Grand Ocean Retail Group Limited 5907

GRAND OCEAN RETAIL GROUP LIMITED

2023 Annual Report

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II

III Name and Location of the Exchange for Overseas Securities Listed, and the Methods of Inquiry for the Securities Thereof: NA

IV Company Website: http://www.grandocean.com.tw ; http://www.grandocean.com.cn

V Directors of Board

Title	Name	Nationality	Main Education and Work Experience
Chairman	Kuo Jen Hao	ROC	Pace University NY MBA Finance and Accounting major American CPA Director、Chief financial officer of Natural Group Vice president of Private Equity Management Group PWC Transaction Services Merrill Lynch Research Assistant
Director	First Steamship Company Ltd Representative：Ng Qing Hai	HK	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED
Director	First Steamship S.A Representative：Zhang Jin Guo	CN	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store. Business manager of Beijing Xidan Shopping Center. Manager of Beijing Scitech Shopping Center Department store. Deputy General Manager of the Wuhan Store at Beijing SOGO Department Store Group. Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager. Xi'an and Jinan Regional general manager of Wanda Business Management Company. Director, Vice president of Grand Ocean Department Store Group Limited.
Director	Lee Seng Chay	MY	Bachelor of Science, Monash University, Australia. Mulpha International Bhd, General Manager. President/Vice President of Mabuhay Holdings Corporation,
Independent director	Ding Jin Huei	ROC	NCTU Executive Master of Business Administration. Ph.D. in Business Management, Tianjin Nankai University. Certified Public Accountant of the Republic of China. Member of School Affairs Fund of NCTU. Director、Secretary of Chinese Association of Valuation. Host of Taipei's bus privatization planning and implementation plan. Independent Director of ASSEM TECHNOLOGY CO., LTD, LUNG HWA ELECTRONIC CO., LTD, TRENDCHIP TECHNOLOGY CO., LTD. Remuneration Committee of TSTI.
Independent director	Sher Ching Yee	HK	Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK. Auditor of Deloitte Touche Tohmatsu Limited（HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of Qingdao Mingyu Real Estate Plaza Co., Ltd.
Independent director	Lee Jenn Yuh	ROC	Master of Real Estate Management from New York University；Bachelor of Urban Planning, National Cheng Kung University；Passed the college entrance examination for urban planner license；Passed the special examination for land registration professional agent；Passed the Financial Trust Business Personnel Examination；Asset Business Department Manager and Investment Promotion Department Manager of Tesco Taiwan Co., Ltd. (Tesco Supermarket in the UK)；Development Manager and Investment Promotion Department of Carrefour Taiwan Co., Ltd. (Carrefour, France)；Assistant to the President and Director of Development Department of Grand Ocean Department Store Group；Preparatory General Manager of Shanghai Qianshu Commercial Management Company

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NIGHT. LAST YEAR, AND AS OF THE DATE OF PUBLICATION OF ANNUAL REPORT, ANY MATERIAL INFLUENCE UPON THE SHAREHOLDERS EQUITY OR SECURITIES PRICE DEFINED IN ARTICLE 36.3.2 IN THE SECURITIES EXCHANGE ACT: NONE. 225

One. Report to Shareholders

To Every Shareholder:

Although the domestic epidemic containment policy was relaxed in early 2023, the impact of the epidemic has not yet ended. China's trade and investment have declined, financial markets are turbulent, fiscal policies have been expanded but with little effect, residents' wealth has evaporated, recovery momentum is lacking, and "retaliatory consumption" has failed to materialize as expected. Since April 2022, China's consumer confidence index has declined, from 113.2 to 86.7. Although it briefly rebounded to 94.9 in February 2023, it then fell again. As of December 2023, China's consumer confidence index Still only 87.6. From the data released by the Central Bank of China.

Dayang took over the shopping mall located on Jiefang Avenue in Wuhan City from Power Construction Group Nanguo Real Estate Company on September 1, 2023, and established it as "Grand Ocean Center". The mall is strategically located in the core commercial area of Wuhan. It is currently in trial operation and is scheduled to officially open on April 27, 2024, further enhancing Dayang's brand influence and market competitiveness in Wuhan.

In addition, Dayang Nanjing Xinjiekou store, as Dayang’s flagship store, suffered heavy losses during the epidemic. After careful adjustments and reforms in 2023, it has once again won widespread recognition from consumers. Among them, the introduced UR brand has injected new vitality into the store, and the rental income it contributes has significantly improved the economic benefits of the entire mall. With its fashionable and affordable price positioning, the UR brand perfectly adapts to the current economic environment and meets consumers' needs for cost-effective products.

On July 1, 2023, Dayang’s latest WeChat mini program mall was upgraded and launched. We can optimize marketing strategies and improve service quality by analyzing consumer behavior. In addition, the seamless connection with the parking lot not only simplifies the parking process for customers, greatly improves customer experience and operational efficiency, but also provides valuable vehicle flow data for mall managers; the comprehensive upgrade of the points system allows consumers to The same points system can be used anywhere to easily redeem gifts or enjoy services in the micro mall, allowing customers to feel real convenience.

On the Douyin and Meituan-Dianping platforms, the sales of Dayang’s local life group buying coupons exceeded the RMB 120 million and RMB 200 million marks respectively, far exceeding our initial expectations. By selling coupons in the live broadcast room and guiding customers to the store for verification, Dayang has successfully achieved a seamless connection between online and offline. This strategy not only won us valuable public traffic, but also greatly promoted the growth of fans. More importantly, this approach ensures the continued popularity of the store’s online platform and brings considerable customer flow growth to the store.

The operating results of 2023 and the business plan for 2024 are described as follows:

I. Operation Results 2023

(I) Achievements of Operational Plans

The consolidated operating revenues 2023 of the Group were NT$3,820,133 thousand, which decrease by 7.95% compared with NT$4,150,142 thousand in year 2022; the net loss after taxes 2023 was NT$(2,083,997) thousand, which decreases by 150.23% compared with NT$(832,847) thousand in year 2022; also, the loss per share (EPS) was NT$-10.66 in year 2023.

If RMB is used as the denomination unit, then in year 2023 the consolidated operating revenues of the Group were RMB$863,713 thousand, and the net loss after taxes was RMB$(471,181) thousand; in year 2022 the consolidated operating revenues of the Group were RMB$935,433 thousand, and the net loss after taxes was RMB$(187,722) thousand.

(II) Budget Execution Overview

Undisclosed Financial Estimates 2023 of Grand Ocean Retail Group Ltd.

(III) Analyses on Financial Revenues and Expenses, as well as Profitability

(1) Bussiness Revenues

The consolidated bussiness revenues 2023 of the Group were NT$3,820,133 thousand, which decrease by 7.95% compared with NT$4,150,142 thousand in year 2022. The main reason is that China's poor general environment has affected people's willingness to consume, resulting in a decline in operating income.

(2) Operating Expenses

The consolidated operating expenses 2023 (including operating costs and expenditures) of the Group were NT$4,050,145 thousand, which increase by NT$54,107 thousand compared with NT$4,104,252 thousand in year 2022 (1.32%), wherein the operating costs decrease by NT$116,508 thousand (-15.37%), and the operating expenditures increase by NT$62,401 thousand (1.86%). The decrease in operating costs was mainly due to the decrease in the ratio of direct sales, The main reason for the increase in operating expenses was due to the control of related expenses.

(3) Profitability

The consolidated net operating loss 2023 of the Group was NT$240,066 thousand, which decreases by NT$268,005 thousand compared with NT$27,939 thousand in year 2022, and the consolidated net profit margin decreases from 0.67% in year 2022 to (6.28)% in year 2023. The consolidated non-operating revenues and expenses 2023 were NT$(1,621,534) thousand, which increase by NT$979,780 thousand compared with NT$(641,754) thousand in year 2022. The profit decline was mainly due to the poor environment in China, which affected people's willingness to consume and the recognition of losses from the closure of three stores in Wuhan, as well as losses from the market price of its own properties and trademark rights, resulting in expanded losses.

(IV) Research & Development

Due to the fact that the Group belongs to the department retail industry, it does not involve any R&D, nor manufacture of the products; hence, the Group does not concern any plans nor expenses for R&D. Yet, as for the characteristics in this field, it is crucial to educate and to train the professional management personnel, as well as to raise the talent quality, in order to be the material nutrients for the Group to be more competitive in the future. Grand Ocean has its own management teams who all have at least one to two decades of business experience, and all are very experienced and dedicated to marketing proposal, enterprise establishment as well as branch expansion. In recent years, we even more greatly recruit younger managers or supervisors, in order to have younger store managers and other managers. For the past two years, we particularly selected our reservation supervisors from all the top universities or colleges all over mainland China. After our attentive cultivation, many of them have occupied various important positions in our stores as well as in the Department of Boundless Retail, and they actually have proven themselves worthy. For the future expansion of our Company, we shall hereafter further reinforce the development, training and education of human resource, to reserve as well as to recruit more excellent retail talent. Then we are able to enrich our stores and improve the level of management.

II. Overview of Operational Plans 2024

At present, China's mainstream consumption concepts are turning to rationality and pragmatism, and consumption is focusing on cost-effectiveness. Not only do ordinary people no longer pay for luxury goods, but high-net-worth people have also begun to reduce their spending. However, people's requirements for quality have not been reduced. In the recession, minimalist consumption with the characteristics of less but better has become a trend. The consensus of the new generation of consumers.

In 2024, Dayang proposed the business theme of "commodity power, price power, and thoughtful retail to ensure the attractiveness of stores; technological power, omni-channel, and intelligence to stimulate customer spending power." Each store is required to improve its ability to provide goods and services to customers and treat each store as a big brand, establish visibility in the minds of customers, provide customers with more cost-effective products, and be customer-centered, think about what customers want, and have products With strength, price power and heart-to-heart retailing, stores can attract customers; and use big data analysis to achieve accurate recommendations and marketing to customers, so that Dayang’s online platform can open up the boundaries with various platforms through all channels and create richer products. Scenes can make customers feel at home, and use technology and omni-channel intelligence to attract business, making customers happy to spend money and forming a good cycle.

III. Strategies of Future Company Development

The current retail cycle presents an unfavorable situation of "sluggish climb and accelerated decline", which is a severe test for every enterprise in the industry. To meet this challenge, the first priority is to step outside our epistemic comfort zones. This means that we cannot stick to the old thinking patterns and marketing strategies, but should proactively observe and analyze market changes. Customer needs and behaviors are undergoing subtle changes, and manufacturers' business strategies are also constantly evolving. During this process, we must maintain an open mind and a positive attitude towards learning. This is not only a challenge to personal abilities, but also a test of the adaptability of the entire organization. We need to encourage knowledge sharing among team members, cultivate a spirit of crossdepartment collaboration, and jointly promote enterprise innovation and progress. The following is Dayang’s development strategy in response to the situation:

(I) Unbounded strategy upgrade improves member operation efficiency

Dayang always adheres to the core concept of "consumer-centered" and proactively establishes connections with customers. We not only pay attention to customers' clicking behavior and purchasing habits, but also deeply understand their consumption preferences in order to provide them with a more personalized service experience. For those customers who rank among the top spenders, Dayang will implement a series of considerate measures, including exclusive discounts, customized services, etc., to reward their loyalty and support.

Changes in offline customer flow prompt us to pay more attention to the importance of online traffic. We will use advanced system tools to tap the potential of our members. By actively tracking guests' consumption habits and preferences, we can push targeted activities and promotional information, thereby effectively promoting the integration of online and offline. The "heart retail" we pursue is to listen to the voices of consumers with our hearts, love every customer with our hearts, and constantly create opportunities for encounters and encounters with consumers.

In order to further improve our membership operation capabilities, Dayang requires the unbounded retail department to strengthen the management and service of members, improve the ability to reach users; enhance the operational effects of social media, and continue to expand local life channels to better serve members. Our goal is to increase the proportion of unbounded retail performance to 30% of Dayang's total sales performance.

