Stock Code: 5907

GRAND OCEAN RETAIL GROUP LTD.
AND RELATIONAL SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Nine Months Ended September 30, 2024 and 2023

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

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Independent Auditors’ Review Report

To the Board of Directors of Grand Ocean Retail Group Ltd.:

Introduction

We have audited the consolidated financial statements of the Grand Ocean Retail Group Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, the consolidated statements of comprehensive income for the nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

Some of the non-major subsidiaries included in the consolidated financial statements above are based on the financial statements of the investee companies that have not been reviewed by accountants during the same period. As of September 30, 2024 and 2023, the total assets were NT$334,065 thousand and NT$398,248 thousand, respectively, constituting 1.37% and 1.48% of the total consolidated assets, the total liabilities were NT$338,039 thousand and NT$364,415 thousand, respectively, constituting 1.73% and 1.81% of the total consolidated liabilities, the comprehensive profit and loss was NT$(2,326) thousand, NT$(8,113) thousand, NT$(7,123) thousand, and NT$(12,567) thousand, constituting 1.39%, (12.85%), 7.17%, and 2.30% of the consolidated comprehensive profit and loss for the three months and nine months ended September 30, 2024 and

2023, respectively.

In addition, as mentioned in the preceding paragraph, the total carrying amounts of the investments accounted for using equity method of the Group were NT$933 thousand as of September 30, 2023. The share of profit of associates accounted for using the equity method was NT$(12,195) thousand and NT$(14,071) thousand for the three months and nine months ended September 30, 2023, respectively, the amounts were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-major subsidiaries and the equity-method investees as described in the Basis for Qualified Conclusion paragraph above been reviewed, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG
Taipei, Taiwan (Republic of China)
November 13, 2024

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6(1))	$ 563,824	2	1,020,335	4	1,444,939	5
1110	Financial assets measured at fair value through profit or loss – current (Note 6(2))	12,273	-	11,689	-	11,597	-
1170	Accounts receivable of net amount (Note 6(3))	161,526	-	191,538	1	242,390	1
1200	Other receivables (Note 6(3), (4) and 7)	38,380	-	39,067	-	77,330	-
1300	Inventories – merchandising business	173,495	1	161,085	1	182,357	1
1410	Pre-payments (Note 7)	274,090	1	253,194	1	423,845	2
1476	Other financial assets – current (Note 6(8), 8 and 9)	444,748	2	469,670	2	142,020	1
		1,668,336	6	2,146,578	9	2,524,478	10
	Non-current assets:						
1550	Investments using the equity method (Note 6(4))	-	-	-	-	933	-
1600	Property, plants and equipment (Note 6(5) and 8)	5,303,453	22	5,333,310	22	6,208,390	23
1755	Right-of-use asset (Note 6(6), 7 and 8)	11,884,640	48	11,480,102	47	12,298,719	45
1780	Intangible assets (Note 6(7))	1,654,020	7	1,590,718	7	1,968,006	7
1840	Deferred tax assets (Note 6(14))	2,893,059	12	2,762,540	11	2,938,379	11
1980	Other financial assets – non-current (Note 6(8), 7 and 8)	867,539	4	726,101	3	751,727	3
1990	Other non-current assets (Note 6(4), (15) and 7)	198,745	1	197,053	1	206,378	1
		22,801,456	94	22,089,824	91	24,372,532	90
	Total assets	**$ 24,469,792**	**100**	**24,236,402**	**100**	**26,897,010**	**100**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loans (Note 6(9))	$ 2,592,650	11	2,311,414	10	2,768,979	10
2171	Accounts payable (Note 6(11))	680,089	3	1,265,324	5	933,660	3
2219	Other payables (Note 6(5), (11), 7 and 9)	1,532,176	6	1,322,492	5	1,316,467	5
2230	Current tax liabilities	31,566	-	41,489	-	38,172	-
2280	Current lease liabilities(Note 6(l2), 7 and 9)	916,492	4	831,093	3	695,143	3
2322	Current portion of long-term borrowings (Note 6(10))	199,656	1	412,610	2	554,175	2
2399	Other current liabilities	10,469	-	10,049	-	10,420	-
		5,963,098	25	6,194,471	25	6,317,016	23
	Non-current Liabilities:						
2541	Long-term loans of bank (Note 6(10))	676,286	3	763,434	3	888,865	3
2570	Deferred tax liabilities (Note 6(14))	2,309,336	9	2,217,897	10	2,362,375	9
2580	Non-current lease liabilities(Note 6(l2) and 7)	9,954,637	41	9,416,852	40	10,027,894	38
2645	Deposit received	592,943	2	570,947	2	592,467	2
		13,533,202	55	12,969,130	55	13,871,601	52
	Total liabilities:	19,496,300	80	19,163,601	80	20,188,617	75
	Equity of owner of parent company (Note 6(15)):						
3100	Share capital	1,955,310	8	1,955,310	8	1,955,310	7
3200	Capital surplus	4,168,363	16	5,075,485	21	5,075,485	19
3310	Legal reserve	-	-	580,244	2	580,244	2
3320	Special reserve	-	-	596,630	2	596,630	2
3350	Unappropriated retained earnings	(326,165)	(1)	(2,083,996)	(9)	(637,427)	(2)
3400	Other equity	(824,016)	(3)	(1,050,872)	(4)	(861,849)	(3)
	Total equity	4,973,492	20	5,072,801	20	6,708,393	25
	Total liabilities and equity	**$ 24,469,792**	**100**	**24,236,402**	**100**	**26,897,010**	**100**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of Chinese Yuan Renminbi)

		September 30, 2024		December 31, 2023		September 30, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents	$ 124,832	2	235,322	4	321,586	5
1110	Financial assets measured at fair value through profit or loss – current	2,717	-	2,696	-	2,581	-
1170	Accounts receivable of net amount	35,762	-	44,174	1	53,946	1
1200	Other receivables	8,497	-	9,010	-	17,211	-
1300	Inventories – merchandising business	38,412	1	37,151	1	40,586	1
1410	Pre-payments	60,684	1	58,394	1	94,331	2
1476	Other financial assets – current	98,468	2	108,321	2	31,608	1
		369,372	6	495,068	9	561,849	10
	Non-current assets:						
1550	Investments using the equity method	-	-	-	-	208	-
1600	Property, plants and equipment	1,174,200	22	1,230,030	22	1,381,742	23
1755	Right-of-use asset	2,631,293	48	2,647,676	47	2,737,208	45
1780	Intangible assets	366,205	7	366,870	7	438,000	7
1840	Deferred tax assets	640,531	12	637,129	11	653,967	11
1980	Other financial assets – non-current	192,076	4	167,462	3	167,305	3
1990	Other non-current assets	44,003	1	45,446	1	45,931	1
		5,048,308	94	5,094,613	91	5,424,361	90
	Total assets	**$ 5,417,680**	**100**	**5,589,681**	**100**	**5,986,210**	**100**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

September 30, 2024, December 31, 2023, and September 30, 2023

(Expressed in Thousands of Chinese Yuan Renminbi)

		September 30, 2024		December 31, 2023		September 30, 2023	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loans	$ 574,020	11	533,085	10	616,265	10
2171	Accounts payable	150,574	3	291,824	5	207,796	3
2219	Other payables	339,228	6	305,009	5	292,993	5
2230	Current tax liabilities	6,989	-	9,569	-	8,496	-
2280	Current lease liabilities	202,914	4	191,676	3	154,711	3
2322	Current portion of long-term borrowings	44,204	1	95,161	2	123,337	2
2399	Other current liabilities	2,317	-	2,318	-	2,319	-
		1,320,246	25	1,428,642	25	1,405,917	23
	Non-current liabilities:						
2541	Long-term loans of bank	149,732	3	176,072	3	197,826	3
2570	Deferred tax liabilities	511,294	9	511,517	10	525,771	9
2580	Non-current lease liabilities	2,203,985	41	2,171,825	40	2,231,813	38
2645	Deposit received	131,279	2	131,678	2	131,860	2
		2,996,290	55	2,991,092	55	3,087,270	52
	Total liabilities:	4,316,536	80	4,419,734	80	4,493,187	75
	Equity of owner of parent company:						
3100	Share capital	492,105	9	492,105	9	492,105	9
3200	Capital surplus	728,494	13	1,020,044	18	1,020,044	17
3310	Legal reserve	-	-	121,053	2	121,053	2
3320	Special reserve	-	-	129,560	2	129,560	2
3350	Unappropriated retained earnings	(73,591)	(1)	(542,163)	(10)	(215,487)	(4)
3400	Other equity	(45,864)	(1)	(50,652)	(1)	(54,252)	(1)
	Total equity	1,101,144	20	1,169,947	20	1,493,023	25
	Total liabilities and equity	**$ 5,417,680**	**100**	**5,589,681**	**100**	**5,986,210**	**100**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the three months and nine months ended September 30, 2024 and 2023

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

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenues (Note 6(17) and 7)**	$ 707,967	100	843,341	100	2,398,821	100	2,811,795	100
5000	**Operating costs**	90,016	13	121,994	14	357,230	15	484,505	17
	Gross profit	617,951	87	721,347	86	2,041,591	85	2,327,290	83
6000	**Operating expenses (Note 6(5), (6), (7), (12), (13), 7 and 9)**	742,277	106	786,373	93	2,135,062	89	2,329,481	83
6450	**Expected credit loss (Note 6(3))**	1,551	-	291	-	3,248	-	8,168	-
		743,828	106	786,664	93	2,138,310	89	2,337,649	83
	Operating loss	(125,877)	(19)	(65,317)	(7)	(96,719)	(4)	(10,359)	-
	Non-operating income and expenses:								
7100	Total interest income (Note 6(19))	8,906	1	7,139	1	26,230	1	18,537	1
7010	Other revenues (Note 6(19))	2,110	-	1,683	-	2,874	-	14,725	1
7020	Other gains and losses (Note 6(19) and 9)	127,304	18	28,340	3	265,713	11	148,708	5
7050	Financial costs (Note 6(l2), (19) and 7)	(165,729)	(23)	(162,122)	(19)	(506,527)	(21)	(506,305)	(18)
7055	Expected credit loss (Note 6(20))	-	-	(52)	-	-	-	(99,824)	(4)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(4))	-	-	(12,195)	(1)	-	-	(14,071)	(1)
		(27,409)	(4)	(137,207)	(16)	(211,710)	(9)	(438,230)	(16)
7900	**Earnings before tax**	(153,286)	(23)	(202,524)	(23)	(308,429)	(13)	(448,589)	(16)
7950	**Deduction: income tax expenses (Note 6(14))**	1,800	-	23,307	3	17,736	1	188,838	7
	Current net loss	(155,086)	(23)	(225,831)	(26)	(326,165)	(14)	(637,427)	(23)
8300	**Other comprehensive income:**								
8360	**Items that may be re-classified subsequently to profit or loss** (Note 6(4) and (15))								
8361	Exchange difference on translation of foreign operations	(12,733)	(2)	288,624	34	226,856	9	90,804	3
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	351	-	-	-	(232)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Sum of items that may be re-classified subsequently to profit or loss	(12,733)	(2)	288,975	34	226,856	9	90,572	3
8300	**Other comprehensive income (loss)**	(12,733)	(2)	288,975	34	226,856	9	90,572	3
	Comprehensive income	$ (167,819)	(25)	63,144	8	(99,309)	(5)	(546,855)	(20)
	Net loss, attributable to:								
8610	Owners of parent	$ (155,086)	(23)	(225,831)	(26)	(326,165)	(14)	(637,427)	(23)
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	$ (167,819)	(25)	63,144	8	(99,309)	(5)	(546,855)	(20)
	Earnings (loss) per share (Note 6(16))								
9750	Basic earnings (loss) per share (NT dollars)	$	(0.79)		(1.15)		(1.67)		(3.26)

