encouragement. We wish you all good health and happiness!

FIRST STEAMSHIP COMPANY LIMITED

Chairman:

Kuo, Jen-Hao

General Manager:

Kuo, Jen-Hao

Accounting Officer:

Pei, Tz-Yuan

Report Items

Report no.2

Audit Committee's Review Report on 2023 Annual Business and Financial Reports

Audit Committee's audit report

The Board of Directors prepared the Company's 2023 business report, consolidated financial statements, etc. The consolidated financial statements were audited by CPAs CHANG, SHU-YING and PAN, CHUN-MING from KPMG, who have issued an audit report. The Audit Committee has audited the above-mentioned business report, consolidated financial statement, and appropriation of profit or loss and other proposals, no discrepancies were found. In accordance with Article 14-4 of the Securities and Exchange Act of the Republic of China and Article 219 of the Company Act, the report is as above. Please review it.

To

The 2024 Regular Shareholder Meeting of FIRST STEAMSHIP COMPANY LIMITED

FIRST STEAMSHIP COMPANY LIMITED

Audit Committee convener : CHAO, TSENG-PING

March 28, 2024

Report Items

Report no.3

Distribution of Profit Sharing Remuneration for Directors and Employees for 2023

- I. The Company's 2023 financial statements were audited by KPMG CPAs, and the loss before tax (excluding the estimated amount of profit-sharing remuneration for employees and directors) was NT\$1,664,423,766.
- II. According to the company's articles of association, if the company is profitable, it should allocate no less than 1% for employee remuneration and no more than 3% for director remuneration. Since the fiscal year 2023 resulted in a pre-tax loss, no allocation will be made.

Report Items

Report no.4

Endorsements and Guarantees in 2023

- I. As of December 31, 2023, the Company's endorsement and guarantee to subsidiaries and sub-subsidiaries amounted to NT\$6,271,785 thousand; endorsement and guarantee from subsidiaries and sub-subsidiaries to the Company amounted to NT\$0 thousand; and endorsement and guarantee among subsidiaries and sub-subsidiaries amounted to NT\$11,807,797 thousand, totaling NT\$18,079,582 thousand, accounting for 207.09% of the Company's shareholder equity.
- II. The endorsement and guarantee are mainly for the Company and its subsidiaries and sub-subsidiaries to obtain financing from financial institutions due to working capital needs, serving as the guarantors for each other for the sustainable development of the businesses. Therefore, the necessity and reasonableness of the endorsement and guarantee made by following the "Operating Procedures for Endorsement and Guarantee" for business needs are indeed normal and reasonable.

Report Items

Report no.5

Investment Status and Operating Performance of Invested Enterprises in 2023

NT\$ thousand

Reinvested enterprises	Original investment amount	Holding, end of the period			Profits and losses for the period of the invested company
		Number of shares	Number of shares	Number of shares	
Royal Sunway Development Co.,	165,000	16,500,000	55.00	143,490	(1,234)
First Steamship S.A.	1,824,174	594	100.00	3,652,031	(985,219)
First Mariner Holding Ltd.	1,542,379	50,224,000	100.00	(163,451)	(239,501)
Grand Ocean Retail Group Ltd.	3,777,539	114,612,000	58.62	2,973,673	(2,083,997)
Jiawang Assets Development Co.,	9,800	980,000	49.00	15,333	22,750
Alliance Steamship S.A.	399,230	130,000	100.00	440,796	27,667
Best Steamship S.A.	522,070	170,000	100.00	511,117	(14,934)
Black Sea Steamship S.A.	337,810	110,000	100.00	334,501	(5,251)
Excellent Steamship International S.A.	276,390	90,000	100.00	305,157	25,298
Grand Steamship S.A.	522,070	170,000	100.00	582,836	47,659
Longevity Navigation S.A.	414,585	135,000	100.00	425,311	9,626
Praise Maritime S.A.	568,135	185,000	100.00	601,900	31,410
Reliance Steamship S.A.	399,230	130,000	100.00	435,579	31,597
Ship Bulker Steamship S.A.	414,585	135,000	100.00	430,079	6,584
Shining Steamship International S.A.	294,816	96,000	100.00	296,932	(611)
Sure Success Steamship S.A.	476,005	155,000	100.00	579,319	90,084
Nature Sources Ltd.	258,885	8,430,000	100.00	276,408	(149)
Ahead Capital Ltd.	476,005	1,550	100.00	(546,533)	(37,886)
Media Assets Global Ltd.	153,550	50,000	100.00	(344,833)	687
Heritage Riches Ltd.	30,710	500	100.00	55,109	1,561
First Mariner Capital Ltd.	1,036,831	33,762,000	100.00	(172,331)	(238,947)

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Reinvested enterprises	Original investment amount	Holding, end of the period			Profits and losses for the period of the invested company
		Number of shares	Number of shares	Number of shares	
Mariner Far East Ltd.	116,698	3,800,000	100.00	4,245	(110)
Mariner Capital Ltd.	860,187	28,010,000	100.00	(198,215)	(239,302)
Da Yu Financial Holdings Ltd.	238,434	331,660,000	29.11	466,177	(648,587)
Sandmartin International Holdings Ltd.	336,272	518,066,538	42.11	-	(629,273)
Mariner Finance Ltd.(Note 1)	821,409	-	100.00	(197,067)	(238,971)

Note 1: According to the letter of FSC No. 1110357855, which reported that the subsidiary, Mariner Finance Ltd. did not comply with the regulations on lending funds to others. As of March 31, 2024, Mariner Finance Ltd. has not recovered RMB2,000 thousand.

Proposed Resolutions

Report no.1

by the Board of Directors

Subject: 2023 business report and financial statements. Please ratify the Proposal.

Description:

- I. Please refer to pages 4 to 14 of this Handbook for the Company's 2023 business report.
- II. The Company's 2023 consolidated and parent company only financial statements have been audited by CPA CHANG, SHU-YING and PAN, CHUN-MING from KPMG. For details, please refer to pages 21 to 41 of this Handbook.

Resolution:

Independent Auditors' Report

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

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

As stated in Note 3(a) to the consolidated financial report, the Group applied the amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time on January 1, 2023, and applied it retrospectively to the consolidated financial statements for the year ended December 31, 2022 and the consolidated balance sheet as of January 1, 2022. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

1. Impairment of goodwill and trademark

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Impairment of assets

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

Description of key audit matter:

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

How the matter was addressed in our audit

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

Other Matter

We did not audit the financial statements of Mariner Finance Ltd., a subsidiary of the Group. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mariner Finance Ltd., is based solely on the audit report of another auditor. The total assets of Mariner Finance Ltd. constituted 1% and 2% of the total consolidated assets as of December 31, 2023 and 2022, respectively, and both its net operating revenues constituted 1% of net consolidated operating revenues for both years then ended.