(II) Accelerate the pace of shopping mall restructuring and upgrading

During the past four years of the epidemic, shopping mall renovation business has slowed down significantly. However, as the business environment changes rapidly and market demands and consumer behavior continue to evolve, shopping malls must transform and upgrade to better adapt to this new normal. Against this background, the Hefei store is about to implement an important renovation plan in 2024—the redesign of the B1F subway Unicom channel. This initiative aims to open up the connection between the mall and the subway station, making it more convenient for customers to enter the mall directly from the subway. This will not only bring more customer flow to the Hefei store, but also indicate that the mall will have higher visibility and accessibility, thereby activating potential consumption power. Similarly, Fu Er store will also introduce a brand new cinema. To this end, we will carry out a series of renovation work on relevant floors to optimize the space layout to make it more spacious and comfortable, while improving the overall shopping experience. Such adjustments not only respond to market demand, but also reflect our deep understanding of customer needs and attention to details.

(III) Better troops and simpler administration to improve efficiency

During the economic downturn, we have to optimize our operating model, improve efficiency, and reduce unnecessary expenses to cope with changes in the economic environment. In order to ensure that our team is more efficient and flexible, we have made careful adjustments to the staffing of profitable and loss-making stores. Refining troops and streamlining administration is not only about reducing the number of personnel, but also optimizing the allocation of existing human resources. We will focus on cultivating the capabilities of core team members and improving their professional skills and management standards so that they can maximize their effectiveness in their respective positions. At the same time, we will also introduce more automation and technological innovation when necessary to improve work efficiency and reduce costs.

In terms of management processes, in order to ensure that our team can operate efficiently, we will simplify the process design and remove unnecessary links and steps. This reform will help improve overall management efficiency and create a clearer and more efficient working environment for employees.

(IV) Established a Shanghai company to promote the construction of e-commerce headquarters

Taking into account a series of factors such as talent reserves, financing, financial subsidies, and the establishment of high-tech enterprises, Dayang Future plans to establish a Shanghai company. After establishment, the online business of each store of the group will be integrated, and an e-commerce platform subsidiary will be built as the Dayang e-commerce headquarters to coordinate online channel management and member operations, while enjoying local policy support in Shanghai.

IV. Analyses on Influence by External Competition, Laws and Regulations, as well as Overall Environments

Post-epidemic, retail business growth will still face difficulties after 2023. Under the influence of shrinking demand, unstable income expectations, tightening employment environment and other factors, the cautious consumption mentality has indeed inhibited the development of the consumer market to a certain extent, causing people to be more cautious. Willing to deposit funds in the bank. According to data from the People's Bank of China, from the beginning of 2020 to January 2024, Chinese households deposited approximately 58.24 trillion yuan in net bank accounts, and 82% were time deposits, which is equivalent to the total new deposits from 2009 to 2019. . Among them, the new deposits of domestic households in 2022 and 2023 will be the largest increase in two years since 2005.

The consumer market has changed from upgrading to downgrading, while mainstream consumption concepts have turned to rationality and pragmatism, and consumption has focused on cost-effectiveness. However, people's requirements for quality have not been reduced. In the sluggish environment, minimalist consumption with fewer but more refined features has become the consensus of the new generation of consumers. Dayang has actively carried out adjustments in each store in line with the trend.

At the Central Economic Work Conference, the general tone of seeking progress while maintaining stability was determined in 2024, as well as work requirements such as promoting stability by promoting stability and establishing first before breaking. Focusing on promoting high-quality development, efforts will be made to expand domestic demand, especially stimulating consumption potential. , Promoting the continued expansion of consumption will be the key focus and key task of next year's economic work. These policies will gradually stabilize the job market and continuously improve residents' expectations, thereby stimulating consumption enthusiasm. Once residents' confidence recovers and expectations become optimistic, these high savings funds are likely to be transformed into strong consumption motivation. This transformation may significantly boost the consumer market and promote economic growth in a very short period of time.

Therefore, although the growth of the retail business is currently facing difficulties, we still firmly believe that this difficulty is temporary. In the current trough period of the industry, Dayang must return to the essence of retail. By improving product strength, improving supply chain organization efficiency, and operating the organization with customers and members as the center, Dayang will be able to survive the protracted period of economic stagnation and usher in new development.

Grand Ocean Retail Group Limited.

Chairman: GUO REN HAO

Two. Company Introduction

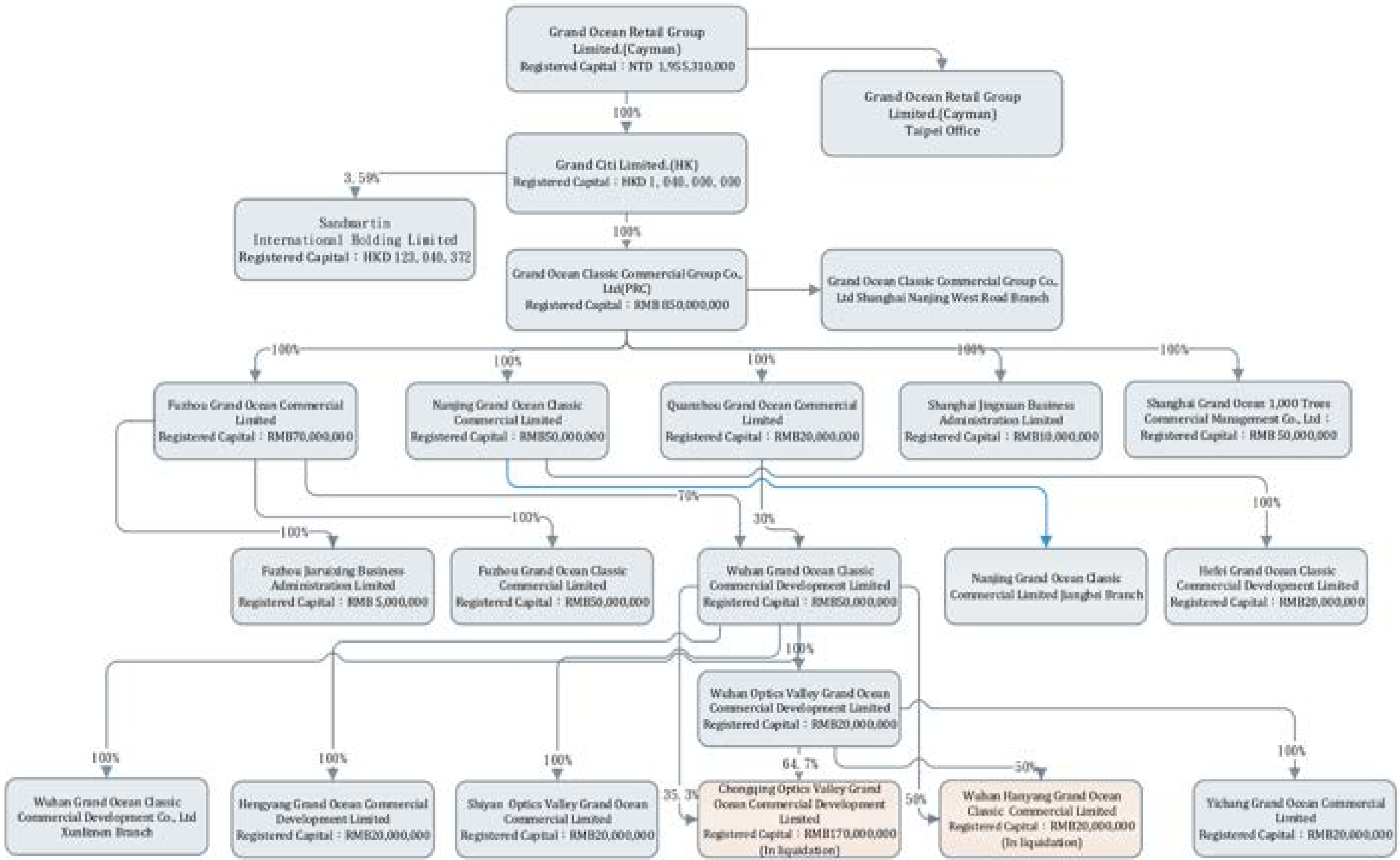
I *Date of Establishment*

Founded in Dalian, China (P.R.C.) in May 2002

II *Company History*

Grand Ocean Retail Group Ltd. (hereinafter referred to as Grand Ocean or the Company) is one of the largest and most influential department retail distribution groups in mainland China. As a holding company, Grand Ocean Department Store Group Ltd. deploys all the retail stores in each major city in compliance with our operation strategy “a department store for a company”. Our operation team members mainly contain most of those talents who expertize in department operation, coming from Taiwan and China. We actively uphold the concepts of “Fashion We Lead, Taste We have”, “Genuineness We Deliver, Reputation We Believe” and “Customer the Highest, Service the Newest” to create a shopping environment with extraordinary fashion, taste and comfort for our customers all over. Operations of Grand Ocean Group contain shopping, leisure events, entertainment and catering services, making it a comprehensive department retail entity. The very first department store – Fuzhou Zhongcheng Grand Ocean Department Store Ltd. of our Group was founded in Sep 2002. As the economic was growing rapidly in mainland China, consumption ability of the people also increased. Afterwards, Grand Ocean subsequently established its own branches in different provinces and regions in China to enlarge the group scale, and has become one of the largest-scale department groups among the mainland. As of the publication date of the Annual Report, Grand Ocean Group has totally founded 14 department stores, covering 9 cities in China, including Shanghai, Fuzhou, Nanjing, Quanzhou, Wuhan, Hengyang, Yichang, Hefei and Shiyan (containing Fuzhou Jiaruixing Underground Shopping Center). Grand Ocean shall keep deeply cultivating in the three major regions where we have the advantage in competitiveness (Fujian, Jiangsu, Anhui, Hubei and Hunan included): Sino-center region based on Wuhan city, Sino-east region based on Nanjing city, as well as Sino-south region based on Fuzhou city. At the end of 2021, Grand Ocean entered the first-tier city of Shanghai. The Grand Classic 1000 trees project, which was grandly opened on the bank of Suzhou River Shanghai is the perfect beginning of the great vision of “creating another Grand Ocean” of our staff.