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the three months and six months ended September 30, 2024 and 2023

(Expressed in Thousands of Chinese Yuan Renminbi, Except for Earnings Per Share)

		For the three months ended September 30				For the nine months ended September 30			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenues**	$ 156,704	100	190,953	100	541,236	100	637,436	100
5000	**Operating costs**	19,831	13	27,614	14	80,600	15	109,838	17
	Gross profit	136,873	87	163,339	86	460,636	85	527,598	83
6000	**Operating expenses**	164,979	106	178,088	93	481,725	89	528,094	83
6450	**Expected credit loss**	347	-	65	-	733	-	1,852	-
		165,326	106	178,153	93	482,458	89	529,946	83
	Operating loss	(28,453)	(19)	(14,814)	(7)	(21,822)	(4)	(2,348)	-
	Non-operating income and expenses:								
7100	Total interest income	1,978	1	1,617	1	5,918	1	4,202	1
7010	Other revenues	474	-	380	-	648	-	3,338	1
7020	Other gains and losses	28,477	18	6,411	3	59,953	11	33,713	5
7050	Financial costs	(36,782)	(23)	(36,713)	(19)	(114,286)	(21)	(114,780)	(18)
7055	Expected credit loss	-	-	-	-	-	-	(22,630)	(4)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-	-	(2,764)	(1)	-	-	(3,190)	(1)
		(5,853)	(4)	(31,069)	(16)	(47,767)	(9)	(99,347)	(16)
7900	**Earnings before tax**	(34,306)	(23)	(45,883)	(23)	(69,589)	(13)	(101,695)	(16)
7950	**Deduction: income tax expenses**	378	-	5,264	3	4,002	1	42,810	7
	Current net loss	(34,684)	(23)	(51,147)	(26)	(73,591)	(14)	(144,505)	(23)
8300	**Other comprehensive income:**								
8360	**Items that may be re-classified subsequently to profit or loss**								
8361	Exchange difference on translation of foreign operations	6,674	4	1,576	1	4,788	1	(8,517)	(1)
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	-	-	120	-	-	-	120	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Sum of items that may be re-classified subsequently to profit or loss	6,674	4	1,696	1	4,788	1	(8,397)	(1)
8300	**Other comprehensive income (loss)**	6,674	4	1,696	1	4,788	1	(8,397)	(1)
	Comprehensive income	**$ (28,010)**	**(19)**	**(49,451)**	**(25)**	**(68,803)**	**(13)**	**(152,902)**	**(24)**
	Net loss, attributable to:								
8610	Owners of parent	**$ (34,684)**	**(23)**	**(51,147)**	**(26)**	**(73,591)**	**(14)**	**(144,505)**	**(23)**
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	**$ (28,010)**	**(19)**	**(49,451)**	**(25)**	**(68,803)**	**(13)**	**(152,902)**	**(24)**
	Earnings (loss) per share								
9750	Basic earnings (loss) per share (RMB)	**$ (0.18)**		**(0.26)**		**(0.38)**		**(0.74)**	

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Owner's equity								
			Retained earnings				Other equity		
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Sum	Exchange differences on translation of foreign operations	Attributed to parent company total equity	Total equity
Balance at January 1, 2023	$ 1,955,310	5,075,485	580,244	992,593	(395,963)	1,176,874	(952,421)	7,255,248	7,255,248
Current net loss	-	-	-	-	(637,427)	(637,427)	-	(637,427)	(637,427)
Current other comprehensive income	-	-	-	-	-	-	90,572	90,572	90,572
Current total comprehensive income	-	-	-	-	(637,427)	(637,427)	90,572	(546,855)	(546,855)
Appropriation and distribution of retained earnings:									
Reversal of special reserve	-	-	-	(40,171)	40,171	-	-	-	-
Special reserve used to cover accumulated deficits	-	-	-	(355,792)	355,792	-	-	-	-
Balance at September 30, 2023	**$ 1,955,310**	**5,075,485**	**580,244**	**596,630**	**(637,427)**	**539,447**	**(861,849)**	**6,708,393**	**6,708,393**
Balance at January 1, 2024	$ 1,955,310	5,075,485	580,244	596,630	(2,083,996)	(907,122)	(1,050,872)	5,072,801	5,072,801
Current net loss	-	-	-	-	(326,165)	(326,165)	-	(326,165)	(326,165)
Current other comprehensive income	-	-	-	-	-	-	226,856	226,856	226,856
Current total comprehensive income	-	-	-	-	(326,165)	(326,165)	226,856	(99,309)	(99,309)
Appropriation and distribution of retained earnings:									
Legal reserve used to cover accumulated deficits	-	-	(580,244)	-	580,244	-	-	-	-
Special reserve used to cover accumulated deficits									
Changes in other capital surplus	-	-	-	(596,630)	596,630	-	-	-	-
Capital surplus used to cover accumulated deficits	-	(907,122)	-	-	907,122	907,122	-	-	-
Balance at September 30, 2024	**$ 1,955,310**	**4,168,363**	**-**	**-**	**(326,165)**	**(326,165)**	**(824,016)**	**4,973,492**	**4,973,492**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of Chinese Yuan Renminbi)

	Owner's equity								
			Retained earnings				Other equity		
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Sum	Exchange differences on translation of foreign operations	Attributed to parent company total equity	Total equity
Balance at January 1, 2023	$ 492,105	1,020,044	121,053	221,735	(163,157)	179,631	(45,855)	1,645,925	1,645,925
Current net loss	-	-	-	-	(144,505)	(144,505)	-	(144,505)	(144,505)
Current other comprehensive income	-	-	-	-	-	-	(8,397)	(8,397)	(8,397)
Current total comprehensive income	-	-	-	-	(144,505)	(144,505)	(8,397)	(152,902)	(152,902)
Appropriation and distribution of retained earnings:									
Reversal of special reserve	-	-	-	(9,351)	9,351	-	-	-	-
Special reserve used to cover accumulated deficits	-	-	-	(82,824)	82,824	-	-	-	-
Balance at September 30, 2023	**$ 492,105**	**1,020,044**	**121,053**	**129,560**	**(215,487)**	**35,126**	**(54,252)**	**1,493,023**	**1,493,023**
Balance at January 1, 2024	$ 492,105	1,020,044	121,053	129,560	(542,163)	(291,550)	(50,652)	1,169,947	1,169,947
Current net loss	-	-	-	-	(73,591)	(73,591)	-	(73,591)	(73,591)
Current other comprehensive income	-	-	-	-	-	-	4,788	4,788	4,788
Current total comprehensive income	-	-	-	-	(73,591)	(73,591)	4,788	(68,803)	(68,803)
Appropriation and distribution of retained earnings:									
Legal reserve used to cover accumulated deficits	-	-	(121,053)	-	121,053	-	-	-	-
Special reserve used to cover accumulated deficits									
Changes in other capital surplus	-	-	-	(129,560)	129,560	-	-	-	-
Capital surplus used to cover accumulated deficits	-	(291,550)	-	-	291,550	291,550	-	-	-
Balance at September 30, 2024	**$ 492,105**	**728,494**	**-**	**-**	**(73,591)**	**(73,591)**	**(45,864)**	**1,101,144**	**1,101,144**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	**2023**
Cash flows from operating activities		
(Loss) profit before tax	$ (308,429)	(448,589)
Adjusting events:		
Income and expenses		
Depreciation expense	1,151,388	1,157,109
Amortization expense	1,693	2,524
Expected credit loss	3,248	107,992
Net gain on financial assets or liabilities at fair value through profit or loss	(2,009)	(7,342)
Interest expense	506,527	506,305
Interest income	(26,230)	(18,537)
Share of profit (loss) of associates accounted for using equity method	-	14,071
Loss on disposal of property, plant and equipment	492	528
Gain on disposal of Investments	-	(5,099)
Impairment loss on non-financial assets	-	59,060
Lease modification benefits	-	(493,874)
Compensation gain on store closures and lawsuit	(205,769)	-
Total adjustments to reconcile profit (loss)	1,429,340	1,322,737
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	1,779	64,790
Accounts receivable	34,036	8,605
Other receivables	14,763	1,460
Inventories	(5,589)	39,431
Prepayments	(10,145)	4,252
Sum of net variance of assets concern operating activities	34,844	118,538
Changes in operating liabilities:		
Accounts payable	(626,036)	(45,151)
Other payables	(24,552)	236,948
Other current liabilities	-	(28)
Sum of net variance of liabilities concern operating activities	(650,588)	191,769
Sum of net variance of assets and liabilities concern operating activities	(615,744)	310,307
Total adjustments	813,596	1,633,044
Cash inflow generated from operations	505,167	1,184,455
Interest received	7,395	6,993
Interest paid	(491,675)	(503,155)
Income taxes paid	(45,062)	(62,330)
Cash inflow (outflow) from operating activities	(24,175)	625,963

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	**2023**
Cash flows from (used in) investing activities:		
Acquisition of investments using the equity method	-	(12,658)
Proceeds from disposal of investments using the equity method	6,382	30,157
Acquisition of property, plant and equipment	(82,612)	(243,453)
Proceeds from disposal of property, plant and equipment	63	361
Decrease (Increase) in refundable deposits	1,306	(74,209)
Acquisition of intangible assets	(139)	(1,300)
Increase in other financial assets	(66,621)	(531,636)
Decrease in other non-current assets	16,198	4,967
Net cash flows used in investing activities	(125,423)	(827,771)
Cash flows from (used in) financing activities:		
Increase in short-term loans	183,654	880,474
Lease from long-term loans	-	355,845
Payments for long-term loans	(341,911)	(596,478)
Increase (Decrease) in deposit received	(1,770)	2,373
Increase in other payables	288,240	108,301
Payment of lease liabilities	(467,490)	(772,526)
Net cash flows used in financing activities	(339,277)	(22,011)
Effect of exchange rate changes on cash and cash equivalents	32,364	29,274
Net decrease in cash and cash equivalents	(456,511)	(194,545)
Cash and cash equivalents at beginning of period	1,020,335	1,639,484
Cash and cash equivalents at end of period	**$ 563,824**	**1,444,939**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of Chinese Yuan Renminbi)