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022, January 1, 2022****(Expressed in Thousands of New Taiwan Dollars)**

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Balance Sheets (CONT'D)****December 31, 2023 and 2022, January 1, 2022****(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(q), (u) and 7)	\$ 5,501,923	100	6,326,043	100
5000	Operating costs (Notes 6(q) and (w))	<u>1,893,928</u>	<u>34</u>	<u>2,007,316</u>	<u>32</u>
	Gross profit from operations	3,607,995	66	4,318,727	68
	Operating expenses:				
6000	Operating expenses (Notes 6(p), 7 and 9)	3,658,570	66	3,539,484	56
6450	Expected credit loss (Notes 6(c) and 7)	<u>200,234</u>	<u>4</u>	<u>177,611</u>	<u>3</u>
6300		<u>3,858,804</u>	<u>70</u>	<u>3,717,095</u>	<u>59</u>
	Net operating income	<u>(250,809)</u>	<u>(4)</u>	<u>601,632</u>	<u>9</u>
	Non-operating income and expenses :				
7100	Interest income (Notes 6(w) and 7)	67,243	1	40,466	1
7010	Other income (Note 6(w))	15,779	-	3,616	-
7020	Other gains and losses, net (Notes 6(f), (g), (i), (j), (k), (w), 7 and 9)	(823,342)	(15)	334,431	5
7050	Finance costs (Notes 6(p), (w) and 7)	(922,705)	(17)	(853,698)	(12)
7055	Expected credit loss (Notes 6(d), (l), (x) and 7)	(102,298)	(2)	(214,172)	(3)
7060	Share of loss of associates accounted for using equity method, net (Note 6(g))	<u>(288,744)</u>	<u>(5)</u>	<u>(49,801)</u>	<u>(1)</u>
		<u>(2,054,067)</u>	<u>(38)</u>	<u>(739,158)</u>	<u>(10)</u>
7900	Loss before income tax	(2,304,876)	(42)	(137,526)	(1)
7950	Less: Income tax expenses (Note 6(r))	<u>227,531</u>	<u>4</u>	<u>217,904</u>	<u>3</u>
	Loss	<u>(2,532,407)</u>	<u>(46)</u>	<u>(355,430)</u>	<u>(4)</u>
8300	Other comprehensive income (loss) after tax:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	(75)	-	1,376	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(75)</u>	<u>-</u>	<u>1,376</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss: (Notes 6(g) and (s))				
8361	Exchange differences on translation of foreign financial statements	(96,331)	(2)	623,065	10
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	5,453	-	73,259	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(90,878)</u>	<u>(2)</u>	<u>696,324</u>	<u>11</u>
8300	Other comprehensive income (loss) after tax	<u>(90,953)</u>	<u>(2)</u>	<u>697,700</u>	<u>11</u>
	Comprehensive income	<u>\$ (2,623,360)</u>	<u>(48)</u>	<u>342,270</u>	<u>7</u>
	Profit (loss) attributable to:				
8610	Owners of parent	\$ (1,669,494)	(30)	6,035	2
8620	Non-controlling interests	<u>(862,913)</u>	<u>(16)</u>	<u>(361,465)</u>	<u>(6)</u>
		<u>\$ (2,532,407)</u>	<u>(46)</u>	<u>(355,430)</u>	<u>(4)</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (1,719,708)	(32)	686,135	12
8720	Non-controlling interests	<u>(903,652)</u>	<u>(16)</u>	<u>(343,865)</u>	<u>(5)</u>
		<u>\$ (2,623,360)</u>	<u>(48)</u>	<u>342,270</u>	<u>7</u>
	Earnings per share (Note 6(t))				
9750	Basic earnings per share (NT dollars)	<u>\$ (2.02)</u>		<u>0.01</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ (2.02)</u>		<u>0.01</u>	

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent										
	Share capital	Retained earnings					Total other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155	3,440,895	13,259,050
Profit for the year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035	(361,465)	(355,430)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100	17,600	697,700
Comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135	(343,865)	342,270
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	7,548	-	(7,548)	-	-	-	-	-	-
Special reserve	-	-	-	67,938	(67,938)	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	15,249	-	-	-	-	-	-	15,249	(25,626)	(10,377)
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347	3,775	9,122
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	45,000	45,000
Balance at December 31, 2022	8,347,761	1,926,712	7,548	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886	3,120,179	13,645,065
Profit for the year ended December 31, 2023	-	-	-	-	(1,669,494)	(1,669,494)	-	-	(1,669,494)	(862,913)	(2,532,407)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(75)	(75)	(50,139)	-	(50,214)	(40,739)	(90,953)
Comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,669,569)	(1,669,569)	(50,139)	-	(1,719,708)	(903,652)	(2,623,360)
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	741	-	(741)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(329,945)	329,945	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method(Note 6(g))	-	-	-	-	(75,059)	(75,059)	-	-	(75,059)	-	(75,059)
Retirement of treasury share	(100,000)	5,509	-	-	-	-	-	94,491	-	-	-
Balance at December 31, 2023	\$ 8,247,761	1,932,221	8,289	303,885	(1,408,013)	(1,095,839)	(354,024)	-	8,730,119	2,216,527	10,946,646

See accompanying notes to consolidated financial statements.

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

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

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

FIRST STEAMSHIP COMPANY LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows (CONT'D)****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to consolidated financial statements.

Independent Auditors' Report

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

Opinion

We have audited the financial statements of First Steamship Company Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Equity-based subsidiaries

For the accounting policies of subsidiaries that adopt the equity method, please refer to Notes 4 (h) and (i) of the individual financial statements; for the uncertainty of accounting estimates and assumptions, please refer to Note 5; for investment disclosures using the equity method, please refer to Note 6 (c).

Description of key audit matter:

The assessment of the impairment of goodwill and trademark and impairment of assets of some subsidiaries of the company depends on the subjective judgment of management, which is a material uncertain accounting estimate and affects the operating results of subsidiaries. Therefore, we consider the assessment of the impairment of goodwill and trademark and impairment of assets of some subsidiaries of the company as the key audit matters to the financial statements in the audit process.

How the matter was addressed in our audit

The main audit procedures performed by the accountant on the impairment assessment of goodwill and trademark rights of subsidiaries that adopt the equity method include: Obtaining the asset impairment assessment module and related assumptions from the subsidiary's management, and assessing whether the management has fully identified individual cash generation that may be impaired. unit, and consider whether all assets subject to impairment testing have been fully included in the assessment process. Review the individual financial assumptions used by the management and relevant supporting documents for the recoverable amount, verify the reasonableness of the management's assumptions and the correctness of the calculations based on the relevant information available, and consider whether the historical financial performance of the subsidiary company is in line with its past forecasts. We verify the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examine the appropriateness of disclosure for the aforesaid assets.

The main audit procedures performed by the accountant on the asset impairment assessment of subsidiaries that adopt the equity method include: Obtaining the asset impairment assessment module and related assumptions from the subsidiary's management, assessing whether the management has completely identified individual cash-generating units that may be impaired, and considering whether all assets subject to impairment testing have been fully included in the assessment process. Review the individual financial assumptions used by the management and relevant supporting documents for the recoverable amount, verify the reasonableness of the management's assumptions and the correctness of the calculations based on the relevant information available, and consider whether the company's historical financial performance is consistent with its past forecasts, to verify the accuracy of forecasts made by management. For real estate, plant and equipment and right-of-use assets, obtain asset fair value assessment reports from external experts from management; the firm's internal experts review the rationality of the asset fair value assessment reports and related information and content, and review the rationality of their assessment methodology. Also review whether the subsidiary's disclosure of the aforementioned asset impairment is appropriate.