III Group Structure



Important Events

Date	Important Events
May 2002	Dalian Grand Ocean Department Store Ltd. was founded in Dalian City, Liaoning Province, China.
Jun 2002	Fuzhou Zhongcheng Grand Ocean Department Store Ltd. was founded.
Aug 2002	Nanjing Grand Ocean Department Store Ltd. was founded.
Sep 2002	Fuzhou Zhongcheng Grand Ocean Department Store (Fuzhou Primary Store) was opening.
Sep 2002	Suzhou Grand Ocean Department Store Ltd. was founded.
Nov 2002	Suzhou Grand Ocean Department Store was opening.
Jan 2003	Quanzhou Grand Ocean Department Store Ltd. was founded.
Jan 2003	Nanjing Grand Ocean Department Store (Nanjing Store) and Quanzhou Grand Ocean Department Store (Quanzhou Store) were opening.
Apr 2003	Wuxi Grand Ocean Department Store Ltd. was founded.
May 2003	Wuxi Grand Ocean Department Store (Wuxi Store) was opening.
May 2003	Dalian Grand Ocean Department Store Ltd. was renamed as Grand Ocean Department Store Group Ltd.
Jan 2004	Changzhou Tianan Grand Ocean Department Store Ltd. (which was later renamed as Changzhou Peace Grand Ocean Department Store Ltd.) was founded.
Mar 2004	Changzhou Peace Grand Ocean Department Store (Changzhou Store) was opening.
Sep 2004	Wuhan Grand Ocean Department Store Ltd. (which was later renamed as Wuhan Zhongshan Grand Ocean Department Store Ltd.) was founded.
Dec 2004	Wuhan Zhongshan Grand Ocean Department Store (Wuhan Primary Store) was opening.
Jun 2005	Disposal of Subsidiaries – Equities of Changzhou Peace Grand Ocean Department Store Ltd., Wuxi Grand Ocean Department Store Ltd. and Wuhan Zhongshan Grand Ocean Department Store Ltd.
Jul 2005	The company, Nature Sources Limited, reinvested by First Steamship Co., Ltd. acquired a part of stock rights of the offshore holding company located in the British Virgin Islands (BVI), Regal Ocean International Ltd., and used it as the holding company of Grand Ocean Department Store Group Ltd.
Feb 2006	Ministry of Commerce of the People's Republic of China (MOFCOM) ratified Regal Ocean International Ltd. to acquire 70% of the total equity of Grand Ocean Department Store Group Ltd. After the transaction was fulfilled, First Steamship Co., Ltd. became the largest shareholder of Grand Ocean Department Store Group Ltd.
Jun 2006	First Steamship Co., Ltd. modified the investment structure, and transferred a part of stock rights of Regal Ocean International Ltd. to the investment company, First Steamship S.A.
Aug 2006	Grand Ocean Retail Group Ltd. (hereinafter referred to as Grand Ocean or the Company) was founded in the Cayman Islands to be the holding parent company of the Group as well as an application entity of primary listing.
Dec 2006	Dalian Foreign Trade & Economic Cooperation Bureau ratified Regal Ocean International Ltd. to acquire 100% of the equity of Grand Ocean Department Store Group Ltd.
Feb 2007	Regal Ocean International Ltd. formally acquired 100% of the equity of Grand Ocean Department Store Group Ltd.
Mar 2007	Repurchase of the equities of Changzhou Peace Grand Ocean Department Store Ltd., Wuxi Grand Ocean Department Store Ltd. and Wuhan Zhongshan Grand Ocean Department Store Ltd.

Date	Important Events
Mar 2007	Acquisition of the equity of Fuzhou Grand Ocean Department Store Ltd.
Jul 2007	Wuhan Optics Valley Grand Ocean Department Store Ltd. was founded.
Oct 2007	The organization structure was adjusted. A new holding company – Grand Citi Ltd. was founded in Hong Kong by Regal Ocean International Ltd., and all the equities of Grand Ocean Department Store Group Ltd. were transferred to Grand Citi Ltd.
Nov 2007	The organization structure was adjusted. The stocks of Regal Ocean International Ltd. were swapped with the ones of Grand Ocean, making the former a subsidiary whose equity was 100% possessed by the Company, also Grand Ocean Department Store Group Ltd. became a subsidiary whose equity was 100% possessed indirectly by the Company.
Nov 2007	Fuzhou Grand Ocean World Department Store Ltd. was founded.
Dec 2007	Wuhan Optics Valley Grand Ocean Department Store (Wuhan Secondary Store) and Fuzhou Grand Ocean Department Store (Fuzhou Secondary Store) were opening.
Feb 2008	Xiangtan Grand Ocean Department Store Ltd. was founded.
Mar 2008	Chongqing Optics Valley Department Store Ltd. was founded.
May 2008	Fuzhou Grand Ocean World Department Store (Fuzhou Third Store) was opening.
Jul 2008	Wuhan Longyang Grand Ocean Department Store Ltd. was founded.
Sep 2008	Xi'an Grand Ocean Department Store Ltd. was founded.
Dec 2008	Chongqing Optics Valley Department Store (Chongqing Store) was opening.
Mar 2009	Shihkiachwang Zhongshan Grand Ocean Department Store Ltd. was founded.
Mar 2009	In the cause of simplification of the organization structure, the Company merged Regal Ocean International Ltd., making Grand Citi Ltd. a subsidiary whose equity was 100% possessed directly by the Company.
Aug 2009	Hengyang Grand Ocean Department Store Ltd. was founded.
Sep 2009	Xi'an Grand Ocean Department Store (Xi'an Store) and Xiangtan Grand Ocean Department Store (Xiangtan Store) were opening.
Dec 2009	Wuhan Longyang Grand Ocean Department Store (Wuhan Third Store) was opening.
Sep 2010	Yichang Grand Ocean Department Store Ltd. was founded.
Dec 2010	Nanjing Grand Ocean Department Store Ltd. Jiangbei Branch was founded.
Dec 2010	Hengyang Grand Ocean Department Store (Hengyang Store) was opening.
May 2011	Grand Ocean Retail Group Ltd. Taipei Office was founded.
May 2011	Fuzhou Elegance Food & Beverage Co., Ltd. was founded to approach the delicate and high-class restaurant industry.
Jun 2011	Nanjing Grand Ocean Department Store Hefei Ltd. was founded.
Jun 2011	Shanghai Sunny Ocean Clothes & Accessories Trading Co., Ltd. was founded to develop clothing of our own brand.
Sep 2011	Yichang Grand Ocean Department Store (Yichang Store) was opening.
Sep 2011	Wuhan Grand Ocean Real Estate Co., Ltd. was founded to handle the development business of the properties for department store locations.
Dec 2011	Shihkiachwang Zhongshan Grand Ocean Department Store (Shihkiachwang Store) was opening.
Mar 2012	Shanghai Honglin Commerce Co., Ltd. was founded to deal with the Shopping Card business of department stores.

Date	Important Events
Jun 2012	Grand Ocean Retail Group Ltd. was formally listed in Taiwan Stock Exchange (TWSE).
Jul 2012	Heritage Riches Ltd. (H.K.) was founded.
Oct 2012	Investment on Suzhou Bohong Asset Management Joint Venture.
Nov 2012	Nanjing Grand Ocean Department Store Hefei (Hefei Store) was opening.
Jan 2013	Disposal of the subsidiary, Wuhan Grand Ocean Real Estate Co., Ltd.
Mar 2013	Disposal of the subsidiary, Changzhou Peace Grand Ocean Department Store Ltd.
Mar 2013	Putian Grand Ocean Department Store Ltd. was founded.
Mar 2013	The lease agreement of Wuxi Grand Ocean Department Store Ltd. expired to therefore discontinue operation.
May 2013	The real estate developer of Shihkiachwang Zhongshan Grand Ocean Department Store Ltd. failed to fulfill the contact to deliver the new mall; therefore the operation was discontinued.
Jul 2013	Investment on Hubei Sino-Universe Investment Co., Ltd. was ratified.
Aug 2013	Due to the long-term losses, both Fuzhou Elegance Food & Beverage Co., Ltd. and Shanghai Sunny Ocean Clothes & Accessories Trading Co. ceased operation.
Mar 2014	Selling of Xi'an Grand Ocean Department Store with a deficit was ratified.
May 2014	Shanghai Honglin Commerce Co., Ltd. failed to efficiently open up the market for business expanding; therefore the operation was discontinued.
Sep 2014	Tongling Grand Ocean Department Store Ltd. was founded.
Oct 2014	The capital of Putian Grand Ocean Department Store Ltd. was reduced to RMB$5,000 thousand.
Dec 2014	Hubei Xianning Store (administration store) was opening.
Mar 2015	Establishment of Grand Ocean Pawn Co., Ltd. in Fuzhou was ratified.
Jun 2015	Selling of 41.2% of the equity of Grand Ocean Pawn Co., Ltd. was ratified.
Dec 2015	First write-down of the treasury stock at 1,000,000 shares was ratified.
Dec 2015	Selling of 45.0% of the equity of Grand Ocean Pawn Co., Ltd. was ratified.
Mar 2016	Second write-down of the treasury stock at 1,501,000 shares was ratified.
Mar 2016	CPOS system was launched into each store of the entire Group, and Grand Ocean clearly defined the path to fully support e-wallet.
Apr 2016	A strategical cooperation arrangement of QQ Wallet was cosigned between Tencent Group and Grand Ocean.
May 2016	A strategical cooperation agreement was cosigned between China Minsheng Bank Corp., Ltd. (CMBC) and Grand Ocean.
Jun 2016	QQ Wallet was formally introduced in the presentation of Grand Ocean Department Store, that e-wallet system was to be conducted into each store, and WeChat Pay, Alipay, ApplyPay, Quick Pass and JD Wallet were also to be introduced subsequently.
Jun 2016	Investment strategies of the Group were adjusted, and the wholly-owned investment company, HERITAGE RICHES LTD., was sold.
Sep 2016	O2O Department was founded in the Group; mainly responsible for promotion and cooperation with e-commerce business.
Sep 2016	WeChat digital membership card was launched in the CPOS system of Grand Ocean, and membership card of the Group stepped into the digital age.
Sep 2016	Forge of the strategic alliance with China Internet Plus Group (CIP) to co-build a brand new ecology of intelligence retail via big data.
Dec 2016	Putian Grand Ocean Department Store Ltd. was written off.

Date	Important Events
Dec 2016	Selling of the whole equity of Tongling Grand Ocean Department Store Ltd.
Dec 2016	Capital reduction as well as retrieve of the entire investments of Hubei Grand Ocean Sino-Universe Investment Co., Ltd.
Jan 2017	The Group schemed to build Shiyan Grand Ocean Modern Shopping Center via the purchase of commercial properties in “Shiyan International Finance Center”.
Mar 2017	Xi'an Grand Ocean Department Store ceased operation.
Apr 2017	The Group commenced the strategical cooperation with Baiwang Electronics to launch smart taxation, big data for public finance, and digital invoices.
Aug 2017	The Group cosigned the framework agreement of strategical cooperation with JD, containing JD Home, JD.COM, JD Finance, JD Logistics, as well as the membership and big data.
Nov 2017	Shanghai Jingxuan Business Administration Ltd. was founded.
Dec 2017	New purchase of the commercial properties in 8F and 9F in “Shiyan International Finance Center”.
Dec 2017	The strategical cooperation was arranged between Grand Ocean Group and China Postal Express & Logistics to develop a new combination approach of “Internet + Retail + Express”.
Jan 2018	Xi'an Grand Ocean Department Store Ltd. had been written off.
Feb 2018	Stock agency of the Company was changed to KGI Securities Investment Trust Co. Ltd.
Feb 2018	Hubei Shiyan Grand Ocean Modern Shopping Ltd. started business.
Apr 2018	Fuzhou Jiaruixing Business Administration Ltd. was founded.
Oct 2018	Fuzhou Jiaruixing Business Administration Ltd. started business.
Dec 2018	Suzhou Grand Ocean Department Store discontinued operation.
Dec 2018	Xiangtan Grand Ocean Department Store discontinued operation.
Jun 2019	Commercial areas on the 1F and 2F of Shiyan International Financial Center have been additionally purchased.
Nov 2019	Suzhou Grand Ocean Department Store Limited completed its cancellation.
Mar 2020	Established Borderless Retail Division.
Apr 2020	Fuzhou Grand Ocean World Department Store Limited ceases business.
Jun 2020	The group companies changed their Chinese names, and the Chinese name of the company was changed from "大洋百貨控股股份有限公司" to "大洋商業控股股份有限公司", declaring that the group would get rid of the traditional department store format and strive towards a new retail model.
Nov 2020	Established Investment Business Division.
Nov 2020	Xiangtan Grand Ocean Department Store completed its cancellation.
Dec 2020	Fuzhou Grand Ocean World Department Store Limited completed its cancellation.
Feb 2021	Established Merchants Business Division.
July 2021	Acquired Shangsai 1000 trees Commercial ManagementCo., Ltd,and Changed its name to Shanghai Grand Ocean 1000 trees Commercial Management Co., Ltd.
Oct 2021	1-3 floors of Fuzhou Grand Ocean Commerce Limited closed.
Dec 2021	Shanghai Grand Ocean 1000TREES Shopping Mall openes.
Mar 2022	Captial increase in Chongqing Optics Valley Grand Ocean Commercial Development Limited.
Oct 2022	Chongqing Optics Valley Grand Ocean Commercial Development Limited close permanently.