	For the nine months ended September 30	
	2024	**2023**
Cash flows from operating activities		
(Loss) profit before tax	$ (69,589)	(101,695)
Adjusting events:		
Income and expenses		
Depreciation expense	259,783	262,317
Amortization expense	382	572
Expected credit loss	733	24,482
Net gain on financial assets or liabilities at fair value through profit or loss	(453)	(1,664)
Interest expense	114,286	114,780
Interest income	(5,918)	(4,202)
Share of profit (loss) of associates accounted for using equity method	-	3,190
Loss on disposal of property, plant and equipment	111	120
Gain on disposal of Investments	-	(1,156)
Impairment loss on non-financial assets	-	13,389
Lease modification benefits	-	(111,962)
Compensation gain on store closures and lawsuit	(46,427)	-
Total adjustments to reconcile profit (loss)	322,497	299,866
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	401	14,688
Accounts receivable	7,679	1,951
Other receivables	3,331	331
Inventories	(1,261)	8,939
Prepayments	(2,289)	964
Sum of net variance of assets concern operating activities	7,861	26,873
Changes in operating liabilities:		
Accounts payable	(141,250)	(10,236)
Other payables	(5,540)	53,716
Other current liabilities	-	(6)
Sum of net variance of liabilities concern operating activities	(146,790)	43,474
Sum of net variance of assets and liabilities concern operating activities	(138,929)	70,347
Total adjustments	183,568	370,213
Cash inflow generated from operations	113,979	268,518
Interest received	1,669	1,585
Interest paid	(110,935)	(114,066)
Income taxes paid	(10,167)	(14,130)
Cash inflow (outflow) from operating activities	(5,454)	141,907

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Thousands of Chinese Yuan Renminbi)

	For the nine months ended September 30	
	2024	**2023**
Cash flows from (used in) investing activities:		
Acquisition of investments using the equity method	-	(2,870)
Proceeds from disposal of investments using the equity method	1,440	7,000
Acquisition of property, plant and equipment	(18,639)	(55,191)
Proceeds from disposal of property, plant and equipment	14	82
Decrease (Increase) in refundable deposits	295	(16,823)
Acquisition of intangible assets	(31)	(295)
Increase in other financial assets	(15,031)	(120,522)
Decrease in other non-current assets	3,655	1,126
Net cash flows used in investing activities	(28,297)	(187,493)
Cash flows from (used in) financing activities:		
Increase in short-term loans	41,437	199,604
Lease from long-term loans	-	80,670
Payments for long-term loans	(77,144)	(135,222)
Increase (Decrease) in deposit received	(399)	538
Increase in other payables	65,034	24,552
Payment of lease liabilities	(105,478)	(175,132)
Net cash flows used in financing activities	(76,550)	(4,990)
Effect of exchange rate changes on cash and cash equivalents	(189)	229
Net decrease in cash and cash equivalents	(110,490)	(50,347)
Cash and cash equivalents at beginning of period	235,322	371,933
Cash and cash equivalents at end of period	$ 124,832	321,586

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024 and 2023

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

1. **Company History**

   GRAND OCEAN RETAIL GROUP LTD. (the "Company") was founded in the Cayman Islands on Aug 23, 2006, and the organizational structure re-engineering of the company was executed in Oct 2007. Afterwards there were 160,000 thousand newly-issued shares from the company in exchange for 100% equity of REGAL OCEAN INTERNATIONAL LTD., making the company also acquire 100% equity of the Grand Ocean Department Store indirectly. After re-engineering, the company has become the parent company of the Grand Ocean Department Store Group. Shares of the company had been listed in Taiwan Stock Exchange since June 6, 2012. The consolidated financial statements of the company include equity of the associates by the company and its subsidiaries (the "Group"), as well as the consolidated company. Main business contents of the consolidated company are business management consulting and retail sales.

2. **Approval date and procedures of the consolidated financial statements:**

   These consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 13, 2024.

3. **New standards, amendments and interpretations adopted:**

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

   The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024.

   - Amendment to International Accounting Standard No. 1 "Classification of Liabilities as Current or Non-current".
   - Amendment to International Accounting Standard No. 1 "Non-current Liabilities with Covenants".
   - Amendment to International Accounting Standard No.7 and International Financial Reporting Standard No. 7 "Supplier Finance Arrangements".
   - Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback".

   (2) The impact of IFRS issued by the FSC but not yet effective

   The consolidated company evaluates that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on the consolidated financial statements.

- Amendment to International Accounting Standard No. 21 "Lack of Exchangeability".

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial	January 1, 2027

	statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”.
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17.
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”.
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”.
- Annual Improvements to IFRS Accounting Standards.

4. **Summary of significant accounting policies:**

(1) Statement of compliance

This consolidated financial report has been prepared in accordance with the Securities Issuance Company Financial Reporting Standards (referred to as the "Reporting Standards") and International Accounting Standard No. 34 "Interim Financial Reporting" as approved and issued by the Financial Supervisory Commission (FSC). This consolidated financial report does not include the complete necessary information required to be disclosed in the annual consolidated financial report prepared in accordance with the International Financial Reporting Standards, Accounting Standards, Interpretations, and Interpretive Bulletins (referred to as "FSC-approved IFRS Accounting Standards") approved and issued by the FSC.

Apart from the following, the significant accounting policies adopted in this consolidated financial report are consistent with the 2023 annual consolidated financial report. For related information, please refer to Note 4 of the 2023 annual consolidated financial report.

(2) Basis of consolidation

A. Subsidiary Listed in Consolidated Financial Statements

All the shareholding ratios of other subsidiaries listed in the consolidated financial statements are 100%, which are listed as follows:

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%) September 30, 2024	December 31, 2023	September 30, 2023	Note
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD.	Grand Ocean Classic Commercial Group Co., Ltd	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan Business Administration Limited (Note)	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%) September 30, 2024	December 31, 2023	September 30, 2023	Note
Fuzhou Grand Ocean Commerce Limited	Fuzhou Jiaruixing Business Administration Limited (Note)	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	35.30%	35.30%	35.30%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in October 31 2022, and in process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50%	50%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in August 31 2023, and in process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	64.70%	64.70%	64.70%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in October 31, 2022, and in process of liquidation.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50%	50%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business on August 31, 2023, and in process of liquidation.

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%) September 30, 2024	December 31, 2023	September 30, 2023	Note
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100%	100%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Note: This company is a non-major subsidiary, and its financial statements have not been reviewed by accountants for the nine months ending on September 30, 2024.

B. Subsidiaries excluded from the consolidated financial statements: None.

(3) Income taxes

The consolidated company measures and discloses income tax expense for the interim period in accordance with Paragraph B12 of International Accounting Standard No. 34 "Interim Financial Reporting."

Income tax expense is measured by multiplying the pre-tax income for the interim reporting period by the management's best estimate of the effective tax rate for the full year. The current income tax expense and deferred income tax expense are then allocated based on the ratio of the estimated current and deferred income tax expenses for the full year.

Income tax expense that is directly recognized in equity items or in comprehensive income is measured based on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, using the applicable tax rate expected to be realized or settled upon realization or settlement.

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

In the preparation of this consolidated financial report, management has exercised judgment, made estimates, and adopted assumptions in accordance with the applicable accounting standards and International Accounting Standard No. 34 "Interim Financial Reporting" recognized by the Financial Supervisory Commission. These judgments, estimates, and assumptions may have an impact on the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated financial report, management's significant judgments and key sources of estimation uncertainty in adopting the accounting policies of the consolidated company are consistent with Note 5 of the 2023 consolidated financial report.

6. **Explanation of significant accounts:**

Apart from the following, the explanations of significant accounting items in this consolidated financial report are not materially different from the 2023 consolidated financial report. Please refer to Note 6 of the 2023 consolidated financial report for relevant information.

(1) Cash and cash equivalents

		September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	$	6,035	7,212	9,309
Demand deposit		522,974	1,013,123	1,435,630
Time deposit		34,815	-	-
Total	$	563,824	1,020,335	1,444,939

Please refer to note 6(20) for the sensitivity analysis and interest rate risk.

(2) Financial assets measured at fair value through profit or loss

		September 30, 2024	December 31, 2023	September 30, 2023
Mandatorily measured at fair value through profit or loss – current:				
Open-end funds	$	12,273	11,689	11,597

A. Please refer to note 6(20) for disclosure of credit risk and market risk of all financial instruments mentioned above.

B. The financial assets mentioned above had not been pledged as collateral.

C. For gain or loss on financial assets or liabilities at fair value through profit or loss, please refer to note 6(19).

(3) Account receivables and other receivables

		September 30, 2024	December 31, 2023	September 30, 2023
Accounts receivable	$	182,321	229,797	281,900
Allowance for impairment		(20,795)	(38,259)	(39,510)
		161,526	191,538	242,390
Other receivables - current：				
Other receivables - investment funds		275,516	264,491	274,083
Other receivables – lease deposit		64,369	61,793	64,034
Other receivables – others		38,380	39,067	45,313
Less: Impairment loss allowance		(339,885)	(326,284)	(306,100)
Subtotal		38,380	39,067	77,330
Total	$	199,906	230,605	319,720

A. The Group’s main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the collectability, so the simplified method is used to estimate the expected credit loss for the leased accounts receivable, the expected credit loss during the lifetime is used to measure. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The details of the accounts receivable of the merged company entering the mediation process or the amount involved in the lawsuit are as follows, and the losses are listed based on the court's first-instance judgment. However, in the year 2024, it was assessed that these receivables were irrecoverable and thus fully written off.

	September 30, 2024	December 31, 2023	September 30, 2023
Amount involved in mediation or litigation	$ -	19,411	20,115
Less: Expected loss	-	(19,411)	(20,115)
Subtotal	$ -	-	-

The expected credit loss analysis of the remaining accounts receivable of the consolidated company is as follows：

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 139,928	0%	-
1 to 90 days past due	15,838	0%	-
91 to 180 days past due	8,462	0%~32%	2,702
181 to 270 days past due	2,367	100%	2,367
271 to 365 days past due	484	100%	484
More than 365 days past due	15,242	100%	15,242
	$ 182,321		20,795

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	$ 156,380	0%	-
1 to 90 days past due	30,364	0%	-
91 to 180 days past due	4,338	0%~9%	389
181 to 270 days past due	1,436	41%	591
271 to 365 days past due	6,421	100%	6,421
More than 365 days past due	11,447	100%	11,447
	$ 210,386		18,848

	September 30, 2023			
	Gross carrying amount		Weighted-average loss rate	Loss allowance provision
Not overdue	$	218,584	0%	-
1 to 90 days past due		21,682	0%	-
91 to 180 days past due		2,068	0%~20%	406
181 to 270 days past due		797	42%	335
271 to 365 days past due		5,650	100%	5,650
More than 365 days past due		13,004	100%	13,004
	$	261,785		19,395

B. Changes in the provision for losses on accounts receivable of the consolidated company are as follows:

	For the nine months ended September 30		
	2024		2023
Opening balance	$	38,259	30,669
Impairment loss recognized		3,248	8,168
Amount written off		(21,951)	(69)
Exchange rate impact number		1,239	742
Ending balance	$	20,795	39,510

C. Other receivables–others are the advance payment in accordance with the promotions held by retail business department and venders. Since the Group and the vendors are in a long-term business relationship, the Group has considered historical experience and believed that they were less doubtful of the recoverability of these receivables. The Group assessed the aforesaid other receivables as the financial assets with low credit risk and measured loss allowances at an amount as 12-month expected credit loss. Please refer to Note 6(20) for the remaining credit risk information.