Other Matter

We did not audit the financial statements of certain investees which represented the investment in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts is based solely on the report of other auditors. The investments in other entities accounted for using the equity method constituting 2 % and 4% of the total assets at December 31, 2023 and 2022, respectively, and the related share of profit of associates accounted for using the equity method constituted 25 % and (30,801) % of the total profit before tax for the years ended December 31, 2023 and 2022, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

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

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 158,960	2	461,502	4
1110	Current financial assets at fair value through profit or loss (Notes 6(n) and 13)	95,320	1	74,366	1
1150	Notes receivable (Notes 6(k))	-	-	265	-
1180	Accounts receivable -related parties (Notes 6(k) and 7)	-	-	3,293	-
1320	Inventories (for construction business), net (Notes 6(b) and 8)	519,010	5	518,796	4
1206	Other receivables -others(Notes 6(n))	36,950	-	769	-
1212	Other receivables -related parties (Notes 7)	551,754	5	555,145	4
1479	Other current assets	4,362	-	1,899	-
		<u>1,366,356</u>	<u>13</u>	<u>1,616,035</u>	<u>13</u>
Non-current assets:					
1551	Investments accounted for using equity method, net (Note 6(c), 7 and 8)	9,712,505	85	11,080,868	85
1600	Property, plant and equipment (Notes 6(d) and 8)	164,039	1	167,766	1
1760	Investment property, net (Notes 6(e) and 8)	140,116	1	141,090	1
1755	Right-of-use asset	15,245	-	6,487	-
1840	Deferred tax asset (Notes 6(h))	19,294	-	19,294	-
1975	Net defined benefit asset, non-current	2,975	-	2,939	-
1980	Other non-current financial assets	4,175	-	1,845	-
1990	Other non-current assets	5,428	-	7,910	-
		<u>10,063,777</u>	<u>87</u>	<u>11,428,199</u>	<u>87</u>
Total assets		\$ <u>11,430,133</u>	<u>100</u>	<u>13,044,234</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Balance Sheets (CONT'D)
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (Notes 6(f))	\$ 771,200	7	426,200	3
2209	Other payables	24,683	-	25,093	-
2230	Current tax liabilities (Notes 6(h))	-	-	11,642	-
2280	Current lease liabilities	3,735	-	1,463	-
2322	Current portion of long-term borrowings (Note 6(f))	175,000	2	175,000	2
2399	Other current liabilities	1,769	-	1,409	-
		<u>976,387</u>	<u>9</u>	<u>640,807</u>	<u>5</u>
Non-Current liabilities:					
2540	Long-term borrowings (Note 6(g))	1,537,403	14	1,862,362	14
2570	Deferred tax liabilities (Note 6(h))	8,883	-	8,883	-
2580	Non-current lease liabilities	11,648	-	5,061	-
2645	Guarantee deposits (Note 7)	2,242	-	2,235	-
2650	Investment credit balance using equity method(Note 6(c))	163,451	1	-	-
		<u>1,723,627</u>	<u>15</u>	<u>1,878,541</u>	<u>14</u>
	Total liabilities	<u>2,700,014</u>	<u>24</u>	<u>2,519,348</u>	<u>19</u>
Retained earnings (Notes 6 (c) and (i)):					
3100	Capital stock	8,247,761	72	8,347,761	64
3200	Capital surplus	1,932,221	17	1,926,712	15
3300	Retained earnings	(1,095,839)	(10)	648,789	5
3400	Other equity interest	(354,024)	(3)	(303,885)	(2)
3500	Treasury shares	-	-	(94,491)	(1)
	Total equity	<u>8,730,119</u>	<u>76</u>	<u>10,524,886</u>	<u>81</u>
	Total liabilities and equity	<u><u>\$ 11,430,133</u></u>	<u><u>100</u></u>	<u><u>13,044,234</u></u>	<u><u>100</u></u>

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(k) and 7)	\$ 8,489	100	87,854	100
5000	Operating costs	974	11	20,084	23
	Gross profit from operations	7,515	89	67,770	77
6000	Operating expenses (Notes 6(l) and 7)	118,948	1,401	76,106	87
	Net operating loss	(111,433)	(1,312)	(8,336)	(10)
	Non-operating income and expenses (Notes 6(m) , (n), 7 and 13):				
7100	Interest income	31,513	371	16,134	18
7010	Other income	-	-	210	-
7020	Other gains and losses, net	(47,922)	(565)	170,797	194
7070	Share of loss of associates accounted for using equity method, net	(1,469,559)	(17,311)	(123,830)	(141)
7050	Finance costs	(67,023)	(790)	(53,686)	(61)
		(1,552,991)	(18,295)	9,625	10
	(Loss) Profit from continuing operations before tax	(1,664,424)	(19,607)	1,289	-
7950	Less: Income tax (benefit) expenses (Note 6(h))	5,070	60	(4,746)	(5)
	(Loss) Profit	(1,669,494)	(19,667)	6,035	5
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	(75)	(1)	1,376	2
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(75)	(1)	1,376	2
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss(Note 6(i))				
8380	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	(50,139)	(591)	678,724	773
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(50,139)	(591)	678,724	773
8300	Other comprehensive income (loss)	(50,214)	(592)	680,100	775
	Comprehensive income (loss)	\$ (1,719,708)	(20,259)	686,135	780
Earnings per share (Note 6(j))					
9750	Basic (loss) earnings per share (NT dollars)	\$	(2.02)	\$	0.01
9850	Diluted (loss) earnings per share(NT dollars)	\$	(2.02)	\$	0.01

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Share capital	Retained earnings					Total other equity		
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Treasury shares	Total equity
Balance at January 1, 2022	\$ 8,347,761	1,906,116	-	565,892	75,486	641,378	(982,609)	(94,491)	9,818,155
Profit for the year ended December 31, 2022	-	-	-	-	6,035	6,035	-	-	6,035
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,376	1,376	678,724	-	680,100
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	7,411	7,411	678,724	-	686,135
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	7,548	-	(7,548)	-	-	-	-
Special reserve appropriated	-	-	-	67,938	(67,938)	-	-	-	-
Changes in other Capital surplus :									
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	15,249	-	-	-	-	-	-	15,249
Changes in ownership interests in subsidiaries	-	5,347	-	-	-	-	-	-	5,347
Balance at December 31, 2022	8,347,761	1,926,712	7,548	633,830	7,411	648,789	(303,885)	(94,491)	10,524,886
Loss for the year ended December 31, 2023	-	-	-	-	(1,669,494)	(1,669,494)	-	-	(1,669,494)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(75)	(75)	(50,139)	-	(50,214)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	(1,669,569)	(1,669,569)	(50,139)	-	(1,719,708)
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	741	-	(741)	-	-	-	-
Reversal of special reserve	-	-	-	(329,945)	329,945	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(75,059)	(75,059)	-	-	(75,059)
Retirement of treasury share	(100,000)	5,509	-	-	-	-	-	94,491	-
Balance at December 31, 2023	\$ 8,247,761	1,932,221	8,289	303,885	(1,408,013)	(1,095,839)	(354,024)	-	8,730,119

See accompanying notes to consolidated financial statements

(English Translation of Financial Statements Originally Issued in Chinese)

FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022
	Amount	Amount
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	\$ (1,664,424)	1,289
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	7,553	5,665
Amortization expense	814	1,575
Net gain on financial assets or liabilities at fair value through profit or loss	(38,629)	(3,823)
Interest expense	67,023	53,686
Interest income	(31,513)	(16,134)
Dividend revenue	-	(210)
Share of loss of associates accounted for using equity method	1,469,559	123,830
Gain on disposals of investments	-	(125,133)
Impairment losses on non-financial assets	100,258	-
Total adjustments to reconcile profit	1,575,065	39,456
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit or loss	(15,009)	(1,379)
Notes receivable	265	(265)
Accounts receivable	3,293	2,840
Other receivables	5,517	(6,174)
Inventories	(214)	(359)
Other current assets	(2,463)	2,983
Net defined benefit assets	(111)	(669)
Changes in operating liabilities:		
Other payables	(740)	(11,144)
Other current liabilities	360	(135)
Total adjustments	1,565,963	25,154
Cash (outflow) inflow from operations	(98,461)	26,443
Interest received	30,890	17,167
Dividends received	-	210
Interest paid	(66,693)	(53,317)
Income tax paid	(16,712)	(2,906)
Net cash flows (used in) from operating activities	(150,976)	(12,403)