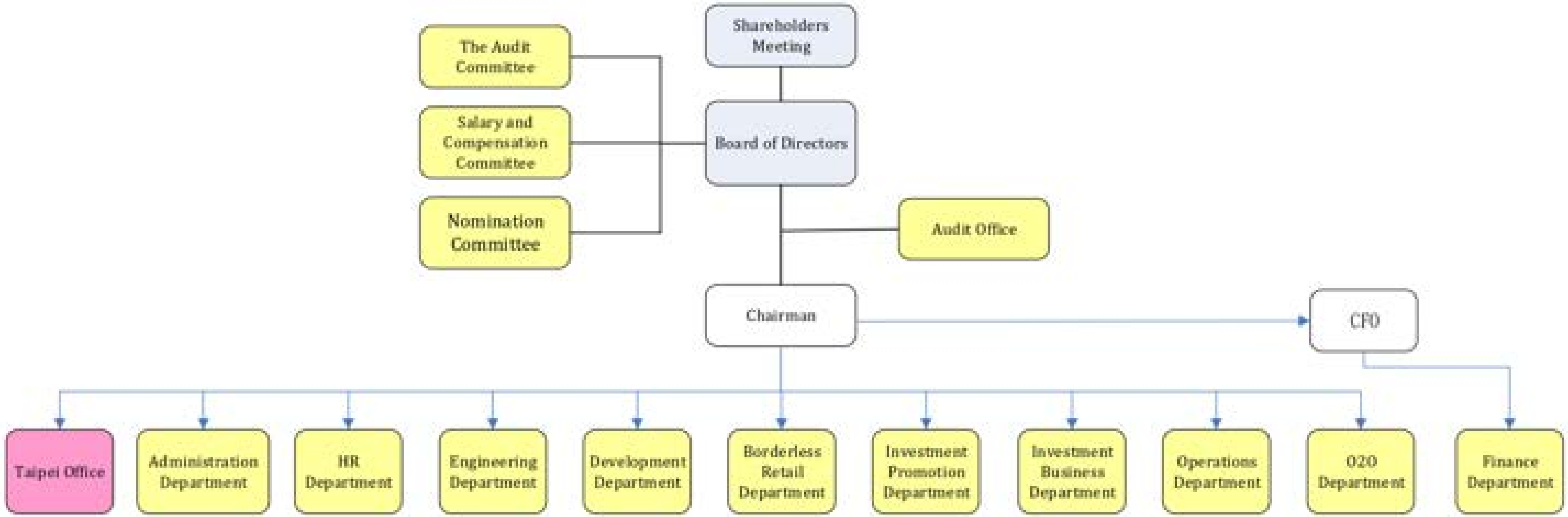
Date	Important Events
Aug 2023	Wuhan Grand Ocean Classic Commercial Development Co., Ltd Xunlimen Branch was founded.
Sep 2023	Captial increase in Wuhan Hanyang Grand Ocean Classic Commercial Limited.
Sep 2023	Equity changes in Yichang Grand Ocean Commercial Limited.
Sep 2023	Wuhan Hanyang Grand Ocean Classic Commercial Limited. ceases business.

IV Assessment of Risks

Please refer to Chapter VII. Review and Analysis of Financial Status and Performance, as well as Risks.

I Organization System

(I) Organization Structure



(II) Business Scope of Each Primary Departmen

Department	Range of Responsibility
Audit Committee	1. To correct or revise the internal control system. 2. To assess efficiency of the internal control system. 3. To correct or revise any procedure concerning the material financial operations of acquisition or disposal of assets, transaction of derivative merchandise, loans to others, and endorsements or guarantees for others. 4. To resolve the matters involved with self-interest of the Directors. 5. To Ratify the transactions regarding the material assets or derivative merchandise. 6. To review the material loans, endorsements or guarantees. 7. Collection, issuance or private placement of any marketable securities with nature of equity. 8. Authorization, dismissal or remuneration of CPA. 9. Designation or dismissal of the executives of Finance Department, Accounting Department, or Internal Audit Office. 10. To examine the annual and semiannual financial reports. 11. Other material matters regarding other companies or competent authorities.
Audit Office	To be in charge of every auditing business, as well as assessment on the corporate internal control, and to track the progress of improvement thereof.
Remuneration Committee	1. To define and periodically review the policies, systems, standards and structures of remuneration/compensation for the Directors and managers. 2. To periodically review and define the remunerations/compensations for the Directors and managers.
Nomination Committee	1. To select and review suitable candidates for directors and propose a list of candidates to the board of directors. 2. To formulate and review the establishment, responsibilities and operations of each committee under the board of directors, review the qualifications and potential conflicts of interest for the renewal of each committee member, evaluate the independence of independent directors, and report to the board of directors. 3. To plan and implement executive education programs. 4. Other matters decided by the board of directors and handled by this committee.
Administration Department	1. To instruct each store in legal affairs. To partake in the demonstration, verification, preparation as well as negotiation of a contract of the Group, and examine all kinds of contracts or clauses of each store. 2. To prepare, receive and deliver all kinds of official documents of the Group, where the senior executives are responsible to sign and supervise; to administer all kinds of files of the Group; to govern all kinds of seals and stamps of the Group. 3. To build and create a good relation with the related department of the governments, as well as guide each store to establish a good external environment. To expand the media access, maintain and manage the public relations, carry out the communication for public relations, coordinate all kinds of presentations, interview with the news media, as well as compile the news releases of the Company. 4. To deal with the headquarter rear service of the Group, including the office equipment and commodities, accommodation arrangement, ticket reservation of transportation, allocation and maintenance of the company vehicles, driver deploy, inventory control over various consumables of the headquarter and each store, as well as the budget control. To be in charge of the use, allocation and maintenance of the Group headquarter vehicles, as well as the deploy of drivers; also to deal with the safety protocols and sanitary jobs of the offices. 5. To launch the daily promotion activities, coupon management, cost and expense assessment, gross margin control, as well as the asset and inventory management in each store of the Group for audit, examination and supervision, therefore to compile the audit projects. To control the stock of the consumables of headquarter and each store, as well as the expenses and budgets. To align with the Audit Department dealing with the internal control assessment. 6. To establish the database of suppliers and construction subcontractors, and to be responsible for the supplier verifications, inquiry, comparison and negotiation of a price, as well as the confirmation of a subcontract. Moreover, to examine the aptitude of a subcontractor, as well as determine the budgets, final accounts and issuance of a subcontract. Also, to instruct and administer the business regarding purchase and subcontract of each store.

Department	Range of Responsibility
HR Department	1. To be responsible for verifying and processing the human resource matters of the Group concerning recruitment, review, appointment, performance assessment, reward and punishment, position transfer, promotion, welfare, pension and resignation. To establish and complete the human resource regulations and systems regarding management of remuneration/compensation and social insurance, structure establishment, personnel accounting, personal filing, and, labor dispute, as well as guide and inspect the human resource matters of each store. 2. To be in charge of regulating the training programs for the Group headquarter and each store, and to follow as well as improve the progress of the entire training programs; also, to manage the training database.
Operations Department	1. To scheme, supervise and execute the annual operating budgets for each store; to be in charge of the operation (for example, projects, art designs, customer services and foreign contractors); to deal with other business such as group purchasing or advertising revenues. 2. To launch the market investigation, orientation and contractor recruitment for a new store; to build, analyze and update the information of a supplier. 3. To institute the adjustment strategies, as well as execute the adjustment plans and assess the efficiency thereof.
Borderless Retail Department	1. Innovative new online technology and new models have been initiatively applied and promoted under the support of the Department of OTO. To launch market research, orientation, and contractor recruitment for each store; to build, analyze, and update the database of supplier information. 2. To propagandize the Grand Ocean APP and to increase the downloads and registrations through the stores and WeChat Public Account. To coordinate with the store to make the Grand Ocean APP Online accomplish certain fundamental missions such as purchase, shipment, after-sales service, etc. 3. To appropriately assign the cadre members of each store to establish the Department of Borderless Retail.
Investment Business Department	Perform feasibility research and analysis on catering, retail, department store and shopping mall-related brands and companies to select potential high-return brands and companies to invest in. Use existing stores and the Group's large platforms to cultivate and participate in management, and promote them to society to achieve the development objectives.
Investment Promotion Department	1. To be responsible for the investment promotion of new projects, among which more than 50%, with the leading brands directly completed on their own, while the project teams were responsible for the rest (non-leading brands). 2. Provid consultation for adjustment, improvement, and optimization to the Group's stores that are already open, and collaboratively developed plans to promote investment. 3. Collect the information of cooperative suppliers from all over the world, established a database in headquarters for the cooperated brands, and communicated with suppliers periodically. 4. Establish standards for the investment promotion and improved control mechanisms.
Development Department	To found a broad commercial information network, studying the development of department store industry in each major city, also to investigate the market and select the store locations in order to provide the basis of correct policies for the possibility of a development project, and then to submit the analysis reports of comprehensive investigation for the development project thereof.
Engineering Department	1. To be responsible for the comprehensive management of fundamental construction projects of the Group and each store; to assist the acceptance of construction delivery and completion for the projects of both building and development of the Group system; to administer, test & accept, renovate and maintain the structures. 2. To launch the designs and plans for decoration, air condition, water & electricity, as well as water supply & drainage of the structures. 3. To supervise and regulate the protection, sanitation, fire control, facility, and warehouse management of each store.
Finance Department	1. To establish the financial system of the Group, containing financing, using, distributing of the funds, as well as making-up and performing of the plans for financial income/expenses and credit loans. To examine and supervise the fund operation of each store, elaborating the fund distribution center of the Group to participate in each important demonstration and policy of the Group. 2. To establish a healthy financial budget, accounting, and control system of cost of the Group, and to reinforce the cost management. To organize the summary of financial budgets of the Group, prepare the final accounts and consolidated financial statements of

Department	Range of Responsibility
	the Group, as well as summarize and report various economic contracts. Also, to be responsible for the management of financial assets, and to direct the tax planning of each store.
O2O Department	1. To research & develop the information system of the Group, as well as verify the construction projects. To build the firewall for protecting the Group data on the Internet. To construct the system and budget/code/coordination of a new store, also to improve the technologies thereof. Moreover, to provide the technique consulting and services, also the related training for each store. 2. To found the platforms and technologies for cooperation between the Group and each e-commerce company.