D. Since the rental agreement of Xiangtan Grand Ocean Department Store Co., Ltd. (Xiangtan) one of the Group’s subsidiaries, have reached its maturity in December 2018, the Group ceased Xiangtan’s business operation, wherein a security deposit amounting to CNY 15,000 thousand is expected to be received. Xiangtan had already returned the property to its owner, Xiangyuan Industrial Development Co., Ltd. (Xiangyuan), but failed to receive the security deposit. In order to receive the payment and begin the liquidation process, Xiangtan filed a lawsuit against Xiangyuan. On July 1, 2019, the people’s court ordered Xiangyuan to pay the amount of CNY 14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court’s decision, therefore, filed an appeal on November 13, 2019, wherein it was denied on January 16, 2020. Furthermore, Xiangtan filed an appeal to the court to freeze the property of Xiangyuan, in which the court granted the approval do to so. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the mandatory payment of NT$1,952 thousand (CNY 448 thousand). The consolidated company considered the impact of the recent economic situation on the department store business, and the uncertainty of the future development of the region was high. Based on conservative and sound principles, on September 30, 2024, December 31, 2023, and September 30, 2023, the respective lease security deposits of NT$64,369 thousand (CNY 14,252 thousand), NT$61,793 thousand (CNY 14,252 thousand), and NT$61,034 thousand (CNY 14,352 thousand) were recorded as provision for impairment losses of NT$64,369 thousand (CNY 14,252 thousand), NT$61,793 thousand (CNY 14,252 thousand), and NT$32,017 thousand (CNY 7,126 thousand).

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

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

   To ensure the recovery of the aforementioned creditor's rights and the development of

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

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

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

(A) Damahua agrees to pay CNY 30,000 thousand before February 9, 2021.

(B) Damahua agrees to pay CNY 51,000 thousand before December 31, 2021.

(C) Damahua agrees to pay CNY 81,000 thousand before June 30, 2022.

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

Due to the force majeure factor of the COVID-19 epidemic, the society, various industries and the business of Damahua have been seriously affected. In August 2022, Damahua needs to retain part of the operating capital, and proposes to the Group to postpone the payment of the remaining receivables until June 30, 2023. The payment schedule is described as follows:

(A) Damahua agrees to pay CNY 16,000 thousand before December 31, 2022.

(B) Damahua agrees to pay CNY 16,000 thousand before March 31, 2023.

(C) Damahua agrees to pay CNY 29,000 thousand before June 30, 2023.

(D) If the above amount is not repaid by Damahua before the expiry of the deferred of the deferred repayment period, Damahua will unconditionally cooperate with the liquidation of the Quanzhou Citong Road Project, and the land disposal price of the Quanzhou Citong Road Project will be repaid to the Group in priority.

The Group had an original receivable of CNY 162,000 thousand from Damahua. As of June 30, 2023, a total of CNY 101,000 thousand has been repaid, with the remaining CNY 61,000 thousand still outstanding and not repaid by Damahua in accordance with the agreement. The Group considers that the aforementioned creditor's rights are caused by undertaking the Fengan land, and the Quanzhou Municipal Government has recently agreed that existing developers will adopt a cooperative approach to undertake the development and construction of the Fengan land plot, which will be implemented by the Fengze District Government, and is coordinating to promote Fengan land is under construction, so the Group intends to negotiate with Damahua for proceeds from subsequent project development in order to repay all creditor's rights of the Group.

Although the Group assessed that after the allocation of the disposal value of the Fengan land, Damahua should be able to repay the debts, the impact of the COVID-19 pandemic in China has caused the economy to not yet recover to normal levels. Based on the principle of conservativeness and prudence, the Group recognized an expected credit loss of NT$99,772 thousand (CNY 22,630 thousand) in June 2023. As of September 30, 2024, December 31, 2023 and September 30, 2023, the outstanding receivables and the amount of allowance for doubtful accounts was NT$275,516 thousand (CNY 61,000 thousand), NT$264,491 thousand (CNY 61,000 thousand), and NT$274,083 thousand (CNY 61,000 thousand), respectively.

(4) Investments accounted for using equity method

For affiliated companies that adopt the equity method of the Group that are individually insignificant, their consolidated financial information is as follows, and such financial information is the amount included in the consolidated financial statements of the Group:

	September 30, 2024	December 31, 2023	September 30, 2023
End-of-period consolidated book value of interests in individual insignificant related companies	**$ -**	**-**	**933**

	For the three months ended September 30		For the nine months ended September 30	
	2024	**2023**	**2024**	**2023**
Shares attributable to the merged company:				
Continuing business unit net loss for the period	$ -	(12,195)	-	(14,071)
Other comprehensive income	-	351	-	(232)
Total comprehensive profit and loss	**$ -**	**(11,844)**	**-**	**(14,303)**

A. Nanjing Grand Ocean Dongfadao Catering Co., Ltd.

(A) On May 6, 2021, the Group signed 5 year investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as “Shanghai Dongfadao”) at the amount of CNY 7,000 thousand, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (hereinafter referred as Nanjing Dongfadao), wherein the Group will acquire 49% of the entire equity. As of June 30, 2023, the Group has invested the amount of NT$30,157 thousand (CNY 7,000 thousand).

(B) The share repurchase agreement of the investment agreement

a. If Shanghai Dongfadao requires to be listed, the share repurchase can be negotiated with the Group and the equity of Nanjing Dongfadao can be repurchased via written consent.

b. If the deficit of Nanjing Dongfadao continues to accumulate for six months or has reached the amount of CNY 5,000 thousand, the Group has the right to notify Shanghai Dongfadao to repurchase its shares unconditionally, at a price deemed as the difference between the total investment amount of the Group and the profit distribution obtained in previous period.

(C) Because Nanjing Dongfadao has been losing money for six consecutive months and has not distributed profits, the Group signed an equity repurchase and urban investment termination agreement with Shanghai Dongfadao on June 28, 2023. The total price of equity repurchase is NT$30,157 thousand (CNY 7,000 thousand). After completing the equity transfer process on August 30, 2023, a gain on the disposal of investments amounting to NT$5,099 thousand (CNY 1,156 thousand) was recognized. Subsequently, in accordance with the agreement, the repurchase consideration for equity is to be received in installments. As of September 30, 2024, December 31, 2023 and September 30, 2023, the outstanding amounts yet to be collected are NT$11,744 thousand (CNY 2,600 thousand), NT$17,516 thousand (CNY 4,040 thousand), and NT$20,309 thousand (CNY 4,520 thousand), respectively. These outstanding amounts are accounted for as other receivables and other non-current assets, with values of NT$8,672 thousand (CNY 1,920 thousand), NT$3,072 thousand (CNY 680 thousand), NT$8,324 thousand (CNY 1,920 thousand), NT$9,192 thousand (CNY 2,120 thousand), NT$8,627 thousand (CNY 1,920 thousand), and NT$11,682 thousand (CNY 2,600 thousand), respectively.

B. The Group, on May 30, 2023, approved through a board meeting to participate in the cash capital increase of Sandmartin International Holdings Ltd. with NT$12,658 thousand, totaling 26,518 thousand shares. The record date for the capital increase was set as July 5, 2023.

(5) Property, plant and equipment

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

	Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Cost or deemed cost:						
Balance at January 1, 2024	$ 4,582,998	13,080	208,303	6,443,512	34,892	11,282,785
Additions	-	-	2,026	48,274	27,804	78,104
Current re-classification	-	-	7,547	2,266	(9,813)	-
Disposal and abandonment	-	(708)	(2,618)	(6,362)	-	(9,688)
Influenced by fluctuation of exchange rates	191,036	531	8,814	269,428	1,701	471,510
Balance at September 30, 2024	**$ 4,774,034**	**12,903**	**224,072**	**6,757,118**	**54,584**	**11,822,711**
Balance at January 1, 2023	$ 4,659,195	17,782	245,395	6,988,913	65,802	11,977,087
Additions	-	-	9,830	12,697	143,168	165,695
Current re-classification	-	-	958	151,721	(152,679)	-
Disposal and abandonment	-	(2,778)	(47,824)	(629,249)	-	(679,851)
Influenced by fluctuation of exchange rates	90,007	285	3,891	123,520	1,049	218,752
Balance at September 30, 2023	**$ 4,749,202**	**15,289**	**212,250**	**6,647,602**	**57,340**	**11,681,683**
Depreciation and impairment losses:						
Balance at January 1, 2024	$ 1,392,865	6,627	154,492	4,393,174	2,317	5,949,475
Depreciation	74,143	1,042	8,005	241,808	-	324,998
Disposal and abandonment	-	(637)	(2,357)	(6,139)	-	(9,133)
Influenced by fluctuation of exchange rates	59,474	285	6,546	187,613	-	253,918
Balance at September 30, 2024	**$ 1,526,482**	**7,317**	**166,686**	**4,816,456**	**2,317**	**6,519,258**
Balance at January 1, 2023	$ 781,566	9,499	191,267	4,667,890	2,317	5,652,539
Depreciation	81,771	1,037	9,897	247,280	-	339,985
Disposal and abandonment	-	(2,778)	(46,935)	(629,249)	-	(678,962)
Impairment loss	-	164	3,002	55,643	-	58,809
Influenced by fluctuation of exchange rates	16,620	147	2,898	81,257	-	100,922
Balance at September 30, 2023	**$ 879,957**	**8,069**	**160,129**	**4,422,821**	**2,317**	**5,473,293**

	Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Carrying amounts:						
Balance at January 1, 2024	$ 3,190,133	6,453	53,811	2,050,338	32,575	5,333,310
Balance at September 30, 2024	$ 3,247,552	5,586	57,386	1,940,662	52,267	5,303,453
Balance at January 1, 2023	$ 3,877,629	8,283	54,128	2,321,023	63,485	6,324,548
Balance at September 30, 2023	$ 3,869,245	7,220	52,121	2,224,781	55,023	6,208,390

A. As of September 30, 2024, December 31, 2023 and September 30, 2023, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to NT$94,820 thousand, NT$95,435 thousand and NT$95,581 thousand, respectively.

B. The significant components of the buildings include the main building, machinery and air conditioner with their own estimated useful lives as 5 to 50 years, 5 to 20 years and 5 to 20 years.

C. Wuhan Hanyang Grand Ocean Classic Commercial Ltd., a subsidiary of the Group, experienced continuous operating losses. According to the resolution of the board of directors, it was closed its business on August 31, 2023. As a result, it recognized NT $58,809 thousand for impairment losses on property, plant and equipment. Additionally, related equipment was scrapped, and the book value, accumulated depreciation, and impairment loss totaling NT$212,040 thousand were derecognized.

D. Chongqing Optics Valley Grand Ocean Commercial Development Limited, a subsidiary of the Group, closed the business on October 31, 2022, recognizing impairment loss. In January 2023, the company handed over the scrapped equipment to the owner for site clearance, resulting in the derecognition of the carrying amount, accumulated depreciation, and impairment loss, totaling NT$458,266 thousand.

E. Please refer to Note 6(19) for details on disposal gains and losses.

F. Guarantee

Please refer to Note 8 for the details of long-term loans and financing line guarantees on September 30, 2024, December 31, 2023, and September 30, 2023.