(English Translation of Financial Statements Originally Issued in Chinese)
FIRST STEAMSHIP COMPANY LIMITED
Parent Company Only Statements of Cash Flows(CONT'D)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2023	2022
	Amount	Amount
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	\$ (166,221)	(396,065)
Disposal of subsidiaries	3,020	-
Refund of capital reduction on investments accounted for using equity method	-	614,315
Acquisition of property, plant and equipment	-	(1,733)
Proceeds from disposal of non-current assets classified as held for sale	-	206,000
Increase in other receivables	(5,000)	(114,734)
Increase in other financial assets	(2,330)	(1,348)
Decrease in other non-current assets	1,668	1,963
Net cash flows from investing activities	(168,863)	308,398
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	345,000	100,000
Decrease in short-term notes and bills payable	-	(99,846)
Proceeds from long-term borrowings	580,041	450,000
Repayments of long-term borrowings	(905,000)	(575,054)
Payment of lease liabilities	(2,751)	(961)
Increase (Decrease) in guarantee deposits received	7	(37)
Net cash flows (used in) from financing activities	17,297	(125,898)
Net increase (decrease) in cash and cash equivalents	(302,542)	170,097
Cash and cash equivalents at beginning of period	461,502	291,405
Cash and cash equivalents at end of period	\$ 158,960	461,502

See accompanying notes to consolidated financial statements

Proposed Resolutions

Report no.2

by the Board of Directors

Subject: The profit distribution and loss supplement proposal of 2023 is hereby presented for adoption.

Description:

I. In accordance with the provisions of the Company's articles of association, taking into account the capital needs of future operating plans, changes in the industrial environment, taking into account shareholders' rights and long-term financial planning, the Company was planned to prepare the statements of Profit distribution and loss supplement of 2023. Please refer to page 43 of this manual for details.

II. Unappropriated retained earnings at January 1, 2023 was NT\$336,613,297.

Deduction items:

(1) Current loss of 2023 was NT\$1,669,494,071;

(2) Remeasurements of defined benefit plans was NT\$75,039;

(3) Changes in equity of associated and joint ventures accounted for using equity method was NT\$75,058,806;

The accumulated deficit in 2023 was NT\$1,408,014,619.

III. The accumulated deficit in 2023 is compensated with the legal reserve of NT\$8,289,693, special reserve of NT\$303,885,445, and capital surplus of NT\$1,095,839,481, resulting in unappropriated retained earnings at December 31, 2023 being NT\$0.

IV. Due to the net loss after tax in 2023, no dividends will be distributed.

Resolution:

FIRST STEAMSHIP COMPANY LIMITED
Statement of Profit Distribution and Loss Supplement
For the years ended December 31, 2023

Unit: NT\$

Item	Amount
Unappropriated retained earnings - beginning of period	336,613,297
Less: Current Loss after Tax	(1,669,494,071)
Remeasurements of defined benefit plans	(75,039)
Changes in equity of associated and joint ventures accounted for using equity method	(75,058,806)
The accumulated deficit in 2023	(1,408,014,619)
Compensation items:	
Addition: Legal Reserve	8,289,693
Special Reserve	303,885,445
Capital Surplus	1,095,839,481
Unappropriated retained earnings - end of period	0

Chairman:
Kuo , Jen-Hao

General Manager:
Kuo, Jen-Hao

Accounting Officer:
Pei, Tz-Yuan

Discussion Items

Report no.1

by the Board of Directors

Summary: Proposal for the modification to partial Articles of the Rules of Procedure for Shareholders Meetings of the Company. Please ratify the Proposal.

Description:

- I. Herein, in accordance with the announcement No. 1120004167 by the Taiwan Stock Exchange and relevant legal regulations, as well as the operational needs of our company, it is proposed to amend certain articles of our Company's Rules of Procedure for Shareholders Meetings. Please refer to page 45 to 48 of this Handbook for a comparison of the amended provisions.

Resolution:

FIRST STEAMSHIP COMPANY LIMITED

Comparison Table Before and After the Amendment of Rules of Procedure for Shareholders Meetings

Amended provisions	Current provisions	Amendment description
<p>Article 3</p> <p>Unless otherwise provided by laws and regulations, the Company's shareholder meeting shall be convened by the Board of Directors.</p> <p><u>Where the Company intends to convene a virtual-only Shareholders' Meeting, the rules thereof shall be, except as otherwise provided for in the Regulations Governing the Administration of Shareholder Services of Public Companies, specified in the Company's Articles of Association and shall be resolved by the Board of Directors. In addition, a Shareholders' Meeting may be convened in the form of virtual-only meeting after resolved by more than two-third of all votes in a Board of</u></p>	<p>Article 3</p> <p>Unless otherwise provided by laws and regulations, the Company's shareholder meeting shall be convened by the Board of Directors.</p>	<p>Revised to align with the law.</p>

<p><u>Directors meeting attended by a majority of all directors.</u></p> <p>The following is omitted.</p>	<p>The following is omitted.</p>	
<p>Article 6-1</p> <p>Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:</p> <p>Subparagraphs I and II omitted</p> <p>3. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified. Apart from circumstances stated in paragraph 6, Article 44-9 of the <u>Regulations Governing the Administration of Shareholder Services of Public Companies</u>, <u>the Company shall at least provide connection equipment</u></p>	<p>Article 6-1</p> <p>Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:</p> <p>Subparagraphs I and II omitted.</p> <p>3. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.</p>	<p>Revised to align with the law.</p>

<u>and necessary assistance to shareholders and set out the application period with the Company and other matters of notice.</u>		
<p>Article 22</p> <p>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</p> <p><u>Apart from circumstances stated in paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall at least provide connection equipment and necessary assistance to shareholders and set out the application period with the Company and other matters of notice.</u></p>	<p>Article 22</p> <p>When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.</p>	<p>Revised to align with the law.</p>

<p>Article 23</p> <p>The rules will be implemented after approval by a shareholder meeting, and the same applies to amendments.</p> <p>The entire context of the rules was amended and published on June 18, 2020.</p> <p>The Rules were first amended on June 24, 2022.</p> <p><u>The Rules were secondly amended on June 18, 2024.</u></p>	<p>Article 23</p> <p>The rules will be implemented after approval by a shareholder meeting, and the same applies to amendments.</p> <p>The entire context of the rules was amended and published on June 18, 2020.</p> <p>The Rules were first amended on June 24, 2022.</p>	<p>The date of this amendment is added.</p>
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Other Proposals:

By the Board of Directors

Subject: Removal of non-compete restrictions on elected directors. Please ratify the Proposal.

Description:

- I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall in the Board as explain to the Shareholders Meeting the essential contents of such an act and secure approval.
- II. When directors of our Company serve in the management of, invest in, or operate other companies with business scopes identical or similar to that of our company, it is necessary to seek permission from the shareholders' meeting to lift the restriction on competition prohibition for our Company's directors and their representatives, in accordance with the law.
- III. The explanation for the removal of the directors' concurrent positions is as follows:

Title	Company Name
Director: Xundong Investment Co., Ltd. Representative Yau, Dennis Wai Tak	Grand Ocean Group (Cayman) Co., Ltd. Chief Financial Officer
Director: Yonghenghui Investment Co., Ltd. Representative Kuo, Jen-Hao	Wiselink Co., Ltd. Director

Resolution:

Extraordinary Motions

Adjournment

Appendix I

Article of Incorporation of the FIRST STEAMSHIP COMPANY LIMITED

Chapter 1 General Principles

Article 1: The Company is organized in accord dance with the provisions of the Company Act and is named “FIRST STEAMSHIP COMPANY, LIMITED.”