II Personal Information of Director, Supervisor, General Manager, Vice General Manager, Assistant General Manager, and Manager of Each Department and Branch

(I) Director of the Board (the Company has assigned an Audit Committee, hence there is no Supervisor)

Apr 30, 2024

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Chairman Kuo Jen Hao	ROC	M	2023.06.15	2026.06.14	2016.06.23	0	0	0	0	0	0	0	0	Pace University NY MBA Finance and Accounting major American CPA Director、Chief financial officer of Natural Group Vice president of Private Equity Management Group PWC Transaction Services Merrill Lynch Research Assistant	Chairman and GM of FIRST STEAMSHIP COMPANY LIMITED, ROYAL SUNWAY DEVELOPMENT CO., LTD, Yee Xin Investment Co., Ltd, Chairman of Youcheng Financial Leasing Co., Ltd. Chairman and non-executive director of Sandmartin International Holdings Limited. Chairman of First Steamship S.A.(PANAMA), Praise Maritime S.A.(PANAMA), Longevity Navigation S. A.(PANAMA), Best Steamship S.A. (PANAMA), Grand Steamship S.A. (PANAMA), Black Sea Steamship S.A. (PANAMA), Ship Bulker Steamship S.A. (PANAMA), Reliance Steamship S.A. (PANAMA), Alliance Steamship S.A. (PANAMA), Sure Success Steamship S.A. (PANAMA), Shining Steamship International S.A.(PANAMA), Excellent Steamship International S.A. (PANAMA)； Director of Grand Citi Limited (HK), First Mariner Holding Led.(BVI)、Ahead Capital Ltd.(BVI), Media Assets Global Ltd.(BVI), Heritage Riches Ltd.(BVI),	—	—	—	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
															First Mariner Capital Ltd.(BVI), Mariner Capital Ltd.(HK), Mariner Far East Ltd.(HK)； Chairman and CEO of Taiwan Environment Scientific Co., Ltd. Director of Jia Wang Asset Development Co., Ltd Member of Remuneration Committee and Audit Committee of DA YU FINANCIAL HOLDINGS LIMITED. Chairman of Yonghenghui Investment Limited, Fuliyang Technology Co., Ltd, Heang Fu International Co., Ltd. Director of Wiselink Co., Ltd.				
First Steamship Company Ltd	ROC	-	2023.06.15	2026.6.14	2014.01.03	6,760	3.35%	19,552	9.99%	0	0	0	0	-	-	-	-	-	-
Representative：Director Ng Qing Hai	HK	M	2023.06.15	2026.6.14	2014.06.27	0	0	2,600	1.33%	0	0	0	0	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited.. Legal representative of Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED	Deputy Chairman and General Manager of Shanghai Allied Cement Limited. CEO of Shanghai Allied Cement Holdings Limited. Legal representative of Shandong Allied Wangchao Cement Limited. Director of First Steamship Company Ltd. Director and General Manager of Grand Ocean Retail Group Limited. Director of Grand Citi Limited Chairman of Grand Ocean Classic Commercial Group Co., Ltd. Supervisors and GMs of Each Associate（Page 220～221）	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
First Steamship S.A	PA	-	2023.06.15	2026.6.14	2011.04.24	91,560	45.33%	91,560	46.83%	0	0	0	0	-	-	-	-	-	-
Representative：Director Zhang Jin Guo	CN	M	2023.06.15	2026.6.14	2017.04.01	0	0	0	0	0	0	0	0	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited	Director、Vice president of Grand Ocean Classic Commercial Group Co., Ltd Supervisors and GMs of Each Associate（Page 220～221）	-	-	-	-
Director Lee Seng Chay	MY	M	2023.06.15	2026.6.14	2014.06.27	0	0	0	0	0	0	0	0	Bachelor of Science, Monash University, Australia. Mulpha International Bhd, General Manager. President/Vice President of Mabuhay Holdings Corporation,	Auditor General of Grand Ocean Retail Group Limited Director of Grand Citi Limited and Grand Ocean Classic Commercial Group Co., Ltd Responsible person of Xundong Investment Co., Ltd and Jiancheng Investment Co., Ltd.	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Independent director Ding Jin Huei	ROC	M	2023.06.15	2026.6.14	2020.06.17	0	0	0	0	0	0	0	0	NCTU Executive Master of Business Administration；Ph.D. in Business Management, Tianjin Nankai University；Certified Public Accountant of the Republic of China Member of School Affairs Fund of NCTU；Director、Secretary of Chinese Association of Valuation；Host of Taipei's bus privatization planning and implementation plan；Independent Director of ASSEM TECHNOLOGY CO., LTD、LUNG HWA ELECTRONIC CO., LTD、TRENDCHIP TECHNOLOGY CO., LTD；Remuneration Committee of TSTI	Director of PAN ASIA INTERNATIONAL & CO., CPAs；Arbitrator of CHINESE ARBITRATION ASSOCIATION, TAIPEI；Adjunct Assistant Professor of NCTU；Supervisor of HUANABIOTECH CO., LTD；Director of Preferred Investment Advisors(HK) Ltd；Director of UNION WINNER INTERNATIONAL CO., LTD.(KY)；Independent Director of Taiwan Environment Scientific Co., Ltd (Resignation on May 28th, 2023).	-	-	-	-
Independent director Sher Ching Yee	HK	F	2023.06.15	2026.6.14	2020.06.17	0	0	0	0	0	0	0	0	Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK. Auditor of Deloitte Touche Tohmatsu Limited（HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of	Vice Chairman of Dehui International （Group）Co., Ltd；Chairman of Qingdao Mingyu Real Estate Plaza Co., Ltd.	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
														Qingdao Mingyu Real Estate Plaza Co., Ltd.					
Independent director Lee Jenn Yuh	ROC	M	2023.06.15	2026.6.14	2020.06.17	0	0	0	0	0	0	0	0	Master of Real Estate Management from New York University；Bachelor of Urban Planning, National Cheng Kung University；Passed the college entrance examination for urban planner license；Passed the special examination for land registration professional agent；Passed the Financial Trust Business Personnel Examination；Asset Business Department Manager and Investment Promotion Department Manager of Tesco Taiwan Co., Ltd. (Tesco Supermarket in the UK)；Development Manager and Investment Promotion Department of Carrefour Taiwan Co., Ltd. (Carrefour, France)；Assistant to the President and Director of Development Department of Grand Ocean Department Store Group；Preparatory General Manager of Shanghai Qianshu Commercial Management Company	Independent Director, Member of Remuneration Committee and Nomination Committee of Grand Ocean Retail Group Limited.	-	-	-	-

Major Shareholder as Juridical Person

Apr 20,2024

Name of Shareholder as Juridical Person	Major Shareholder as Juridical Person
First Steamship S.A.	First Steamship Company Ltd (100%)
First Steamship Company Ltd	Henghua Investment Co., Ltd.(6.92%)、Capital Securities Corp. in custody for Investment Account of Luk Fook Securities (HK) Ltd.(5.62%)、Yonghenghui Investment Co., Ltd.(2.88%)、Xundong Investment Co., Ltd.(1.84%)、JPMorgan Chase Bank (Taiwan) in custody for Vanguard Emerging Markets Fund Investment Account(1.27%)、JPMorgan Chase Bank (Taiwan) in custody for Advance Starlight Aggregate International Stock Index Fund(1.16%)、Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Account(0.5%)、JPMorgan Chase Bank (Taiwan) in custody for Advance Trust Stock Index II Investment Account(0.45%)、Standard Chartered as the custodian of Vanguard FTSE All-World ex-US ETF (0.36%)、Citi Commercial Bank (Taiwan) in custody for Norges Bank Investment Account (0.28%)

Major Shareholder of Juridical Person Who Is Major Shareholder of the Company

Apr 20,2024

Name of Shareholder as Juridical Person	Major Shareholder as Juridical Person
First Steamship Company Ltd	Henghua Investment Co., Ltd.(6.92%)、Capital Securities Corp. in custody for Investment Account of Luk Fook Securities (HK) Ltd.(5.62%)、Yonghenghui Investment Co., Ltd.(2.88%)、Xundong Investment Co., Ltd.(1.84%)、JPMorgan Chase Bank (Taiwan) in custody for Vanguard Emerging Markets Fund Investment Account(1.27%)、JPMorgan Chase Bank (Taiwan) in custody for Advance Starlight Aggregate International Stock Index Fund(1.16%)、Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Account(0.5%)、JPMorgan Chase Bank (Taiwan) in custody for Advance Trust Stock Index II Investment Account(0.45%)、Standard Chartered as the custodian of Vanguard FTSE All-World ex-US ETF (0.36%)、Citi Commercial Bank (Taiwan) in custody for Norges Bank Investment Account (0.28%)
Herng Hwa Investment Company Limited	Sheng Shin Investment Company Limited（100%）
Yong Heng Huei Investment Co.,Ltd.	Kuo Jen Hao、Lai Yi Ying
Shiun Tung Investment Company Limited	Jian Cheng Investment Company Limited（100%）
Sheng Shin Investment Company Limited	HANGLETON HOLDINGS LTD.(100%)
Jian Cheng Investment Company Limited	FORTUNE GOLD INVESTMENTS LTD.(100%)

Disclosure of professional qualifications of directors and independent directors and independence of independent directors:

Conditions / Name	Professional qualifications and experience	Independence conformity	Number of occupation of Independent Director in other listed companies concurrently
Kuo Jen Hao	Professional qualifications and educational experience： Pace University NY MBA Finance and Accounting major American CPA Director、Chief financial officer of Natural Group Vice president of Private Equity Management Group PWC Transaction Services Merrill Lynch Research Assistant Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		—
First Steamship Company Ltd Representative: Ng Qing Hai	Professional qualifications and educational experience： Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited. Legal representative of Nanjing Tiandu Industry Co., Ltd. Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		—
First Steamship S.A. Representative：Zhang Jin Guo	Professional qualifications and educational experience： Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		—
Lee Seng Chay	Professional qualifications and educational experience： Bachelor of Science, Monash University, Australia. Mulpha International Bhd, General Manager. President/Vice President of Mabuhay Holdings Corporation, Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		—
Ding Jin Huei	Professional qualifications and educational experience： NCTU Executive Master of Business Administration；Ph.D. in Business Management, Tianjin Nankai University；Certified Public Accountant of the Republic of China Member of School Affairs Fund of NCTU；Director、Secretary of Chinese Association of Valuation；Host of Taipei's bus privatization planning and implementation plan；Independent Director of ASSEM TECHNOLOGY CO., LTD、LUNG HWA ELECTRONIC CO., LTD、TRENDCHIP TECHNOLOGY CO., LTD；Remuneration Committee of TSTI Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.	Independence description: The Company has obtained a written statement and kinship list from independent directors to confirm their immediate family members' independence relative to the Company. None of the Company's three independent directors and their second-class relatives have served in the Company and the Group, and have not received any remuneration other than directors' remuneration. The independence of the directors of the Company needs to be judged according to the actual situation. The board of directors is committed to evaluating the independence of directors by considering all relevant factors, including whether the relevant directors can continue to be the management or other directors, whether their words and deeds are appropriate inside and outside the board of directors, and whether they can exercise independent judgment and make suggestions on proposals. The behavior of the independent directors of the Company can meet the expectations and show the characteristics above.	1
Sher Ching Yee	Professional qualifications and educational experience： Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK.		0

Conditions / Name	Professional qualifications and experience	Independence conformity	Number of occupation of Independent Director in other listed companies concurrently
	Auditor of Deloitte Touche Tohmatsu Limited （HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of Qingdao Mingyu Real Estate Plaza Co., Ltd Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.	After considering all the conditions described in this part, the Company believes that all independent directors are independent of the Company. The CVs of all directors and related personnel and the relationship among the members (if any) are detailed on page 22~26.	
Lee Jenn Yuh	Professional qualifications and educational experience： Master of Real Estate Management from New York University；Bachelor of Urban Planning, National Cheng Kung University；Passed the college entrance examination for urban planner license；Passed the special examination for land registration professional agent；Passed the Financial Trust Business Personnel Examination；Asset Business Department Manager and Investment Promotion Department Manager of Tesco Taiwan Co., Ltd. (Tesco Supermarket in the UK)；Development Manager and Investment Promotion Department of Carrefour Taiwan Co., Ltd. (Carrefour, France)；Assistant to the President and Director of Development Department of Grand Ocean Department Store Group；Preparatory General Manager of Shanghai Qianshu Commercial Management Company Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		0

Director diversity policy:

The Company advocates and respects the diversification policy. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the diversification policy will help improve the function of the board of directors. Members of the board of directors are selected based on the principle of abilities, and the talents in various industries can complement different professional abilities.

In accordance with Article 20 of the Code of Practice for Corporate Governance of the Company, members of the board of directors shall generally have the knowledge, skills and literacy necessary for the performance of their duties. In order to achieve the goals of corporate governance, the overall capabilities of the board of directors are as follows:

I. Operational judgment ability.
II. Accounting and financial analysis ability.
III. Operation and management ability.
IV. Crisis management ability.
V. Industrial knowledge
VI. International market perspective.
VII. Leadership.
VIII. Decision-making ability.