(6) Right of use assets

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

		Land	Buildings	Machine equipment	Total
Cost:					
Balance at January 1, 2024	$	3,272,698	12,124,453	58,362	15,455,513
Additions		-	753,780	-	753,780
Effect of changes in foreign exchange rates		136,418	519,769	2,432	658,619
Balance at September 30, 2024	$	3,409,116	13,398,002	60,794	16,867,912
Balance at January 1, 2023	$	3,327,110	10,984,683	59,332	14,371,125
Additions (Note 7)		-	2,432,174	-	2,432,174
Lease modifications		-	(1,089,882)	-	(1,089,882)
Effect of changes in foreign exchange rates		64,274	237,178	1,146	302,598
Balance at September 30, 2023	$	3,391,384	12,564,153	60,478	16,016,015
Accumulated depreciation:					
Balance at January 1, 2024	$	598,651	3,341,701	35,059	3,975,411
Depreciation		69,353	752,006	5,031	826,390
Effect of movement in exchange rate		26,276	153,638	1,557	181,471
Balance at September 30, 2024	$	694,280	4,247,345	41,647	4,983,272
Balance at January 1, 2023	$	391,033	2,870,955	29,174	3,291,162
Depreciation		73,370	738,232	5,522	817,124
Lease modifications		-	(461,194)	-	(461,194)
Effect of movement in exchange rate		8,920	60,618	666	70,204
Balance at September 30, 2023	$	473,323	3,208,611	35,362	3,717,296
Carrying amounts:					
Balance at January 1, 2024	$	2,674,047	8,782,752	23,303	11,480,102
Balance at September 30, 2024	$	2,714,836	9,150,657	19,147	11,884,640
Balance at January 1, 2023	$	2,936,077	8,113,728	30,158	11,079,963
Balance at September 30, 2023	$	2,918,061	9,355,542	25,116	12,298,719

A. Wuhan Grand Ocean Classic Commercial Development Limited, a subsidiary of the Group, resolved at a board meeting to open a new store on September 1, 2023, as part of its strategy to expand the Group's operations. The company recognized right-of-use assets of NT$1,416,806 thousand for the leased properties and buildings. Additionally, Nanjing Grand Ocean Classic Commercial Limited, another subsidiary of the Group, originally leased operating premises from related parties in January 2003, with the contract expiring in January 2023. The Group renewed the lease for a ten-year term, resulting in an increase of NT$1,015,368 thousand in right-of-use assets.

B. Grand Ocean Classic Commercial Group Co., Ltd. and Wuhan Grand Ocean Classic Commercial Development Limited, subsidiaries of the Group, leased operating premises from non-related parties. The original contracts are set to expire in April 2024 and January 2025, respectively. The Group renewed these leases for terms of two years and five years, leading to increases in right-of-use assets of NT$15,707 thousand and NT$738,073 thousand, respectively.

C. Wuhan Hanyang Grand Ocean Classic Commercial Ltd., a subsidiary of the Group, was closed its business on August 31, 2023, due to continuous losses in operations. Please refer to Note 6(19) for the lease modification benefits arising from the shortening of the lease term due to the closure of operations.

(7) Intangible assets

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

	Goodwill	Trademark Rights	Computer Software	Total
Costs:				
Balance at January 1, 2024	$ 1,449,468	430,434	34,487	1,914,389
Additions	-	-	139	139
Influenced by fluctuation of exchange rates	60,419	13,176	1,441	75,036
Balance at September 30, 2024	$ 1,509,887	443,610	36,067	1,989,564
Balance at January 1, 2023	$ 1,473,567	430,294	33,717	1,937,578
Additions	-	-	1,300	1,300
Influenced by fluctuation of exchange rates	28,467	21,865	676	51,008
Balance at September 30, 2023	$ 1,502,034	452,159	35,693	1,989,886
Amortization and impairment losses:				
Balance at January 1, 2024	$ -	301,928	21,743	323,671
Amortization	-	-	1,693	1,693
Influenced by fluctuation of exchange rates	-	9,242	938	10,180
Balance at September 30, 2024	$ -	311,170	24,374	335,544
Balance at January 1, 2023	$ -	-	18,692	18,692
Amortization	-	-	2,524	2,524
Impairment loss	-	-	251	251
Influenced by fluctuation of exchange rates	-	-	413	413
Balance at September 30, 2023	$ -	-	21,880	21,880
Carrying amounts:				
Balance at January 1, 2024	$ 1,449,468	128,506	12,744	1,590,718
Balance at September 30, 2024	$ 1,509,887	132,440	11,693	1,654,020
Balance at January 1, 2023	$ 1,473,567	430,294	15,025	1,918,886
Balance at September 30, 2023	$ 1,502,034	452,159	13,813	1,968,006

A. Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating expenses	$ 567	916	1,693	2,524

B. Goodwill

The recoverable amount of the department store retail CGU and the key assumptions used are consistent with those disclosed in the consolidated financial statements for the second quarter of 2024, and there are no significant changes. For the related information, please refer to note 6(7) of the consolidated financial statements for the second quarter of 2024.

C. Wuhan Hanyang Grand Ocean Classic Commercial Limited, a subsidiary of the Group, has closed operations on August 31, 2023 according to the resolution of the board of directors, due to continuous losses in operations, leading to the recognition of impairment loss of NT$251 thousand.

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

The details of Other financial assets－current and non-current are as below:

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets－current			
Deposits－out for lease (Note)	$ 290	303	29,519
Restricted deposits	441,847	401,065	41,728
Deposit for rent expansion (Note)	-	65,039	67,397
Others	2,611	3,263	3,376
	$ 444,748	469,670	142,020

	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets－non-current			
Deposits－out for lease (Note)	$ 199,934	191,935	198,899
Deposits－out for cooperation	7,386	7,499	7,912
Restricted deposits	589,216	523,457	541,590
Deposit for rent expansion (Note)	67,750	-	-
Others	3,253	3,210	3,326
	$ 867,539	726,101	751,727

Note: The lease deposit is mainly the deposit deposited by the lessee; the deposit for rent expansion is the deposit paid by the subsidiary, Yichang Grand Ocean Commerce Limited, for expanding the leased area, and it will be used to offset the rental expenses after the contract is signed.

(9) Short-term loans

The details of short-term loans are as below:

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	$ -	639,742	1,053,041
Secured bank loans	2,592,650	1,671,672	1,715,938
Total	**$ 2,592,650**	**2,311,414**	**2,768,979**
Unused credit lines	**$ 298,510**	**764,315**	**357,254**
Range of interest rates	**3.50%~6.50%**	**3.65%~8.09%**	**3.65%~8.00%**

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

(10) Long-term loans

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

	September 30, 2024			
	Currency	Interest rate collar	Year of expiry	Amount
Unsecured bank loans	USD	7.29%	115	$ 75,960
Secured bank loans	USD	5.86%~6.17%	114	506,400
〃	RMB	4.2%	114	293,582
				875,942
Less: current portion				(199,656)
Total				**$ 676,286**
Unused credit lines				**$ 158,250**

	December 31, 2023			
	Currency	Interest rate collar	Year of expiry	Amount
Unsecured bank loans	USD	7.86%~8.19%	113~115	$ 337,810
Secured bank loans	USD	6.22%~6.23%	114	491,360
〃	RMB	4.2%	114	346,874
				1,176,044
Less: current portion				(412,610)
Total				**$ 763,434**
Unused credit lines				**$ 153,550**

	September 30, 2023			
	Currency	**Interest rate collar**	**Year of expiry**	**Amount**
Unsecured bank loans	USD	7.25%~7.8%	113	$ 500,030
〃	RMB	4.5%~4.8%	112	22,466
Secured bank loans	USD	6.22~6.23%	114	516,160
〃	RMB	4.2%	112~114	404,384
				1,443,040
Less: current portion				(554,175)
Total				$ 888,865
Unused credit lines				$ 241,950

For the collateral of long-term loans, please refer to Note 8.

(11) Accounts payable and other payables

	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Accounts payable			
Arising from direct sales	$ 53,458	61,097	61,087
Arising from concessionaire sales	536,984	1,140,001	805,446
Others	89,647	64,226	67,127
Total	$ 680,089	1,265,324	933,660

Most of the payable arises from suppliers.

	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Other payables			
Wages and salaries payables	$ 71,549	121,925	87,834
Construction payables	94,820	95,435	95,581
Compensation payable for store closures, etc.	1,522	45,259	335,374
Compensation payable for lawsuit	375,254	397,582	152,363
Payables to related parties	569,700	276,390	258,080
Tax payables	21,954	31,745	24,145
Others	397,377	354,156	363,090
Total	$ 1,532,176	1,322,492	1,316,467

(12) Lease liabilities

The Group’s lease liabilities were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	$ 916,492	831,093	695,143
Non-current	$ 9,954,637	9,416,852	10,027,894

Please refer to note 6(20) financial instruments for maturity analysis.

The amounts recognized in profit or loss were as follow:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	$ 114,581	112,064	346,000	358,390
Variable lease payments not included in the measurement of lease liabilities	$ -	429	-	747
Expenses relating to short-term leases	$ 288	243	736	726
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 12	8	30	26

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

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	$ 814,256	1,132,415

A. Lease of land, housing and construction

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

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

B. Other leases

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

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

(13) Employee benefits

A. Defined contribution plans

Defined contribution plans of the employees in Taiwan office of the consolidated company are plotted in accordance with Taiwan Labor Pension Act, where a contribution rate as 6% of the wage of a labor each month is conducted and contributed to the personal account of retirement created by the Bureaus of Labor Insurance. After the consolidated company has contributed the fixed amount to Bureaus of Labor Insurance under the plans, it shall not assume any more legal or constructive obligations for paying an extra amount.

Defined benefit plans of the employees working in the Chinese subsidiaries are also applied with the contribution system, where an amount corresponding to the wage per month of the position as for an employee is to be contributed to his (or her) own account respectively. Whenever resigning or retiring from the job of an employee, the voluntary pension calculated by the subtraction of early withdrawn provident fund from actual cumulative voluntary amount over the years will be returned at one time; the pension contributed by company will be returned by the subtraction of early withdrawn provident fund during the tenure from actual cumulative provident fund contributed by company over the years multiplying percentage of seniority-based pay.

Pension expenses of the defined contribution plans of the consolidated company for the three months and nine months ended September 30, 2024 and 2023 were NT$12,762 thousand, NT$14,742 thousand, NT$38,511 thousand, and NT$42,807 thousand, respectively.