Article 2: The Company’s business scope is as follows:

- (i). F111090 Wholesale of Building Materials
- (ii). F113010 Wholesale of Machinery
- (iii). F113030 Wholesale of Precision Instruments
- (iv). F114010 Wholesale of Motor Vehicles
- (v). F114060 Wholesale of Ship and Component Parts (vi).
- (vi). F211010 Retail Sale of Building Materials
- (vii). F213040 Retail Sale of Precision Instruments
- (viii). F213080 Retail Sale of Other Machinery and Equipment
- (ix). F214010 Retail Sale of Motor Vehicles
- (x). F401010 International Trade
- (xi). G801010 Warehousing
- (xii). H201010 Investment
- (xiii). H701010 Housing and Building Development and Rental (xiv).
- (xiv). H701020 Industrial Factory Development and Rental (xv).
- (xv). H701040 Specific Area Development (xvi).
- (xvi). H701050 Investment, Development and Construction in Public Construction
- (xvii). H701060 New County and Community Construction and Investment
- (xviii). H703090 Real Estate Business
- (xix). H703100 Real Estate Leasing
- (xx). I101120 Shipbuilding Consulting
- (xxi). I102010 Investment Consulting

- (xxii). I103060 Management Consulting
- (xxiii). I401010 General Advertising Services
- (xxiv). JB01010 Conference and Exhibition Services
- (xxv). JE01010 Rental and Leasing
- (xxvi). ZZ99999 All business items that are not prohibited or restricted by laws and regulations, except those subject to special approval.

Article 2-1: The Company may make external guarantees in accordance with the “Operating Procedures for Endorsement and Guarantee.”

Article 2-2: The company’s total reinvestment is not subject to the restriction that it may not exceed 40% of the Company’s paid-in capital as stipulated in Article 13 of the Company Act.

Article 3: When necessary, branches may be established domestically and abroad by the resolution of the Board of Directors.

Article 4: The Company’s announcement method shall be handled in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 5: The total capital of the Company is set at NT\$12 billion, divided into 1,200 million shares at NT\$10 per share, and the Board of Directors is authorized to issue the shares in installments.

Article 5-1: In accordance with relevant laws and regulations, the Company may issue new shares to employees for the subscription of employee stock purchase plan and employee restricted stock or transfer bought-back treasury stocks to employees. The issuance or transfer may be made to employees of the holding and subordinate companies that meet certain criteria.

Article 6: All of the Company’s shares shall be registered ones, and shall bear the signature or seal of the director representing the Company, and may be

issued after being duly certified or authenticated by a bank which is competent to certify shares under the laws.

Registered share certificates issued by the Company are not required to be printed. The Company, however, should contact the securities depository and custodian institution for registration of the share certificates, and shall act by the regulations of the institution when it comes to matters in relation to the shares issued by the Company.

Article 7: (Deleted)

Article 8: (Deleted)

Article 9: The Company shall comply with the Company Act, the criteria issued by the Securities and Futures Bureau, and other relevant laws and regulations in the handling of its stock affairs.

Article 10: The transfer of shares shall cease within 60 days before a regular shareholder meeting or within 30 days before a special shareholder meeting or within 5 days before the base date on which the Company decides to distribute dividends and bonuses or other benefits.

Chapter 3 Shareholder Meeting

Article 11: There are two types of shareholders' meeting, regular and special:

Type A: A regular shareholders' meeting is convened once a year within six months after the end of each fiscal year.

Type B: An Extraordinary shareholders' meetings convened according to the law when necessary.

Shareholders should be notified in writing or electronically of the date and place of the meeting and the reason for the meeting at least 30 days before a regular shareholder meeting and 15 days before a special shareholder meeting, except for shareholders holding less than 1,000 registered shares, which may be notified by public announcement.

Article 12: The convening of regular and special shareholder meetings shall be in accordance with the provisions of the Company Act.

Article 12-1: The Company's shareholders' meeting may be held by video conferencing or other methods promulgated by the central competent authority.

Article 13: The Company's shareholders shall have one voting right per share, except for those who have no voting rights or restricted voting rights in accordance with the Company Law.

Article 14: Shareholders may provide a proxy form issued by the Company stating the scope of authorization and appoint a proxy to attend a shareholder meeting. Except for a trust enterprise or a stock affairs agency approved by the competent securities authority when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights of that proxy must not exceed 3% of the voting rights of the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation in excess of that shall not be counted.

Article 15: Unless otherwise required by the Company Act, resolutions in a shareholder meeting should be made with the presence of shareholders representing a majority of the total number of outstanding shares and with the consent of a majority of the shareholders' voting rights present.

Article 16: (Deleted)

Article 17: Resolutions of a shareholder meeting should be recorded in meeting minutes in accordance with Article 183 of the Company Act.

Chapter 4 Directors, Audit Committee and managerial officers

Article 18: The Company shall have five to nine directors, who the shareholder meeting shall elect in accordance with the law.

Regarding the number of directors in the preceding paragraph, the number of independent directors must not be less than three and must not be less than one-fifth of the number of directors.

The Company adopts the candidate nomination system for the election of directors under Article 192-1 of the Company Act, and the shareholders shall elect the directors from a list of candidates. The acceptance of the nomination of director candidates and announcements of related matters shall be handled in accordance with the Company Act, Securities and Exchange Act and other relevant laws and regulations.

For the election of directors, each share shall have the same number of voting rights as the number of directors to be elected, which may be cast collectively for a single candidate or split among several candidates, and those receiving the greater number of voting rights shall be elected as directors. Independent directors and non-independent directors should be elected at the same time, but their respective elected numbers shall be calculated separately.

Article 19: The Company shall establish an Audit Committee in accordance with the Securities and Exchange Act, which shall consist of all independent directors.

The Audit Committee and its members shall exercise their authority and related matters in accordance with the relevant laws and regulations of the competent securities authority.

Article 20: The Board of Directors are composed of directors, and the chairperson of the board shall be elected to represent the Company externally from among the directors; and there may be a vice-chairperson of the board; When the vacancy of directors reaches one-third, a by-election should be convened at a special shareholder meeting, and the term of office of the succeeding director shall be limited to the original term of office.

Article 21: The term of office of the directors shall be three years and they shall be eligible for re-election. When the term of office of a director expires

before re-election, his or her authorities and duties shall be extended until the re-elected director takes office. However, the competent authority may, in accordance with its authority, order the Company to re-elect within a time limit. If the re-election does not take place by the end of the time limit, the director shall be dismissed from office by the end of the time limit.

Article 22: The boarding meetings shall be convened with seven days' notice to all directors but may be convened at any time in case of emergency.

Notice for the convening of the board meetings can be made in writing, email or fax.

When a director entrusts another director to attend the board meeting as a proxy, he or she shall provide a proxy form every time and specify the scope of authorization. A proxy can only be entrusted by one person.

Directors residing abroad may entrust other domestic shareholders in writing to attend the board meetings as proxies.

The proxies mentioned in the preceding paragraph should apply to the competent authority for registration, and the same applies to amendments.

Article 23: The board's chairperson shall chair both the board meeting and the shareholder meeting internally and represent the Company externally. If the chairperson is absent from work or is unable to exercise his or her authority for any reason, related affairs shall be handled in accordance with the provisions of Article 208 of the Company Act.

Article 24: Unless otherwise required by the Company Act, the board meetings shall be convened only with the presence of more than half of the directors, and its resolutions shall only be valid with the approvals of more than half of the directors.