The current board of directors of the Company consists of seven directors, including four general directors and three independent directors. The members have rich experience and expertise in the fields of business management, risk control, financial accounting and boutique fashion. To achieve the diversity of background, experience, and professional aspects required by the company's diversity policy and to promote multiple perspectives, the company's board of directors should have at least one director with an accounting or financial professional background and at least one director with business management experience as part of the company’s management goals. At present, 4 of the 7 directors have financial and accounting majors, and all of them have experience in business operation and management. In addition, the Company also pays attention to gender equality in the composition of the board of directors. The target ratio of female directors is more than 25%. At present, the ratio of seven directors, including one female directors, is 14%. The company's specific management goals for diversification of the board of directors have been initially achieved. The average tenure of the directors of the Company is about 5.7 years, of which the tenure of the three independent directors is 3.8 years, and none of the independent directors have served more than three consecutive terms. The average age of board members is 60.

The implementation of the diversification policy of board members is as follows:

Diversified items / Director's Name	Basic Component							
	Nationality	Gender	Part-time employee	age			Tenure and seniority of independent directors	
				41~50	51~60	61~70	3 years or less	3-6years
Kuo Jen Hao	ROC	M		✓			-	-
Ng Qing Hai	HK	M	Y			✓	-	-
Zhang Jin Guo	CN	M	Y			✓	-	-
Lee Seng Chay	MY	M	Y			✓	-	-
Ding Jin Huei	ROC	M				✓	-	✓
Sher Ching Yee	HK	F			✓		-	✓
Lee Jenn Yuh	ROC	M			✓		✓	-

Diversified items / Director's Name	Industry Experience				Professional Establishment						
	Accounting	Industry	Finance	Marketing	Operational judgment	Accounting and finance	Operation management	Crisis management	Industrial knowledge	International market perspective	Leadership and decision making
Kuo Jen Hao	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Ng Qing Hai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Zhang Jin Guo		✓		✓	✓		✓	✓	✓	✓	✓
Lee Seng Chay		✓			✓		✓	✓	✓	✓	✓
Ding Jin Huei	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Sher Ching Yee	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Lee Jenn Yuh		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Independence of the Board of Directors:

The 6st Board of Directors of the Company consists of 7 directors, with a composition of 4 regular directors and 3 independent directors, with 43% of the composition being independent directors. None of the independent directors and second-degree relatives hold positions in the company or the group to which they belong, and the directors do not have spouses or relatives within the second degree of relationship with other directors. In addition, the directors of the Company (including independent directors) have been verified to have no circumstances under paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. The company's board of directors is independent.

(II) Personal Information of General Manager, Vice General Manager, Assistant General Manager, and Manager of Each Department and Branch

APR 30,2024

Title	Nationality	Name	Gender	Date of Election (Take Office)	Number of Shares		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
					Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
General manager of GORG and President of GOCC	HK	Ng Qing Hai	M	2015.12.21	2,600	1.33%	0	0	0	0	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED	Deputy Chairman and General Manager of Shanghai Allied Cement Limited. CEO of Shanghai Allied Cement Holdings Limited. Legal representative of Shandong Allied Wangchao Cement Limited. Director of First Steamship Company Ltd. Director and General Manager of Grand Ocean Retail Group Limited. Director of Grand Citi Limited Chairman of Grand Ocean Classic Commercial Group Co., Ltd. and GMs of Each Associate（Page 220～221）	—	—	—	—
Auditor General	MY	Lee Seng Chay	M	2014.08.12	0	0	0	0	0	0	Banhelor of Science, Monash University, Australia. Mulpha International Bhd, General Manager. Mabuhay Holdings Corporation,President/Vice President	Director of Grand Ocean Retail Group Limited, Grand Citi Limited, Grand Ocean Classic Commercial Group Co., Ltd. Responsible person of Xundong Investment Co., Ltd and Jiancheng Investment Co., Ltd.	—	—	—	—
Chief Financial Officer	Australian	Yau Dennis Wai Tak	M	2023.07.10	0	0	0	0	0	0	Allied Group Limited,Head of Internal Audit、Rising Peak Group Company Limited,Chief Financial Officer,and Company Secretary. Canton Property Investments Limited,Chief Financial Officer,and Company Secretary. Bachelor of Economics,with Accounting major,Macquarie University,Sydney,Australia. Member of the Australian Society of Certified Practising Accountants.	Chief Financial Officer and Accountant of First Steamship Company Limited.	—	—	—	—

Title	Nationality	Name	Gender	Date of Election (Take Office)	Number of Shares		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
					Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Accounting supervisor	CN	Li Chao	M	2022.03.30	0	0	0	0	0	0	Shanghai Institute of Building Materials Industry Director of Finance Department and Chief Accountant of Hubei Non-Metallic Geology Company Hong Kong Shanghai Allied Cement Limited、Shanghai Allied Cement Limited senior management Financial managementand chief financial officer of Shanghai Allied Cement Limited.	Deputy chief financial officer of Shanglian Coment Group Co., Ltd. Director of Shanghai Allied Cement Limited Director of Shandong United Wangchao Cement Co., Ltd. General Manager of Shanghai Guorui Tongshun Energy Conservation and Environmental Protection Technology Development Co., Ltd. Director of Shanghai Guokunsheng Construction Group Co., Ltd.	—	—	—	—
Vice President of GOCC	CN	Zhang Jin Guo	M	2016.04.01	0	0	0	0	0	0	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited	Director、Vice president of Grand Ocean Classic Commercial Group Co., Ltd Personal Information of Directors, Supervisors and GMs of Each Associate（Page 220～221）	—	—	—	—

Note：Acting Chief Financial Officer Hong Wei kai resigned on July 10, 2023, and the board of directors approved Yau Dennis Wai Tak as the Chief Financial Officer.

III Remunerations for Director, Independent Director, GM and VGM

Remunerations of Last Fiscal Year for Director, Independent Director, GM and VGM

1 Remunerations for Director (Independent Director included)

Currency: NTD (thousand)

Title	Name	Remunerations for Director										Related Remunerations for Employee with Concurrent Employment										
		Compensations (A)		Pensions (B)		Remunerations for Director (C)		Operating Expenses (D)		Proportion of the Sum of A, B, C and D to Net Income after Taxes		Salaries, Bonuses and Special Disbursements (E)		Pensions (F)		Remunerations for Employee (G)				Proportion of the Sum of A, B, C, D, E, F and G to Net Income after Taxes		Any remuneration acquired from reinvestments besides subsidiaries or parent company
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company		All the Companies Included in the Financial Statements		The Company	All the Companies Included in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Kuo Jen Hao	701	701	-	-	-	-	-	-	701 0.03%	701 0.03%	-	-	-	-	-	-	-	-	701 0.03%	701 0.03%	5,496
Director	First Steamship Company Ltd	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative：Ng Qing Hai	590	590	-	-	-	-	-	-	590 0.03%	590 0.03%	-	5,056	-	-	-	-	-	-	590 0.03%	5,646 0.27%	221
Director	First Steamship S.A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Representative：Zhang Jin Guo	590	590	-	-	-	-	-	-	590 0.03%	590 0.03%	-	5,870	-	-	-	-	-	-	590 0.03%	6,460 0.31%	-
Director	Lee Seng Chay	590	590	-	-	-	-	-	-	590 0.03%	590 0.03%	-	5,214	-	-	-	-	-	-	590 0.03%	5,804 0.28%	-
Independent Director	Ding Jin Huei	590	590	-	-	-	-	-	-	590 0.03%	590 0.03%	-	-	-	-	-	-	-	-	590 0.03%	590 0.03%	-
Independent Director	Sher Ching Yee	590	590	-	-	-	-	-	-	590 0.03%	590 0.03%	-	-	-	-	-	-	-	-	590 0.03%	590 0.03%	-
Independent Director (Note1)	Lin Yuk Yan Maya	268	268	-	-	-	-	-	-	268 0.01%	268 0.01%	-	-	-	-	-	-	-	-	268 0.01%	268 0.01%	-
Independent Director (Note2)	Lee Jenn Yuh	322	322	-	-	-	-	-	-	322 0.02%	322 0.02%	-	-	-	-	-	-	-	-	322 0.02%	322 0.02%	-

1. The policies, procedures, standards and structure of independent Directors' remuneration, as well as the description of their responsibilities, risks, time spent, and the linkage to the amount paid:
   The remuneration of the Company's Directors includes the compensation and Director's emoluments. According to the provisions of the Company's Articles, if the Company has profit before taxes in the year, the Company should make an attribution of no more than 3% from the profit before taxes for the Directors' remuneration. The distribution ratio and amount of Directors' remuneration are determined by the Board of Directors, having considered the responsibilities, time spent, performance evaluation of the Directors, as well as the Company's operating results, and operational risks in the future.
2. Except as disclosed in the table above, the remuneration received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, (such as being independent contractors): None.

Note1: The independent director's term expired at the shareholders' meeting on June 15, 2023.
Note2: The independent director was newly elected at the shareholders' meeting on June 15, 2023.

Table of Remuneration Bracket

Bracket of Remunerations Paid to Each Director of the Company	**Name of Director**			
	Total Amount of the Remunerations by (A+B+C+D)		Total Amount of the Remunerations by (A+B+C+D+E+F+G)	
	The Company	All the Companies Included in the Financial Statements (H)	The Company	Parent Company and all the Companies Included in the Financial Statements (I)
Less than NTD1,000,000	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; Lee Jenn Yuh; FIRST STEAMSHIP COMPANY LIMITED; First Steamship S.A.	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; Lee Jenn Yuh; FIRST STEAMSHIP COMPANY LIMITED; First Steamship S.A.	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; Lee Jenn Yuh; FIRST STEAMSHIP COMPANY LIMITED; First Steamship S.A.	Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; Lee Jenn Yuh; FIRST STEAMSHIP COMPANY LIMITED; First Steamship S.A.
NTD1,000,000~NTD2,000,000(Excluded)	—	—	—	—
NTD2,000,000～NTD3,500,000(Excluded)	—	—	—	—
NTD3,500,000～NTD5,000,000(Excluded)	—	—	—	—
NTD5,000,000～NTD10,000,000(Excluded)	—	—	—	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay
NTD10,000,000～NTD15,000,000(Excluded)	—	—	—	—
NTD 15,000,000～NTD30,000,000(Excluded)	—	—	—	—
NTD 30,000,000～NTD 50,000,000(Excluded)	—	—	—	—
NTD 50,000,000～NTD 100,000,000(Excluded)	—	—	—	—
More than NTD 100,000,000	—	—	—	—
Total (number of people)	10	10	10	10

2 Remunerations Paid to Each GM and VGM

Currency: NTD (thousand)

Title	Name	Salaries (A)		Pensions (B)		Bonuses and Special Disbursements (C)		Remunerations for Employee(D)				Proportion of the Sum of A, B, C and D to Net Income after Taxes (%)		Any remuneration acquired from reinvestments besides subsidiaries or parent company
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company		All the Companies Included in the Financial Statements		The Company	All the Companies Included in the Financial Statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General manager of GORG and Chairman of Grand Ocean Classic Commercial Group Co., Ltd	Ng Qing Hai	3,922	5,646	-	-	-	-	-	-	-	-	3,922 0.19%	5,646 0.27%	221
Auditor General	Lee Seng Chay	1,207	5,804	-	-	-	-	-	-	-	-	1,207 0.06%	5,804 0.28%	-
Vice President of Grand Ocean Classic Commercial Group Co., Ltd	Zhang Jin Guo	2,266	6,460	-	-	-	-	-	-	-	-	2,266 0.11%	6,460 0.31%	-
Chief Financial Officer (Note1)	Yau Dennis Wai Tak	-	541	-	-	-	-	-	-	-	-	-	541 0.03%	-
Acting Chief Financial Officer (Note1)	Hung Wei Kai	2,002	2,215	-	-	-	-	-	-	-	-	2,002 0.10%	2,215 0.11%	-
Accounting supervisor	Li Chao	-	2,429	-	-	-	-	-	-	-	-	-	2,429 0.12%	-

Note1：Acting Chief Financial Officer Hong Wei kai resigned on July 10, 2023, and the board of directors approved Yau Dennis Wai Tak as the Chief Financial Officer.