(14) Income tax

A. Income tax expense

The components of income tax were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	**2023**	**2024**	**2023**
Current tax expense				
Current period	$ 3,281	11,012	36,441	62,118
Adjustment for prior period	(2,813)	-	(2,813)	(750)
	468	11,012	33,628	61,368
Deferred tax expense				
Origination and reversal of temporary differences	1,332	12,295	(15,892)	127,470
Income tax expenses from continuing operations	**$ 1,800**	**23,307**	**17,736**	**188,838**

B. Deferred tax assets

(A) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the nine months ended September 30, 2024 and 2023 were as follows:

Deferred tax assets:

	Tax losses deduction and other	Rental expenses	Total
Balance at January 1, 2024	$ 53,673	2,708,867	2,762,540
Recognized in profit or loss	-	15,078	15,078
Foreign currency translation differences for foreign operations	2,237	113,204	115,441
Balance at September 30, 2024	$ 55,910	2,837,149	2,893,059
Balance at January 1, 2023	$ 121,857	2,663,664	2,785,521
Recognized in profit or loss	(47,057)	144,294	97,237
Foreign currency translation differences for foreign operations	1,479	54,142	55,621
Balance at September 30, 2023	$ 76,279	2,862,100	2,938,379

Deferred tax liabilities:

	Retained earnings	Tax losses deduction	Total
Balance as of January 1, 2024	$ 16,383	2,201,514	2,217,897
Recognized in profit or loss	-	(814)	(814)
Influenced by fluctuation of exchange rates	502	91,751	92,253
Balance as of September 30, 2024	$ 16,885	2,292,451	2,309,336
Balance as of January 1, 2023	$ 56,288	2,035,972	2,092,260
Recognized in profit or loss	(40,226)	264,933	224,707
Influenced by fluctuation of exchange rates	1,148	44,260	45,408
Balance as of September 30, 2023	$ 17,210	2,345,165	2,362,375

C. Income tax verification situation

The mainland subsidiary's income tax settlement declaration has been submitted to the local tax agency as of 2023.

(15) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the nine months ended September 30, 2024 and 2023. For the related information, please refer to the note 6(15) of the consolidated financial statements for the year ended December 31, 2023.

A. Capital surplus

The components of the capital surplus were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Premium on Issued Shares	$ 4,133,908	5,041,030	5,041,030
Treasury stock trading	25,333	25,333	25,333
Exercising the right of imputation	9,122	9,122	9,122
	$ 4,168,363	5,075,485	5,075,485

On June 17, 2024, the shareholders' meeting resolved to cover a deficit of NT$907,122 thousand by utilizing the capital surplus.

B. Retained earnings

Based on the articles of the company, the board should in accord with the measures and procedure described as below to draft the disposition of earnings and submit it to the shareholders meeting for approval by an ordinary resolution if there is any earning at general accounts annually of the company:

(A) Tax payables contributed by law;

(B) Compensation to the accumulated deficit by previous years;

(C) 10% as a contribution to the legal reserve in accordance with the applicable laws and regulations, except for when the legal reserve approaches the paid-in capital of the company;

(D) Contribution of the appropriated retained earnings by the applicable laws and regulations or the demands from a competent authority; and

(E) Profit available for distribution is the amount of earnings of the current year minus the sum from (A) to (D) above, and then plus cumulative retained earnings of the prior period. The board will propose the project of dividend distribution from it and then submit to the shareholders meeting for approval by an ordinary resolution according to the applicable laws and regulations.

Policies concerning the dividends of the company must take the environment as well as trends in the industry in the future, requirements for funds and financial structure into consideration. Dividends shall be paid no less than 30% of the current year 's surplus. As for the profit available for distribution, except for an option of retaining, it can be distributed through equity dividends or cash dividends, which the latter is subject to be more than 10% of the total dividends.

(A) Legal reserve

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

On June 17, 2024, the shareholders' meeting resolved to cover a deficit of NT$580,244 thousand by utilizing the legal reserve.

(B) Special reserve

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

In accordance with the aforementioned Ruling, when the company distributes the distributable surplus, the net amount of other shareholders' equity deduction that occurs in the current year is supplemented as a special surplus reserve from the current profit and loss and the undistributed surplus of the previous period; it belongs to the deduction of other shareholders' equity accumulated in the previous period amount, the special surplus reserve shall not be distributed from the undistributed surplus of the previous period. If there is a subsequent reversal in the amount of reductions in other shareholders' equity, the surplus may be distributed for the reversed portion.

On June 17, 2024, the shareholders' meeting resolved to cover a deficit of NT$596,630 thousand by utilizing the special reserve. On June 15, 2023, the shareholders' general meeting resolved a reversal of the special reserve in the amount of NT$40,171 thousand to offset the loss of NT$355,792 thousand.

(C) Earnings distribution

On June 17, 2024 and June 15, 2023, the shareholders' general meeting resolved the loss appropriation proposal in 2023 and 2022, respectively.

C. Treasury stock

The details for transferring treasury shares to employees:

(In thousands of shares)

	For the nine months ended September 30	
	2024	**2023**
Outstanding at January 1	7,709	8,682
Quantity sold in this period	(1,546)	(973)
Outstanding at September 30	**6,163**	**7,709**

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of September 30, 2024, December 31, 2023 and September 30, 2023, these prepaid salaries amounting to NT$128,021 thousand, NT$122,915 thousand and NT$127,396 thousand were recognized under other non-current assets – other. Considering the increasingly challenging environment in the department store industry, the Group has taken steps to retain talent and maintain team stability. Furthermore, due to the impact of the COVID-19 pandemic, the profitability of the department store retail sector has not yet returned to pre-pandemic levels. To address these challenges, the board of directors resolved on November 13, 2024, and August 30, 2022, to defer the repayment of employees' advanced salaries to 2028 and 2025, respectively.

D. Other equity (net income after tax)

	Exchange difference on translation of foreign operations
Balance at January 1, 2024	$ (1,050,872)
Exchange difference on translation of net assets of foreign operations	226,856
Balance at September 30, 2024	**$ (824,016)**
Balance at January 1, 2023	$ (952,421)
Exchange difference on translation of net assets of foreign operations	90,804
Share of translation differences of affiliated companies using the equity method	(232)
Balance at September 30, 2023	**$ (861,849)**

(16) Earnings per share

Calculations of the basic as well as diluted earnings per share of the consolidated company are listed as below:

	For the three months ended September 30		For the nine months ended September 30	
	2024	**2023**	**2024**	**2023**
Basic earnings (loss) per share				
Net profit attributed to shareholder of common stock of the Company	$ (155,086)	(225,831)	(326,165)	(637,427)
Weighted average number of common shares outstanding	195,531	195,531	195,531	195,531
Basic earnings (loss) per share (NTD)	**$ (0.79)**	**(1.15)**	**(1.67)**	**(3.26)**

The Company did not disclose the diluted earnings (loss) per share for the three months and nine months ended September 30, 2024 and 2023, as there were losses before tax. Additionally, there were no potential ordinary shares of employee remuneration that could have diluted the earnings (loss) per share.

(17) Revenue from contracts with customers

A. Details of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Main regional markets:				
China	$ 707,967	843,341	2,398,821	2,811,795
Main product/service:				
Commissions revenue (retail revenue – concessionaire sales)	$ 157,508	248,754	610,874	906,370
Commodity sales (retail revenue – direct sales)	97,316	134,005	390,381	532,896
Lease revenue (Note)	251,761	248,416	784,042	736,013
Service revenue and others	201,382	212,166	613,524	636,516
	$ 707,967	843,341	2,398,821	2,811,795

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

(18) Employee compensation and directors' remuneration

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

As the company incurred loss before tax for the three months and nine months ended September 30, 2024 and 2023, no employee compensation and directors' remuneration were estimated and accrued.

(19) Non-operating income and expenses

A. Interest income

The details of other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest of back deposit	$ 8,660	6,895	25,493	18,826
Open-end funds	246	244	737	734
Other	-	-	-	(1,023)
Total	$ 8,906	7,139	26,230	18,537

B. Other income

The details of other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Government grants income	$ 2,110	1,683	2,874	14,725

C. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Loss on disposal of property, plant and equipment	$ (433)	(313)	(492)	(528)
Gain on disposal of investments	-	5,099	-	5,099
Foreign exchange gain (losses)	(1,632)	1,430	(8,942)	(7,022)
Net gain (loss) on financial assets at fair value through profit or loss	118	3,029	2,009	7,342
Impairment loss on property, plant and equipment	-	(30)	-	(58,809)
Impairment loss on intangible assets	-	-	-	(251)
Compensation gain (losses) on store closures	812	(11,342)	47,224	(360,087)
Compensation gain (losses) on lawsuit	96,540	(6)	158,545	(11,160)
Gain on lease modification	-	259	-	493,874
Overdue payments transferred to income	2,794	6	16,673	7,217
Other gains and losses (such as fees and charges of credit card, etc.)	29,105	30,208	50,696	73,033
Other gains and losses, net	$ 127,304	28,340	265,713	148,708

D. Finance costs

The details of finance costs were as follows:

		For the three months ended September 30		For the nine months ended September 30	
		2024	2023	2024	2023
Interest expense	$	51,148	50,033	160,271	145,979
Interest on lease liabilities		114,581	112,064	346,000	358,390
Other financial expenses		-	25	256	1,936
Total	$	165,729	162,122	506,527	506,305

(20) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(20) of the consolidated financial statements for the year ended December 31, 2023.

A. Credit risks

(A) Exposure of credit risk

Carrying amount of a financial asset represents the maximum amount of credit risk exposure.

(B) Concentration of credit risk

There was no significant change in concentration of credit risk. For the related information, please refer to note 6(20) of the consolidated financial statements for the year ended December 31, 2023.

(C) Credit risk of receivables

For credit risk exposure of accounts receivables, please refer to note 6(3).

Other financial assets at amortized cost includes other receivables etc., as stated above, there were almost low credit risk, therefore the impairment provision of all of these financial assets recognized during the period was limited to 12 months expected losses or lifetime ECL measurement, please refer to note 4(7) of the consolidated financial statements for the year ended December 31, 2023.

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

		For the nine months ended September 30	
		2024	2023
Balance at January 1	$	326,284	200,544
Impairment losses recognized		-	99,824
Influenced by fluctuation of exchange rates		13,601	5,732
Balance at September 30	$	339,885	306,100

B. Liquidity risks

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

	Carrying amount	Contract cash flows	within 1 Year	1 – 5 Years	over 5 Years
September 30, 2024					
Non-derivative financial liabilities					
Floating rate instruments	$ 1,785,060	1,864,592	1,296,245	568,347	-
Fixed rate instruments	2,253,232	2,331,921	2,218,609	113,312	-
Non-interest-bearing	2,235,508	2,235,508	1,642,565	-	592,943
Lease liabilities	10,871,129	14,154,500	1,369,378	5,318,850	7,466,272
	$ 17,144,929	**20,586,521**	**6,526,797**	**6,000,509**	**8,059,215**
December 31, 2023					
Non-derivative financial liabilities					
Floating rate instruments	$ 1,934,730	2,036,628	1,460,873	575,755	-
Fixed rate instruments	1,829,118	1,902,606	1,680,499	222,107	-
Non-interest-bearing	2,882,373	2,882,373	2,311,426	-	570,947
Lease liabilities	10,247,945	13,667,445	1,277,096	4,525,455	7,864,894
	$ 16,894,166	**20,489,052**	**6,729,894**	**5,323,317**	**8,435,841**
September 30, 2023					
Non-derivative financial liabilities					
Floating rate instruments	$ 1,693,650	1,833,395	1,201,284	632,111	-
Fixed rate instruments	2,776,449	2,884,491	2,584,337	300,154	-
Non-interest-bearing	2,584,514	2,584,514	1,992,047	-	592,467
Lease liabilities	10,723,037	14,388,192	1,168,009	4,813,080	8,407,103
	$ 17,777,650	**21,690,592**	**6,945,677**	**5,745,345**	**8,999,570**

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

C. Interest rate analysis

The Group’s financial assets and financial liabilities with interest rate exposure risk as of the reporting date were as follows:

	Carrying Amount		
	September 30, 2024	**December 31, 2023**	**September 30, 2023**
Fixed interest rate			
Financial asset	$ 1,065,878	924,522	583,318
Financial liability	(13,124,361)	(12,077,063)	(13,499,486)
	$ (12,058,483)	(11,152,541)	(12,916,168)
Variable interest rate			
Financial asset	$ 522,974	1,013,123	1,435,630
Financial liability	(1,785,060)	(1,934,730)	(1,693,650)
	$ (1,262,086)	(921,607)	(258,020)

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

If the interest rate were to increase or decrease by 0.5% basis points, with all other variables held constant, the Group's losses before tax for the nine months ended September 30, 2024 and 2023, would decrease or increase by NT$4,733 thousand and NT$968 thousand, respectively.