Article 25: The remuneration for the chairperson and directors is authorized to the Board of Directors in accordance with the extent of their participation

in the Company's operations and the value of their contributions, and regarding the usual standard in the industry. However, independent directors must not participate in the distribution of the remuneration under Article 31.

The Company may purchase liability insurance for the directors during their term of office for the directors' scope of business. The Company may purchase liability insurance for all directors and representatives appointed as directors or supervisors in a re-invested enterprise during their term of office for the actual needs of the business they perform.

Article 26: The authorities and duties of the Board of Directors are as follows.

- (i). Follow the resolution of the shareholder meeting to determine the business policy.
- (ii). Formulate detailed rules for each department.
- (iii). The selection or dismissal of the general managers.
- (iv). Review budget, final accounting reports, various schedules and business reports.
- (v). Convening of a shareholder meeting.
- (vi). Review sales report.
- (vii). Other authorities and duties in accordance with the Company Act.

Article 27: The resolutions of the Board of Directors shall be recorded in the minutes, signed or sealed by the chairperson, and kept for record together with the attendance book.

Article 28: The Company shall have managerial officers whose appointment, dismissal and remuneration shall be in accordance with Article 29 of the Company Act.

Article 29: Deleted

Chapter 5 Accountants

Article 30: The Company's fiscal year runs from January 1st to December 31st. After the end of each fiscal year, the Board of Directors should prepare

the following schedules and submit them to the regular shareholder meeting for ratification in accordance with the statutory procedures.

- (i). Business report
- (ii). Financial statements
- (iii). Earnings distribution or losses make-up proposal

Article 31: If the Company makes profits during the year (profits before tax minus the distribution of remuneration for employees and directors), no less than 1% should be appropriated for employee remuneration and no more than 3% for director remuneration. However, if the Company still has accumulated losses, it should reserve the make-up amount in advance.

The aforementioned employee remuneration may be in the form of stock or cash. It may be paid to employees of the holding and subordinate companies who meet the Board of Directors' criteria. Remuneration for directors can only be in the form of cash.

The previous two provisions shall be resolved by the Board of Directors and reported to the shareholder meeting.

Article 31-1: If the result of the final accounting close concludes the Company makes profits for the period, it should first make up for the accumulated losses, then allocate 10% as legal reserve according to law except when the legal reserve has reached the amount of the Company's paid-in capital. Then, in accordance with laws and regulations, the appropriated earnings are set aside or reversed. The Board of Directors shall prepare a proposal for distributing the remaining earnings, together with the cumulative unappropriated earnings at the beginning of the period, and submit it to the shareholder meeting for resolution.

The Company's dividend policy should be based on actual operating conditions of the year, future investment, development, capital needs, and the financial structure and interests of

shareholders. The distributable earnings can be paid in stock or cash except for discretionary retention. However, the cash dividend must not be less than 10% of the total dividend. When the cash dividend per share is less than NT\$0.5, the dividend will not be distributed unless otherwise resolved by the shareholder meeting.

The Company's Board of Directors may, with a resolution approved by a majority of the directors present, with the presence of at least two-thirds of the directors, declare all or part of the dividends to be distributed in cash and report the resolution to the shareholder meeting.

Article 32: :(Deleted)

Chapter 6 Supplementary Provisions

Article 33: Other internal regulations of the Company shall be stipulated separately.

Article 34: Any matters not covered in this Article of Incorporation shall be governed by the Company Act and relevant laws and regulations.

Article 35: This Article of Incorporation was established on 1963.9.3, the 1st amendment was made on 1964.9.5, the 2nd amendment on 1965.11.4, the 3rd amendment on 1966.10.24, the 4th amendment on 1967.4.12, the 5th amendment on 1968.11.26, the 6th amendment on 1970.4.28, the 7th amendment on 1971.5.6, the 8th amendment on 1972.5.19, the 9th amendment on 1973.5.7, the 10th amendment on 1974.5.10, the 11th amendment on 1975.5.12, the 12th amendment on 1975.10.15, the 13th amendment on 1976.5.10, the 14th amendment on 1977.4.25, the 15th amendment on 1978.5.10, the 16th amendment on 1979.4.25, the 17th amendment on 1980.5.7, the 18th amendment on 1981.5.7, the

19th amendment on 1982.4.30, the 20th amendment on 1984.9.29, the 21st amendment on 1987.6.19, the 22nd amendment on 1988.5.5, the 23rd amendment on 1989.5.16, the 24th amendment on 1990.6.29, the 25th amendment on 1993.11.6, the 26th amendment on 1994.5.21, the 27th amendment on 1996.5.9, the 28th amendment on 1997.5.3, the 29th amendment on 1999.1.12, the 30th amendment on 1999.6.16, the 31st amendment on 2000.5.5, the 32nd amendment on 2002.1.29, the 33rd amendment on 2002.1.29, the 34th amendment on 2002.5.29, the 35th amendment on 2003.10.24, the 36th amendment on 2004.6.25, the 37th amendment on 2005.6.14, the 38th amendment on 2007.6.15, the 39th amendment on 2010.6.25, the 40th amendment on 2012.6.21, the 41st amendment on 2013.6.21, the 42nd amendment on 2016.6.23, the 43rd amendment on 2017.6.21, the 44th amendment on 2019.6.28, the 45th amendment on 2020.9.30, the 46th amendment on 2022.6.24; the 47th amendment on 2023.6.16

Appendix II

FIRST STEAMSHIP COMPANY LIMITED

Original Article (Before Amendments)

Rules of Procedure for Shareholder Meeting

Article 1

In order to establish a good governance system for the shareholder meeting of the Company, improve supervision functions and strengthen management functions, these rules are set forth in accordance with Article 5 of the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” for compliance.

Article 2

The rules of procedure for the Company’s shareholder meeting should comply with the provisions of these rules unless otherwise provided by laws or regulations.

Article 3

Unless otherwise provided by laws and regulations, the Company’s shareholder meeting shall be convened by the Board of Directors.

Any changes to the convening method of a shareholders’ meeting shall be resolved by the board of directors and may not be later than sending the meeting notice of the shareholders’ meeting.

This Company should prepare electronic versions of the shareholders’ meeting notice, proxy forms and the causes and explanations of proposals for ratification or discussion, or the election or dismissal of directors and independent directors and upload them to the Market Observation Post System 30 days before a regular shareholder meeting or 15 days before a special shareholders’ meeting. The Company shall prepare electronic versions of the shareholders’ meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders’ meeting or 15 days before the date of the special shareholders’ meeting. However, if a listed company has a paid-in capital of NT\$10 billion or more as of the end of the most recent fiscal year, or if the shareholdings of foreign and Mainland shareholders as recorded in the shareholders’ roster for the regular shareholders’ meeting in the most recent fiscal year has reached 30% or more, the electronic transmission of the aforementioned electronic file shall be completed 30 days before the convening of the regular shareholders’ meeting. The meeting handbook and supplementary materials of the meeting should be made available to shareholders 15 days before the shareholders’ meeting and are exhibited on the premises of the Company and the professional stock affairs agency appointed by the Company.

The Company shall make the meeting handbook and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders’ meeting:

- I. For physical shareholders' meetings, to be distributed on-site at the meeting.
- II. For hybrid shareholders' meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
- III. For virtual-only shareholders' meetings, electronic files shall be shared on the virtual meeting platform.

The notice and announcement should specify the causes for convening the meeting; with the corresponding party's consent, the meeting notice may be given in electronic form.