3 Remunerations Paid to five top executives

Currency: NTD (thousand)

Title	Name	Salaries (A)		Pensions (B)		Bonuses and Special Disbursements (C)		Remunerations for Employee(D)				Proportion of the Sum of A, B, C and D to Net Income after Taxes (%)		Any remuneration acquired from reinvestments besides subsidiaries or parent company
								The Company		All the Companies Included in the Financial Statements				
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	The Company	All the Companies Included in the Financial Statements	
General manager of GORG and President of GODS	Ng Qing Hai	3,922	5,646	-	-	-	-	-	-	-	-	3,922 0.19%	5,646 0.27%	221
Auditor General	Lee Seng Chay	1,207	5,804	-	-	-	-	-	-	-	-	1,207 0.06%	5,804 0.28%	-
Vice President of GODS	Zhang Jin Guo	2,266	6,460	-	-	-	-	-	-	-	-	2,266 0.11%	6,460 0.31%	-
Accounting supervisor	Li Chao	-	2,429	-	-	-	-	-	-	-	-	-	2,429 0.12%	-
Acting chief financial officer (Note1)	Hung Wei Kai	2,002	2,215	-	-	-	-	-	-	-	-	2,002 0.10%	2,215 0.11%	-

Note1：Acting Chief Financial Officer Hong Wei kai resigned on July 10, 2023, and the board of directors approved Yau Dennis Wai Tak as the Chief Financial Officer.

Table of Remuneration Bracket

Bracket of Remunerations Paid to Each GM and VGM of the Company	Name of GM and VGM	
	The Company	Parent Company and all the Companies Included in the Financial Statements
Less than NTD1,000,000	Li Chao, Yau Dennis Wai Tak	Yau Dennis Wai Tak
NTD1,000,000～NTD2,000,000(Excluded)	Lee Seng Chay	—
NTD2,000,000～NTD3,500,000(Excluded)	Hung Wei Kai, Zhang Chin Guo, Ng Qing Hai	Hung Wei Kai, Li Chao
NTD3,500,000～NTD5,000,000(Excluded)	—	—
NTD5,000,000～NTD10,000,000(Excluded)	—	Ng Qing Hai, Lee Seng Chay, Zhang Chin Guo
NTD10,000,000～NTD15,000,000(Excluded)	—	—
NTD 15,000,000～NTD30,000,000(Excluded)	—	—
NTD 30,000,000～NTD 50,000,000(Excluded)	—	—
NTD 50,000,000～NTD 100,000,000(Excluded)	—	—
More than NTD 100,000,000	—	—
Total (number of people)	6	6

Distribution of Employee Remunerations of Last Fiscal Year for Manager and the Name Thereof

Currency: NTD (thousand)

	Title	Name	Stock Amount	Cash Amount	Total	Proportion of the Sum to Net Income after Taxes (%)
Manager	GM as well as President of Grand Ocean Group	Ng Qing Hai	—	—	—	—
	CRO	Lee Seng Chay				
	Vice President of Grand Ocean Group	Zhang Chin Guo				
	CFO (Note1)	Yau Dennis Wai Tak				
	Deputy CFO (Note1)	Hung Wei Kai				
	Accounting Supervisor	Li Chao				

Note1：Acting Chief Financial Officer Hong Wei kai resigned on July 10, 2023, and the board of directors approved Yau Dennis Wai Tak as the Chief Financial Officer.

(III) Analyses are launched on the proportion of the sums of remunerations paid to the Directors, Supervisors, GMs and VGMs by the Company and all the companies included in the consolidated financial statements in the past two years, to the net income after taxes. Also, explanations are drawn for the policies, criteria and combinations of the remunerations, procedures of how to define the remunerations, as well as the relativity between operational performance and future risks

1 Analyses are launched on the proportion of the sums of remunerations paid to the Directors, Supervisors, GMs and VGMs by the Company and all the companies included in the consolidated financial statements, to the net profit after tax.

Currency: NTD (thousand)

Item	The Company				All the Companies Included in the Financial Statements			
	2022	%	2023	%	2022	%	2023	%
Director	3,996	0.48%	4,241	0.20%	19,648	2.36%	20,381	0.98%
GM and VGM	7,591	0.91%	9,397	0.45%	18,993	2.28%	23,095	1.11%
Net profit after tax	(832,847)	100%	(2,083,997)	100%	(832,847)	100%	(2,083,997)	100%

2 The remuneration paid by the Company and all companies in the consolidated financial statements to directors, general managers and deputy general managers in 2023 an

increased of NT$733 thousand yuan and NT$4,102 thousand yuan respectively compared with 2022, and there is no significant change from the previous year.

2.1 The Company has founded the Remuneration Committee, and has three Independent Directors designated as the Commissioners thereof. Duty of the Committee is to build and review the performance evaluation on the Directors and managers, as well as the policies, systems, criteria and structures of compensation; also, to periodically assess the compensation for the Directors and managers.

2.2 Remunerations for a Director should be granted according to the scope and value of services by this Director to the company operation, as well as the standards of the same industry domestic and abroad.

2.3 Remunerations for a GM and VGM should be granted according to the position and contribution to the company, as well as the standards of the same industry based on HR laws of the Company.

2.4 The performance objectives of the company's managers are related to the risk control management to ensure the effective management and prevention of possible risks within the scope of responsibilities, and their performance evaluation is linked to human resources and remuneration policies. Management shall take into account of various risk factors in making their major decisions as the results of decisions will reflect in company's profitability.

IV Corporate Governance and Operation

(I) Board Operation

(1) Board information

Board Meeting of the Company had been held for 14 times (A) in total last fiscal year, and the attendance of each Director is as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Chairman	Kuo Jen Hao	9	5	64.29%	Re-elected for consecutive terms on June 15, 2023
Director	Ng Qing Hai First Steamship Company Ltd Representative	12	2	85.71%	Re-elected for consecutive terms on June 15, 2023
Director	Zhang Jin Kuo First Steamship S.A Representative	14	0	100.00%	Re-elected for consecutive terms on June 15, 2023
Director	Lee Seng Chay	10	4	71.43%	Re-elected for consecutive terms on June 15, 2023
Independent Director	Sher Ching Yee	13	1	92.86%	Re-elected for consecutive terms on June 15, 2023
Independent Director	Ding Jin Huei	13	0	92.86%	Re-elected for consecutive terms on June 15, 2023
Independent Director	Lin Yuk Yan Maya	5	0	100.00%	Term expired due to not being re-elected on June 15, 2023
Independent Director	Lee Jenn Yuh	9	0	100.00%	Re-elected for newly serving on June 15, 2023

Other Recordable Memos:

(I) Concerning matters listed in Article 14.3 of the Securities and Exchange Act, as well as any bill resolved in the Board Meeting which is recorded or proclaimed in writing with an objection or qualified opinion by an Independent Director, should be described in details of the date, session, bill contents, other comments from every Independent Director, as well as the solutions by the company to this opposite opinion: None.

(II) Avoidance of any resolution involving self-interest with a Director should be described in details of name of the Director, bill contents, reasons for self-interest avoidance and the situations of voting thereof: None.

(III) Targets (for example, foundation of the Audit Committee, raise of the information transparency, etc.) and Execution Assessment of Reinforcement on the Board Functions of Current Fiscal Year and Last Fiscal Year:

(1) Targets of Reinforcement on the Board Functions: The Company has founded the Independent Directors within the Board members to strengthen the independence of the Directors. Furthermore, the Company had established the Audit Committee and Remuneration Committee on Aug 9, 2011, and established the Nominating Committee on June 15, 2023 (for the relational operation of these committees, please refer to Page 40～44 and 57~61). Through the setup and operation of these functional committees as above, it is expected to intensify the Board functions.

(2) Execution: Any material bill (for example, investment, acquisition or disposal of assets, loans to others or endorsements/guarantees) will not be fulfilled until the Board has it sufficiently discussed and then resolved. Besides, all the material bills resolved by the Board should be fully disclosed on the Market Observation Post System in order to achieve the goal of information transparency.

Board of Directors Assessment Status Information	
Evaluation Cycle	Once per year
Evaluation Period	2023.02～2024.01
Evaluation Scope	Board of Directors, Members of the Board of Directors, Audit Committee, Remuneration Committee, Nominating Committee
Evaluation Method	Board of Directors Internal Self-evaluation, Evaluation of Directors, Functional Committees Internal Self-evaluation
Evaluation Content	1. Board of Directors performance evaluation: degree of company operations participation, Board of Directors policy quality improvement, Board of Directors composition and structure, election and continuous education of directors, and internal control. 2. Individual director’s performance evaluation: ability to master company goals and tasks, awareness of directors’ responsibilities, company operations participation, internal relationship management and communication, professionalism and continuous education for directors, and internal control. 3. Functional committee performance evaluation: degree of company operations participation, awareness of functional committee responsibilities, functional committee policy quality improvement, functional committee composition and member election, and internal control.

(II) Audit Committee Operation

Audit Committee meeting of the Company had been held for 14 times (A) in total last fiscal year, and the attendance of each Independent Director is as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Independent Director	Sher Ching Yee	13	1	92.86%	Re-elected for consecutive terms on June 15, 2023

Independent Director	Ding Jin Huei	13	0	92.86%	Re-elected for consecutive terms on June 15, 2023
Independent Director	Lin Yuk Yan Maya	5	0	100.00%	Term expired due to not being re-elected on June 15, 2023
Independent Director	Lee Jenn Yuh	9	0	100.00%	Re-elected for newly serving on June 15, 2023

Other Recordable Memos:

I Any of the following circumstances in the Audit Committee's operation, the meeting date, session, proposal description, dissents, qualified opinions, or key recommendations of the independent directors, resolutions adopted by the Audit Committee, and the Company's treatment to the Audit Committee's opinion shall be specified.

1. Concerning matters listed in Article 14.5 of the Securities and Exchange Act:

Audit Committee	Contents of Bill and the Subsequent Treatment Thereof
25th meeting of the 4th Committee 2023.03.16	1. Assessment of the suitability and independence of newly appointed accountants and signing accountants. ◦
26th meeting of the 4th Committee 2023.03.31	1. Annual Business Report and Consolidated Financial Statements 2022. 2. 2021 Loss Recovery Statement. 3. Statement of Internal Control System 2022 of the Company. 4. The Company's 2022 Audit Committee Audit Reports. 5. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
28th meeting of the 4th Committee 2023.05.15	1. Proposed revision of the Procedures for Loaning Funds to Others for Grand Citi Limited and its subsidiaries. 2. Improvement plan for Eeceeding endorsement/guarantee limits. 3. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
1th meeting of the 5th Committee 2023.06.15	1. Proposed nomination of the Convenor and Chairman of the Audit Committee of the Company.
2th meeting of the 5th Committee 2023.07.10	1. Proposed change in the Company's Chief Financial Officer. 2. Proposal to lift the restrictions on competition for the Company's managers.
3th meeting of the 5th Committee 2023.07.28	1. Proposal to reduce the loan limit from Grand Citi Limited, a wholly-owned subsidiary of the Company. 2. Proposal to apply for a loan limit of USD 3 million from Grand Citi Limited, a wholly-owned subsidiary of the Company. 3. Announcement of the closure and disposal of assets after the closure of business on August 31, 2023, by the Company's subsidiary, Wuhan Hanyang Grand Ocean Classic Commercial Ltd.