D. Other market price risk

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

	For the nine months ended September 30			
	2024		**2023**	
Reporting day security prices	**Other comprehensive income before tax**	**Profit or loss before tax**	**Other comprehensive income before tax**	**Profit or loss before tax**
5% Increase	$ -	614	-	580
5% Decrease	$ -	(614)	-	(580)

E. Information of fair value

(A) Measurement process of fair value of financial instruments

Accounting policies and disclosure of the consolidated company include the assets and liabilities financial or non-financial measured by fair value. The consolidated company is to build an inner control system concerning fair value measurement. Wherein it includes an evaluation team to be responsible for reviewing all the assessments of fair value (including a Level 3 fair value), and this team will directly report to the CFO. The evaluation team will review the material inputs non-observable and adjust them periodically. If an input used for measuring fair value comes from the 3rd party information (such as a broker or pricing service institution), the team shall assess the evidence of this input provided and supported by the 3rd party, in order to ensure that this evaluation and the hierarchy classification of its fair value comply with IFRS.

The consolidated company shall use an observable input in the market as possible as it can when measuring the assets and liabilities. Fair value hierarchy is classified according to the input used of evaluation techniques:

- Level 1: Opening quotes (unadjusted) from the same assets or liabilities in an active market.
- Level 2: Except for the opening quotes in Level 1, input parameters of the assets or liabilities can be directly (i.e. price) or indirectly (i.e. inference from price) observed.
- Level 3: Input parameters of the assets or liabilities not based on the observable market information (non-observable parameters).

(B) Classifications of financial instruments and fair value

The consolidated company measures the fair value based on repeatability by the financial assets and liabilities measured by fair value through profit or loss. Carrying amount and fair value of all kinds of financial assets and liabilities (including fair value hierarchy, yet carrying amount of the financial instruments not measured by fair value are those ones having the fair value to that are reasonably approximate) are listed as below:

	September 30, 2024				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	$ 12,273	12,273	-	-	12,273

	December 31, 2023				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	$ 11,689	11,689	-	-	11,689

	September 30, 2023				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	$ 11,597	11,597	-	-	11,597

(C) Valuation techniques for financial instruments not measured at fair value

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

a. Financial assets or liabilities measured at amortized cost

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

(D) Valuation techniques for financial instruments measured at fair value

a. Non-derivative financial instruments

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

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

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

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

(E) For the nine months ended September 30, 2024 and 2023 fair value of the financial assets as well as liabilities at each level did not transfer at all.

(21) Financial risk management

Except for the matters described below, there were no significant changes in the Group's financial risk management objectives and policies as disclosed in Note 6(21) of the consolidated financial statements for the year ended December 31, 2023.

A. Liquidity risk

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

Due to the nature of its retail business, the Group generates ample cash flows from its operating activities. Generally, the Group ensures that it has sufficient cash to cover its expected operating expenses for a period of 60 to 90 days, including the fulfillment of financial obligations. However, this expectation excludes potential impacts from extreme, unforeseeable events, such as natural disasters. In addition, as of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had unused loan facilities of NT$456,760 thousand, NT$917,865 thousand, and NT$599,204 thousand, respectively.

As of September 30, 2024, the Group’s current assets were less than its current liabilities. The Group will continue discussions with banks to explore loan arrangements that would convert short-term borrowings into medium- to long-term borrowings. Additionally, the Group still holds unencumbered properties and is currently negotiating medium- to long-term financing facilities with financial institutions to improve its financial structure. Given the nature of the department store industry, where there are no significant current assets such as inventory, it is common for current assets to be less than current liabilities. The Group has been continuously evaluating the aforementioned plans and does not anticipate any liquidity risk concerns.

(22) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(22) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(23) Investment and financing activities in non-cash transactions

The Group's investing and financing activities on non-cash transactions for the nine months ended September 30, 2024 and 2023 were as follows:

A. The reconciliation of liabilities from financing activities is as follows:

			Non-cash changes		
	January 1, 2024	Cash flows	Foreign exchange movement	Other	September 30, 2024
Short-term borrowings	$ 2,311,414	183,654	97,582	-	2,592,650
Long-term borrowings	1,176,044	(341,911)	41,809	-	875,942
Guarantee deposits	570,947	(1,770)	23,766	-	592,943
Other related parties	276,390	288,240	5,070	-	569,700
				(Note 1)	
Lease liabilities	10,247,945	(467,490)	430,841	659,833	10,871,129
Total liabilities from financing activities	$ 14,582,740	(339,277)	599,068	659,833	15,502,364

			Non-cash changes		
	January 1, 2023	Cash flows	Foreign exchange movement	Other	September 30, 2023
Short-term borrowings	$ 1,816,945	880,474	71,560	-	2,768,979
Long-term borrowings	1,625,500	(240,633)	58,173	-	1,443,040
Guarantee deposits	578,868	2,373	11,226	-	592,467
Other related parties	138,150	108,301	11,629	-	258,080
				(Note 2)	
Lease liabilities	9,983,104	(772,526)	202,847	1,309,612	10,723,037
Total liabilities from financing activities	$ 14,142,567	(22,011)	355,435	1,309,612	15,785,603

Note 1: Increase of NT$753,780 thousand and a reclassification to other payables of NT$93,947 thousand for the current period.

Note 2: Reduction of NT$1,122,562 thousand due to lease modification and increase of NT$2,432,174 thousand in the current period.

7. Related-party transactions:

(1) Names and relationship with related parties

All the related parties who have transacted with the consolidated company during the coverage period of the consolidated financial statements are as below:

Name of Related Party	Relation to the Consolidated Company
First Steamship Co., Ltd.	Final Parent Company of the Consolidated Company
First Steamship S.A.	Parent Company of the Consolidated Company
Ahead Capital Ltd.	Same Final Parent Company as the Consolidated Company
Shanghai Tian An Center Building Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.

Name of Related Party	Relation to the Consolidated Company
Nanjing Tiandu Industry Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	Manager of the consolidated company is the board member of this company.
Shanghai Allied Cement Holdings Limited	Manager of the consolidated company is the board member of this company.
Shanghai Kaixuanmen Enterprise Development Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Tian An (Shanghai) Investment Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Nanjing Tianan Gangli Property Management Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Gangli Property Management (Shanghai) Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Shanghai Qianshu Property Management Co., Ltd. (Note 1)	Manager of the consolidated company is the board member of this company.
Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (Note 2)	An associate

Note 1: Following changes in the board of directors of the Group in 2023, the Group is no longer associated with the entity.

Note 2: After selling all shares in September 2023, the Group is no longer associated with the entity.

(2) Significant transactions with related parties

A. Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
Parent Company	$ 70	68	68
Other related parties-Nanjing Tiandu Industry Co., Ltd. (Note)	-	-	177,240
Other related parties-Shanghai Qianshu Property	-	4,773	6,135
	$ 70	4,841	183,443

Note: It refers to the variable rent paid in advance by the Group according to the monthly fixed amount in accordance with the lease agreement, and reconciles any overpayments or underpayments at the end of the fiscal year. Under the original lease agreement, rent is calculated based on revenue sharing. The Group is entitled to recover the aforementioned prepaid variable rent. However, at the end of 2023, the Group assessed that the fixed monthly rent stipulated in the original lease agreement was significantly lower than the prevailing market rent in the surrounding area. The prepaid rent was closer to the market rent in the vicinity, and considering mutual benefits and cooperative win-win outcomes, to safeguard long-term interests and ensure stable development, the Group decided not to collect the aforementioned amount from the related party. Instead, it reclassified the prepaid amount of NT$174,470 thousand as an operating expense.

B. Other receivables

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

C. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	September 30, 2024	December 31, 2023	September 30, 2023
Other payables	Other related parties	$ -	11,142	-

D. Borrow from related parties (recognized as other payables)

The amounts borrowed by the Group from related parties are as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Parent Company	$ 569,700	276,390	258,080

The Group's borrowings from related parties are calculated at an annual interest rate of 6.18%~7.18% and 7.47%, respectively. For the three months and nine months ended September 30, 2024 and 2023, the recognized interest expenses were NT$10,684 thousand, NT$3,001 thousand, NT$21,977 thousand, and NY$7,790 thousand, respectively.

E. Lease

(A) Liabilities lease

		Lease liabilities		
Relationship	Purpose	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties	Office building	$ -	2,026	4,592
Other related parties-Shanghai Kaixuanmen	Department store	-	4,272,732	4,446,929
Other related parties-Nanjing Tiandu	Department store	-	926,731	990,656
Other related parties	Energy-saving renovation engineering equipment	8,704	10,874	12,312

Note: The price and payment method of the above-mentioned lease agreement signed with the related party are handled in accordance with the agreement of both parties.

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

(B) Operating lease

		Rent expense			
		For the three months ended September 30		For the nine months ended September 30	
Relationship	Account	2024	2023	2024	2023
Parent Company (Note)	Office building	$ 211	205	621	615
Other related parties (Note)	Office building	77	38	115	111
		$ 288	243	736	726

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

Note: These leases are short-term lease, and the Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and liabilities.

(C) Rental deposit

Account items	Relationship category	September 30, 2024	December 31, 2023	September 30, 2023
Other financial assets - non-current	Parent Company	$ 148	148	148
Other financial assets - non-current	Other related parties - Shanghai Kaixuanmen	-	74,106	76,794
Other financial assets - non-current	Other related parties - Nanjing Tiandu	-	8,672	8,986
Other financial assets - non-current	Other related parties	-	3,217	3,334
		$ 148	86,143	89,262

F. Others

The Group provided management consulting services and signed service contracts with other related parties. For the three months and nine months ended September 30, 2024 and 2023, the revenue from consulting services was NT$0, NT$0, NT$0 and NT$1,037 thousand, respectively.

(3) Key management personnel compensation

A. Key management personnel compensation comprised:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	$ 5,861	6,843	17,501	17,710

B. The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of September 30, 2024, December 31, 2023, and September 30, 2023, those prepaid salaries amounting to NT$39,960 thousand (CNY 8,847 thousand), NT$39,438 thousand (CNY 9,096 thousand) and NT$40,826 thousand (CNY 9,086 thousand), respectively, were recorded as non-current assets - other.