The election or dismissal of directors and independent directors, changes in the Article of Incorporation, reduction of capital, application for suspension of a public offering, permission for directors to compete for business, transfer of earnings to capital, transfer of reserves to capital, dissolution, merger, demerger or the matters set forth in Article 185, Paragraph 1 of the Company Act, Article 26-1 and 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers should be listed and explained in the cause for convening and must not be proposed as extraordinary motions; the main contents thereof should be stated and shall not be proposed by extraordinary motions;

Where a re-election of all directors and independent directors and the date of their assumption of offices is stated in the causes for convening the shareholders' meeting, after the completion of the re-election in the meeting, such date of their assumption of office may not be altered by any extraordinary motion or other means in the same meeting.

Shareholders holding more than 1% of the total number of issued shares may submit a proposal to the Company for a regular shareholder meeting. However, the number of items in the proposal is limited to one. A proposal containing more than one item will not be included in the meeting agenda. In addition, when any of the circumstances of Paragraph 4 of Article 172-1 of the Company Act applies to a proposal put forward by a shareholder, the Board of Directors may exclude it from the meeting agenda.

Shareholders may submit proposals for the purpose of urging the Company to promote the public interest or fulfill its social responsibility. Procedurally, it shall be limited to one proposal in accordance with the relevant provisions of Article 172-1 of the Company Act and submissions with more than one proposal shall not be included in the motion.

Prior to the date for the suspension of a stock transfer before a regular shareholder meeting is held, the Company should publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals must not be less than 10 days.

A shareholder proposal is limited to 300 words. If it exceeds 300 words, the proposal shall not be included in the meeting agenda; the proposing shareholder should attend the shareholder meeting in person or entrust others to attend and participate in the proposal's discussion.

Prior to the date for issuance of the shareholder meeting notice, the Company should inform the proposing shareholder of the proposal screening results. It shall list the proposals that conform to the provisions of this regulation in the meeting notice. For shareholder proposals that are not included in the meeting agenda, the Board of Directors should explain why they are not included in the shareholder meeting.

Article 4

A shareholder may appoint a proxy to attend a shareholder meeting at each shareholder meeting by presenting a proxy form issued by the Company, stating the scope of authorization.

A shareholder shall issue only one proxy form and appoint only one proxy and deliver the proxy form to the Company 5 days before the shareholder meeting. In the event of duplicate proxies, the one received earliest shall prevail. However, this does not apply to the situation where a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in the manner of a video conference, a written notice of proxy cancellation should be submitted to the Company 2 days before the meeting. If the cancellation notice is submitted after that time, the exercise of voting right by the proxy in the meeting shall prevail.

Article 5(Principles Governing the Location and Time of Shareholder Meetings)

The location for a shareholder meeting should be the Company's premises, or a place easily accessible to shareholders and suitable for a shareholder meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. The location and time of the meeting should be thoroughly considered with the opinions of independent directors.

When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph do not apply.

Article 6(Preparation of signature book and other documents)

The Company shall specify in its shareholders' meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle

the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders' meeting in person.

Shareholders shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company should furnish a signature book for attending shareholders, or the attending shareholders may hand in a sign-in card instead.

The Company should give attending shareholders with the meeting handbook, annual report, attendance card, speaker slips, voting ballots and other meeting materials. Where there is an election of directors and independent directors, election ballots should also be furnished.

When a shareholder is a government or a juristic person, the number of representatives to attend the shareholder meeting is not limited to one. When a juristic person is appointed to attend a shareholders' meeting as proxy, it may designate only one person to represent it in the meeting.

Shareholders who would like to attend the teleconferencing shareholder meeting should register with the Company at least two days before the shareholder meeting.

Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting at least 30 minutes prior to the meeting and retain the disclosure of such until the meeting ends.

Article 6-1: (Where the video shareholders' meetings are convened, matters to be specified on the meeting notice)

Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:

- I. The method for shareholders to attend the video conference and exercise their rights.
- II. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents and the following shall at least be included:
 - (I) The date for the postponement or re-convening when the aforesaid continuous failure cannot be eliminated and thus a postponement or re-convening is required.
 - (II) The shareholders who have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.
 - (III) statutory quorum for the shareholders' meeting commencement after deducting the shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shares

attending the meeting via video conferencing shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.

(IV) The handling method where the results of all proposals are announced but the extempore motions are not addressed.

III. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.

Article 7(Chair and Attendees of Shareholder Meeting)

If a shareholder meeting is convened by the Board of Directors, the chairperson of the board shall chair the meeting. When the chairperson is on leave or for any reason unable to exercise the powers of office, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of office, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and understands the company's financial and business conditions. The same shall be true for the representative of a juristic-person director that serves as chair. The same applies if the chair is a representative of a juristic-person director.

For the shareholders' meeting convened by the Board of Directors, the chairperson of the board should preside in person and a majority of the directors, at least one independent director and at least one representative of the various functional committees should attend. The attendance should be recorded in the shareholders' meeting minutes.

If a shareholder meeting is convened by someone with the convening right but other than the Board of Directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting.

The Company may appoint lawyers, CPA, or related personnel to attend the shareholder meeting.

Article 8(Audio or video recordings of shareholder meetings as evidence)

The Company, beginning from the time it accepts shareholder attendance registrations, should make an uninterrupted audio and video recording of the registration procedure, the shareholder meeting proceedings, and the voting and vote-counting processes.

The recorded materials of the preceding paragraph should be kept for at least one year. However, if a shareholder raises a litigious claim against the Company

according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

For the shareholder meetings held by teleconferencing, the Company shall retain records of the shareholders' registration, login, check-in, questioning, voting and vote counting results, etc., and make continuous and uninterrupted audio and video recording of the entire meeting.

The records and audio- and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period and the audio- and video recordings are provided to the organizer of the video conference for custody.

Where the shareholders' meeting is convened in the manner of a video conference, the Company is advised to record the operating interface of the backend at the video conference platform, both video and audio.

Article 9

Attendance in a shareholder meeting should be calculated based on the number of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders intending to attend the meeting online shall re-register with the Company in accordance with Article 6.

Before the meeting's conclusion, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholder meeting in accordance with Article 174 of the Company Act.

Article 10 Proposal Discussion

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals of that meeting). The meeting should proceed in the order set by the agenda, which may not be changed without a resolution of the shareholder meeting.

If a shareholder meeting is convened by someone with the convening right other than the Board of Directors, the preceding paragraph's provisions shall apply *mutatis mutandis*.

The chair must not declare the meeting adjourned before the conclusion of the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholder meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors should promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to voting, the chair may announce the discussion closed, call for voting, and schedule sufficient time for voting.

Article 11 Shareholder's Speech

Before speaking, an attending shareholder must specify the speech's subject on a speaker slip, his or her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

An attending shareholder who has submitted a speaker slip but does not actually speak shall be deemed to have not spoken. When the speech's content does not correspond to the subject given on the speaker slip, the spoken content shall prevail.

Except with the chair's consent, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the topic, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders must not speak or interrupt unless they have sought and obtained the chair's consent and the speaking shareholder; the chair should stop any violation.

When a juristic-person shareholder appoints two or more representatives to attend a shareholder meeting, only one person may speak on the same proposal.

After an attending shareholder speaks, the chairman shall personally answer or designate a person to answer.

Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of the video conference may inquire with text at the video

conference platform of the meeting since it is the chair who announces the meeting commencement until its adjournment. No more than two inquiries should be raised for each proposal and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.

Where the inquiries in the preceding paragraph do not violate the requirements or within the scope of the agenda, it is advisable to disclose the inquiries at the video conference platform of the meeting for public knowledge.