8. **Pledged assets:**

The carrying amount of pledged assets were as follows:

Pledged asset	Object	September 30, 2024	December 31, 2023	September 30, 2023
Property, Plants and Equipment (Note)	Bank Loans	$ 4,840,799	4,745,020	5,498,977
Other financial assets				
Restricted Deposit	Bank depository funds	12,749	15,435	16,552
Restricted Deposit	Lease dispute freeze deposit	38,217	31,313	25,176
Restricted Deposit	Bank loans	980,097	877,774	541,590
		$ 5,871,862	5,669,542	6,082,295

Note：Including the land use right, which are recognized as right-of-use assets.

9. **Commitment of material contract or not recognized contract due to liabilities:**

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

(2) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., negotiated with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as “Chongqing Zhengsheng”), to reduce the period for the lease payments due to the COVID-19 pandemic in 2020. However, the negotiation failed and Chongqing Zhengsheng filed a lawsuit against the Group in November 2020 demanding for the payment of the arrears and rental of the extended area used by the Group. The Group has provisioned a rental expense of NT$51,253 thousand (CNY 11,564 thousand), were recorded as lease liability, in accordance with the original lease contract provisions and the government-mandated force majeure time limit. Thereafter, the Group filed an appeal to the high court. On June 26, 2023, the court ruled in the second instance that the Group lost the case. The company is required to pay NT$18,114 thousand (CNY 4,087 thousand) for the outstanding rent related to the extended area beyond the agreed-upon terms. This amount has been recorded as operating expenses. The Group also should pay penalty fee and expenses about lawsuit NT$12,193 thousand (CNY 2,751 thousand), were recorded as operating expenses and other gains and losses. As of September 30, 2024, the aforementioned amounts have been fully paid.

(3) The subsidiary of the Group, Chongqing Optics Valley Grand Ocean Commercial Development Co., Ltd., closed its business on October 31, 2022, due to sustained operational losses. It prematurely terminated its lease with the owner, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as Chongqing Zhengsheng). Consequently, on August 17, 2023, Chongqing Zhengsheng filed a lawsuit with the court, asserting the following claims:

A. The request states that the Group should pay an early termination penalty of NT$127,755 thousand (CNY 28,285 thousand) according to the lease agreement. The Group offsets this amount by the performance bond of NT$29,359 thousand (CNY 6,500 thousand) and makes a provision of NT$122,669 thousand (CNY 27,159 thousand), recorded under other payables. On September 19, 2024, in accordance with the court's first-instance judgment, the overestimated early termination liquidated damages of NT$107,288 thousand (CNY 24,207 thousand) were reversed and recorded under other benefits and losses;

B. The demand requires the Group to pay overdue rents and penalties accumulated until the date of site clearance from previous years, totaling NT$115,393 thousand (CNY 25,548 thousand). The Group has made a provision and recorded it under other payables. The matter is currently under court review. On September 19, 2024, in accordance with the court's first-instance judgment, the overvalued rent and liquidated damages of NT$1,662 thousand (CNY 375 thousand) were reversed and recorded under other profits and losses;

C. The demand requires the Group to pay rent, penalties, and occupation fees for the premises occupied by Dadi Cinema from the date of site clearance to the date of litigation, totaling NT$20,467 thousand (CNY 4,618 thousand). However, the Group has already transferred the premises via notarized mail on the date of site clearance, rendering it unable to continue using the leased property. Therefore, it contends that Chongqing Zhengsheng's claim is unfounded, and there should be no obligation for compensation. According to the court's first-instance judgment on September 19, 2024, the Group should pay Dadi Cinema demolition and occupancy fees of NT$12,051 thousand (CNY 2,668 thousand), which will be listed under other payables and other benefits and losses;

D. The demand requests the Group to refund the previously granted reduction in rent, penalties, and related litigation expenses, totaling NT$36,031 thousand (CNY 8,204 thousand) from the previous fiscal year. However, the previously granted reduction in rent has been reimbursed in accordance with the contract. Therefore, the Group contends that Chongqing Zhengsheng's claim is unfounded, and there should be no obligation for compensation. According to the court's first-instance judgment on September 19, 2024, the Group should pay a total of NT$3,302 thousand (CNY 731 thousand) for site restoration fees and related litigation costs, which are listed under other payables and other benefits and losses.

Furthermore, on September 7, 2023, Chongqing Zhengsheng applied to the court for asset preservation. The court, in accordance with the law, froze the Group's bank deposits of NT$28,347 thousand (CNY 6,276 thousand), recorded under other financial assets - current, and the equity of the subsidiary Nanjing Grand Ocean Classic Commerce Co., Ltd. amounting to NT$225,833 thousand (CNY 50,000 thousand).

Based on the Group's assessment, the aforementioned amounts have been accrued in accordance with the first-instance court ruling. As of September 30, 2024, a remaining balance of NT$152,087 thousand (CNY 33,673 thousand) has yet to be paid and is recorded under other payables. However, Chongqing Zhengsheng has contested the court's decision and has engaged legal counsel to file an appeal, which is currently pending court review.

(4) Hubei Grand Ocean Huayu Investment Co., Ltd. (hereinafter referred to as “Hubei Huayu”) filed a lawsuit against the Group and the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. On September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY 93 million for the damage. On July 28, 2022, the court ruled in the first instance that the Group won the case, but Hubei Huayu refused to accept the court's judgment and appointed a lawyer to file an appeal. Subsequently, on August 16, 2024, the court issued a final ruling in favor of the Group.

(5) Wuhan Hanyang Grand Ocean Classic Commercial Limited, a subsidiary of the Group, ceased operations on August 31, 2023, due to sustained losses. It terminated its lease agreement with Wuhan Trade And Commerce Nationalized Group Ltd. (hereinafter referred to as "Wuhan Trade") prematurely. Subsequently, Wuhan Trade filed a lawsuit against the Group on November 26, 2023, with the following claims:

A. Wuhan Trade demanded that the Group pay overdue rent, which the Group has already provisioned, and an early termination penalty of NT$205,541 thousand (CNY 45,507 thousand), recorded as other payable. Additionally, Wuhan Trade requested that the performance bond of NT$22,584 thousand (CNY 5,000 thousand) not be refunded. The Group has already recognized this as bad debt expense, recorded under other gains and losses. On June 14, 2024, according to the court's first-instance judgment, the supplementary revaluation includes September 2023 rental income of NT$15,540 thousand (CNY 3,413 thousand), as well as the reversed overestimation of early termination penalty of NT$21,986 thousand (CNY 5,000 thousand), which is recorded under other income and expenses.

B. Wuhan Trade sought compensation for rental losses due to the premises being vacant after the early termination of the lease, amounting to NT$33,617 thousand (CNY 7,585 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations.

C. Wuhan Trade demanded the return of rent reductions and penalties granted in previous years, totaling NT$84,963 thousand (CNY 19,170 thousand). The Group has provisioned NT$81,815 thousand (CNY 18,778 thousand) for this, recorded as other payable. On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations. Therefore, the aforementioned amounts were reversed and recorded under other income and expenses.

D. Wuhan Trade requested reimbursement of rent for a five-month rent-free period from previous years, totaling NT$21,234 thousand (CNY 4,791 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations.

E. Wuhan Trade sought reimbursement of expenses related to the demolition of the fifth-floor cinema and associated legal fees, totaling NT$10,380 thousand (CNY 2,342 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group is required to pay litigation costs of NT$1,314 thousand (CNY 291 thousand), which is recorded under other payables and other income and expenses.

Additionally, on November 21, 2023, Wuhan Trade applied for property preservation to the court, resulting in the freezing of the Group's bank deposits amounting to NT$9,870 thousand (CNY 2,185 thousand), recorded as other financial assets - current.

According to the Group's assessment, the aforementioned amounts have already been recorded in accordance with the court's first-instance judgment. As of September 30, 2024, a remaining balance of NT$198,394 thousand (CNY 43,925 thousand) has yet to be paid and is recorded under other payables. However, Wuhan Trade is dissatisfied with the court's ruling and has engaged a lawyer to file an appeal, which is currently pending court review.

(6) Wuhan Hanyang Grand Ocean Classic Commercial Limited, a subsidiary of the Group, ceased operations on August 31, 2023, due to sustained losses. It terminated its lease agreement with Wuhan Laopai Catering Management Co., Ltd. (hereinafter referred to as "Laopai Company") prematurely. Consequently, Laopai Company filed for arbitration on December 20, 2023, requesting the Group to refund the performance bond and pay early termination penalties, renovation losses, and related litigation expenses, totaling NT$27,040 thousand (CNY 6,101 thousand). On October 12, 2024, in accordance with the arbitration ruling, the Group was required to compensate Laopai Company for the aforementioned expenses totaling NT$24,773 thousand (CNY 5,485 thousand). The Group has already accrued this amount in its accounts, recorded under other payables and other gains and losses.

10. **Losses due to major disasters: None**

11. **Subsequent events: None**

12. **Other**

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

Item	For the three months ended September 30					
Function	2024			2023		
Item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	-	94,210	94,210	-	117,528	117,528
Health and labor insurance	-	125	125	-	136	136
Pension	-	12,762	12,762	-	14,742	14,742
Others	-	23,168	23,168	-	15,135	15,135
Depreciation	-	388,563	388,563	-	392,633	392,633
Depletion	-	-	-	-	-	-
Amortization	-	567	567	-	916	916

Item	For the nine months ended September 30					
Function	2024			2023		
Item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	-	267,905	267,905	-	323,450	323,450
Health and labor insurance	-	364	364	-	411	411
Pension	-	38,511	38,511	-	42,807	42,807
Others	-	67,935	67,935	-	86,691	86,691
Depreciation	-	1,151,388	1,151,388	-	1,157,109	1,157,109
Depletion	-	-	-	-	-	-
Amortization	-	1,693	1,693	-	2,524	2,524

(2) Seasonality of operations

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

13. Other disclosures:

(1) Information on significant transactions:

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

A. Loans to other parties: Appendix 1, please refer to the chinese version consolidated financial statements P46.

B. Guarantees and endorsements for other parties: Appendix 2, please refer to the chinese version consolidated financial statements P47.

C. Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3, please refer to the chinese version consolidated financial statements P48.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300,000 thousand or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300,000 thousand or 20% of the capital stock: None.

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

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100,000 thousand or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100,000 thousand or 20% of the capital stock: Appendix 4, please refer to the chinese version consolidated financial statements P49.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Appendix 5, please refer to the chinese version consolidated financial statements P50.

(2) Information on investees: Appendix 6, please refer to the chinese version consolidated financial statements P51.

(3) Information on investment in mainland China: Appendix 7, please refer to the chinese version consolidated financial statements P52~53.

(4) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A	91,560,000	46.82%
First Steamship Co., Ltd.	19,552,000	9.99%

14. **Segment information**

(1) General information:

The main revenue of the Group comes from department store retail. The chief operating decision-maker of the Group uses the overall operating results as the basis for evaluating performance. Accordingly, the Group is a single operating department, and the operating department information for the nine months ended September 30, 2024 and 2023 is consistent with the consolidated financial report information.

(2) Information of products and services: The consolidated company belongs to department store retail business.

(3) Information of regional finance: Sales regions of the retail commodity are all in China.

(4) Information of VIP: Sales objects of the consolidated company are all general consumers, and there is no dependence upon the VIP.