Article 12 (Calculation of Voting Shares, Recusal System)

Voting in a shareholder meeting should be calculated based on the number of shares. With respect to resolutions of a shareholder meeting, the number of shares held by a shareholder with no voting right shall not be calculated as part of the total number of issued shares.

When a shareholder has a personal interest in relation to an agenda item that would compromise the Company's interests, that shareholder must not vote on that item and must not exercise voting rights as a proxy for another shareholder.

The number of shares for which voting rights are not allowed to be exercised in the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

Except for a trust enterprise or a stock affairs agency approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights of that proxy must not exceed 3% of the voting rights of the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13

A shareholder shall have one voting right per share, except when the shares are restricted shares or have no voting rights under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholder meeting, it shall allow the exercise of voting rights by electronic means or by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise should be specified in the shareholder meeting notice. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. However, such a shareholder shall be deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. It is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph should deliver a written declaration of intent to the Company 2 days before the shareholder meeting. In the event of duplicate declarations of intent, the one received earliest shall prevail. However, if a declaration is made to cancel the said intent, such a declaration shall prevail.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Unless otherwise required by the Company Act and by the Company's Article of Incorporation, the approval of a proposal shall require an affirmative vote of a majority of the attending shareholders' voting rights. At the time of voting, the chair or the person designated by the chair should first announce the total number of voting rights of the attending shareholders for each proposal. The shareholders shall vote on each proposal. On the same day after the meeting, the results of shareholders' approvals, disapprovals and abstentions, shall be entered into the Market Observation Post System.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to the vote. When anyone is approved, the other proposals will then be deemed rejected, and no further voting shall be required.

Monitoring and counting personnel for voting on a proposal shall be appointed by the chair, but all monitoring personnel should be shareholders.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends; the shareholder failing to do so will be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

These who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents and attending the meeting in the manner of a video conference, other than the extempore motions, must not exercise the votes to the original proposal, propose any amendments to the original proposal or exercise the votes to the amendment to the original proposal.

Article 14

In the event of an election of directors and independent directors in a shareholders' meeting, the election results, including the list of elected directors and independent directors and the number of their votes, should be announced on the spot in accordance with the relevant election regulations established by the Company.

The ballots for the election mentioned in the preceding paragraph should be sealed and signed by the monitoring personnel and then properly kept for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of The Company Act, the abovementioned documents must be retained until the end of the litigation.

Article 15

A shareholder meeting's resolutions should be recorded in the meeting minutes, which shall be signed or sealed by the chair and distributed to each shareholder within 20 days after the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by a public announcement through the Market Observation Post System

The meeting minutes should accurately record the year, month, day and place of the meeting, the chair's name, the methods of ratification, and a summary of the discussions and voting results (including statistics of voting rights) and disclose the number of votes received by each candidate in the event of an election of directors and independent directors. The meeting minutes should be kept for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents, or other force majeure events, and how issues are dealt with shall also be included in the minutes.

Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties in attending the manner of the video conference.

Article 16 (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders' meeting.

In the event of a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting. During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform.

If a resolution in a shareholder meeting constitutes material information required by relevant laws or regulations or by Taiwan Stock Exchange (Taipei Exchange), the Company should transmit the content of such resolution to the Market Observation Post System within the prescribed time period.

Article 17 (Maintenance of the order of the meeting)

The personnel administering the shareholder meeting should wear identification cards or armbands.

The chair may direct proctors or security personnel to help maintain order in the meeting place. Proctors or security officers, when helping maintain order at the scene, should wear armbands or identification cards with the word "Proctor."

If the meeting place is equipped with sound-amplifying equipment, the chair may stop any shareholders from speaking unless they are using the equipment set up by the Company.

When a shareholder violates the rules of procedure, disobeys the chair's correction, or obstructs the proceedings and refuses to follow the call to stop, the chair may direct proctors or security personnel to escort the shareholder out of the meeting.

Article 18 (Meeting Break, Resumption)

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting place cannot be further used and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholder meeting may ratify a resolution to resume the meeting at another place.

The shareholder meeting may, in accordance with the provisions of Article 182 of the Company Act, be resolved to be postponed or resumed within five days.

Article 19 (Disclosure of information at virtual meetings)

Where the shareholders' meetings are convened in the manner of a video conference, the Company shall disclose the voting results of each proposal and election results at the video conference platform for the shareholders' meeting and retain the disclosure at least 15 minutes after the chair declares adjournment.

Article 20 (Locations of the virtual conference chair and the recording personnel)

When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan.

Article 21 (Handling of disconnection)

Where the shareholders' meeting is convened in the manner of a video conference, the Company may provide the shareholders with a simple connection test and the related services before and during the meeting in real-time, to help to handle technical problems of communications.

Where the shareholders' meeting is convened in the manner of video conference, the chair, when declaring the meeting commencement, shall also declare the events not requiring postponement or re-convening specified in Paragraph 4 of Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies; before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to natural disasters, incidents or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days and Article 182 of the Company Act shall not apply.

Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders who have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.

If the meeting is to be postponed or re-convened as specified in Paragraph 2, the shareholders who registered to attend the original meeting via the video conferencing and have completed the acceptance, but did not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting rights and election rights, shall be counted into the total shares, voting rights and election rights of the attending shareholders in the postponed or re-convened meeting.

The postponement or re-convening of the shareholders' meetings conducted per Paragraph 2 need not again discuss and resolve the proposal that have completed voting and vote calculation, with the announcement of voting results or the list of elected directors.

Where the Company convenes the video-assisted shareholders' meetings and when the video meeting is discontinued as specified in Paragraph 2 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convening of the meeting per Paragraph 2 is not required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting

online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to paragraph 2, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph.

Article 22 (Handling of digital divide)

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 23

The rules will be implemented after approval by a shareholder meeting, and the same applies to amendments.

The entire context of the rules was amended and published on June 18, 2020.

The Rules were first amended on June 24, 2022.

Appendix III

Shareholdings of all directors of FIRST STEAMSHIP COMPANY LIMITED.

The date for the suspension of share transfer: April 20, 2024

Title	Name	Shareholding	Shareholding (%)
Chairperson	Yonghenghui Investment Co., Ltd. Representative: Kuo, Jen-Hao	23,791,000 shares	2.88%
Director	Henghua Investment Co., Ltd. Representative: Chuang, Chien-Wan	57,065,945 shares	6.92%
Director	Xundong Investment Co., Ltd. Representative: Yau ,Dennis Wai Tak	15,154,441 shares	1.84%
Independent director	Chao ,Tseng-Ping	-	-
Independent director	Yang ,Jung-Tsung	-	-
Independent director	Lui, Ping-Sum	-	-
Independent director	Che, Jaime	-	-
Total		96,011,386 shares	11. 64%

Remark:

- I. The total number of issued shares on April 20, 2024 was 824,776,067.
- II. The minimum total number of shares legally required to be held by all Company directors is 26,392,834. As of April 20, 2024, all directors held 96,011,386 shares, which complies with the relevant regulations.
- III. The Company has an Audit Committee. There is no compliance issue about the number of shares legally required to be held by supervisors.

Appendix IV

Proposals for the shareholder meeting

- I. In accordance with Article 172-1 of the Company Act, Shareholders holding more than 1% of the total number of issued shares may submit a written proposal to the Company for discussion in a regular shareholder meeting.
- II. The period for submission of shareholder proposals for the Company is from April 12, 2024 to April 22, 2024, and it is announced on the Market Observation Post System in accordance with law.
- III. The Company did not receive any shareholder proposals during the period for submission of shareholder proposals.