Audit Committee	Contents of Bill and the Subsequent Treatment Thereof
	4. Announcement of the acquisition of assets for use and the establishment of a new store by the Company's subsidiary, Wuhan Grand Ocean Classic Commercial Development Ltd.
4th meeting of the 5th Committee 2023.08.14	1. Proposal to apply for a loan limit of USD 5 million from First Steamship S.A.
5th meeting of the 5th Committee 2023.08.30	1. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." 2. 2023 second quarter consolidated financial statements
6th meeting of the 5th Committee 2023.09.19	1. Proposal to apply for a loan limit of USD 5 million from First Steamship S.A.
7th meeting of the 5th Committee 2023.10.20	1. Proposal to increase the paid-in capital of Wuhan Hanyang Grand Ocean Classic Commercial Ltd. by RMB 50 million. 2. Proposal for the transfer of 1% equity interest in Yichang Grand Ocean Commerce Ltd. held by Wuhan Hanyang Grand Ocean Classic Commercial Ltd.
8th meeting of the 5th Committee 2023.11.13	1. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
9th meeting of the 5th Committee 2023.12.28	1. 2024 audit plane of Grand Ocean Retail Group Limited. 2. 2024 financial budget of Grand Ocean Retail Group Limited.

Independent Directors' opinion:
There are no objections or reservations, and no major proposed project content.
Audit Committee's resolution:
Passed as proposed after the chairperson consulted allattending members.
Treatment to the Opinion Thereof by Company:
Approved by the Board of directors.

2. As well as any bill which is not ratified by the Audit Committee but resolved through at least two-thirds vote of the total Directors: None.

II Avoidance of any resolution involving self-interest with an Independent Director should be described in details of name of the Independent Director, bill contents, reasons for self-interest avoidance and the situations of voting thereof: None.

III Communication (for example, any material matter, method or conclusion of the financial and business circumstances of the company) between the Independent Director, Internal Audit Manager and Accountant:

(I) Communication between the Independent Director and Internal Audit：

1. The internal audit officer submits the annual audit plan to the Audit Committee for discussion, and submits to the board of directors' resolutions upon the Audit Committee's approval.
2. The Company's Internal Audit Supervisor: Deliver the audit or tracking report of the previous month in writing to each independent director for review; the independent directors reply or advise depending on the necessity.

3. The Company’s Internal Audit Supervisor: At least report the implementation of the audit operation and audit outcomes every quarter.
4. The Company’s Internal Audit Supervisor: Report the self-assessed effectiveness of the internal control system design and implementation (with statement) to the Audit Committee for approval and submit to the board of directors for resolution.

Date	Way of communication	Item of Communication	Recommendation and Results
2023.03.16	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Nov and Dec 2022 and Jan 2023) and follow-up audit reports	Note, no opinion, and report to the board of directors.
2023.03.31	Audit Committee	Statement of Internal Control System 2022 of the Company.	All the directors present passed the proposal without objection.
2023.04.28	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Feb 2023).	Note, no opinion, and report to the board of directors.
2023.06.09	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Mar and Apr 2023).	Note, no opinion, and report to the board of directors.
2023.07.28	Audit Committee	Report the Conclusion of Internal Audit (audit reports for May 2023).	Note, no opinion, and report to the board of directors.
2023.08.30	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Jun 2023) and follow-up audit reports.	Note, no opinion, and report to the board of directors.
2023.09.19	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Jul 2023).	Note, no opinion, and report to the board of directors.
2023.10.20	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Aug 2023).	Note, no opinion, and report to the board of directors.
2023.11.13	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Sep 2023) and follow-up audit reports.	Note, no opinion, and report to the board of directors.
2023.12.18	Audit Committee (Pre-meeting)	Internal auditors to have separate communication with independent directors - 2024 audit plan.	Note, no opinion.
2023.12.18	Audit Committee	Report the Conclusion of Internal Audit (audit reports for Oct 2023).	Note, no opinion, and report to the board of directors.
		Proposal for the 2024 audit plan.	All the directors present passed the proposal without objection.

(II) Communication between the Independent Director and CPA：

1. The Audit Committee of the Company consists of all independent directors. Every year, at least one meeting is arranged to have the CPAs report the audited and reviewed the Company’s financial positions to the independent directors, and fully explain the effects from the amended regulations, enabling the independent directors to have a better understanding of the Company’s status and the policy directions of the competent authorities.

2. The independent directors may contact the CPAs directly if required.

Date	Way of communication	Item of Communication	Recommendation and Results
2023.11.28	CPA audit operation report (meeting between the CPAs and independent directors alone)	The CPAs communicate with the auditor independence, auditor responsibilities for auditing financial statements, profit and loss analysis for the first three quarters of 2023, significant transactions, annual audit plan, key accounting standards or interpretative letters, regulatory and tax law updates.	Independent directors have no opinion

(III) Difference between the corporate governance and operation and "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the reasons thereof.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
I Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has stipulated the "Corporate Governance Best Practice Principles" and disclosed the Principles on the corporate website as well as the Market Observatory Post System (MOPS).	No significant discrepancy.
II Shareholding Structure and Shareholder Equity of the Company				
(I) Does the company define an internal operating procedure to treat the comments, doubts, disputes as well as lawsuits from the shareholders, and accord with this procedure?	V		(I) Other than commissioning the professional shareholder services agency, the Company has established the internal operational procedures to handle the shareholder services and has designated the specific spokesman to be responsible for responding to the proposals or inquiries from a shareholder. Should there be any legal disputes or litigation, the Company shall authorize the attorneys to take care of such matters.	No significant discrepancy.
(II) Does the company actually grasp the list concerning the major shareholders as well as their final controllers thereof?			(II) The Company authorizes the professional stock agency to provide and disclose the list of major shareholders, and is therefore capable of providing the list of final	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
			controllers of each major shareholder.	
(III) Does the company establish and exercise the risk control toward its associates as well as the firewall system?	V		(III) The Company has established relevant regulations, such as the "Corporate Governance Best Practice Principles," "Procedures for Supervising and Managing Subsidiaries," "Procedures for Loaning Funds to Others," "Procedures for Endorsements/Guarantees," "Procedures of Acquisition or Disposal of Assets," and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties," pursuant to regulations, including the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," the "Regulations Governing Establishment of Internal Control Systems by Public Companies," the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies," and the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." These regulations clearly divide the power and responsibilities between the Company and its affiliates and establish proper firewalls based on risk assessments for ongoing implementation and control.	No significant discrepancy.
(IV) Does the company define the internal regulations,	V		(IV) The Company has established the "Procedures	No significant discrepancy.

Evaluation Items	Operation			Difference with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons Thereof
	YES	NO	Summary	
forbidding the corporate insiders to use the undisclosed information in the market to transact the marketable securities?			for Handling Material Inside Information” to strictly require the insiders, quasi-insiders, and information recipients to comply with the Securities and Exchange Act, and must not apply the information not disclosed to the market to trade securities.	
III Composition and Duty of the Board (I) Does the board of directors formulate diversity policies, specific management objectives and implement them?	V		(I) In the Company’s “Principles for Election of Directors,” it is specified the diversity policy for the board members and the abilities shall be possessed by the board as a whole. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company’s business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the basic requirements and values: Gender, age, nationality, and culture; and professional knowledge and skills, such as professional background, professional skills, and industry experience. The abilities that must be present in the board as a whole include the abilities to make judgments about operations, accounting and financial analysis, business management ability, crisis management ability, knowledge of the industry,	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
			an international market perspective, leadership, and decision-making. At least one director in the board shall have the accounting or finance expertise, and at least one director has the business administration experience; to seek the gender equality in the member composition of the board, the target percentage of the female directors is 25% or more, as the concrete management target. Currently, there are four directors in the board shall have the accounting or finance expertise among the seven directors, with one female directors, or 14% of the members, and thus the concrete management target of the board's diversity is initially achieved. For the education and experience, gender, professional qualification, work experience and diversity of each director, please refer to the II: Personal Information of Director, Supervisor, General Manager, Vice General Manager, Assistant General Manager, and Manager of Each Department and Branch in Three. Corporate Governance Report.	
(II) Does the company voluntarily found the committees with other diverse functions besides Remuneration Committee and Audit Committee?			(II) Currently the Company has established both the Remuneration Committee and Audit Committee, and the Nominating Committee established on June 15,	The company has set up Nominating Committee on June 15, 2023, and in the

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
			2023.	future, other functional committees will be added according to the company's scale and needs.
(III) Does the company define an assessment and the method thereof to evaluate the Board performance, and has the performance evaluation results been reported to the Board of Directors and used as a reference for individual director remuneration and new-term nomination?	V		(III) The company has established the "Procedures for Performance Evaluations of the Board of Directors and the Subordinate Functional Committees" and set an annual evaluation for the overall Board of Directors, individual board members and subordinating functional committees' performances. The Corporate Governance Officer is responsible for the implementation, and the internal questionnaire is adopted. For the measurement items of performance evaluation, please refer to the table on page 40. After collecting all the questionnaires in February each year, the Corporate Governance Officer compiles the results and reports them to the Board of Directors, proposing improvement measures based on the directors' suggestions. The 2023 annual performance evaluation results (evaluation period from February-2023 to January-2024) have been submitted to the Board of Directors on March 28,	No significant discrepancy.

Evaluation Items	Operation			Difference with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons Thereof
	YES	NO	Summary	
	V		2024. Regular performance evaluations will continue to be conducted according to this Method, which will serve as a future reference for individual director remuneration and new-term nomination. The average performance self-evaluation score of the overall Board of Directors is 4.45 points, and the average performance self-evaluation score of individual members of the Board of Directors is 4.56 points. All directors gave positive evaluations, showing that the overall Board of Directors is operating well; the average performance self-evaluation score of the Salary and Compensation Committee is 4.95 points, which is well-operated; the average performance self-assessment score of the Audit Committee is 4.91 points, which is well-operated; the average performance self-assessment score of the Nominating Committee is 4.89 points, the operation is perfect, and its functions can be fully played. (The full score above is 5 points)	
(IV) Does the company periodically assess the independence of CPAs?	V		(IV) The Audit Committee evaluates the independence and suitability of the CPA on a periodic annual basis. We require the CPA to provide a "Declarations of Impartiality and Independence" and "Audit Quality Indicators (AQIs)." Additionally, we establish 15 self-defined assessment	No significant discrepancy.

Evaluation Items	Operation			Difference with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons Thereof
	YES	NO	Summary	
			criteria (page 86~87) based on Article 47 of the Accountants Act and Accountant Professional Ethics Bulletin No. 10 for evaluation purposes. It has been confirmed that the CPA has no significant financial interest with the Company, nor has it violated the independence requirements, and with reference to the AQI information, it has been confirmed that the CPA and the firm are superior to the average level of the industry in terms of review experience and training hours, and digital audit tools has been introduced to improve audit quality. After the evaluation results of the latest year were discussed and approved by the Audit Committee on March 28, 2024, it was submitted to the Board of Directors on the same day to approve the independence and suitability evaluation of the CPA.	
IV Has the TWSE/TPEx listed company deployed competent and appropriate number of corporate governance personnel and designated a head of corporate governance to take charge of corporate governance-related matters (including, but not limited to, providing information required by directors and supervisors to perform operations, assisting directors and supervisors with legal compliance issues, handle Board of Directors and shareholders meeting-related		V	(I) The Corporate Governance Officer is appointed to the Board, providing necessary information for the Board operations, treating relational matters regarding meetings of the Audit Committee and Remuneration Committee, as well as making meeting minutes for the Board Meeting and Shareholders’ Meeting. The main duties are to handle matters related to the board meetings and shareholders' meetings	No significant discrepancy.

Evaluation Items		Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
		YES	NO	Summary	
	matters in accordance with the law, making Board of Directors and shareholders meeting minutes)?			according to laws, produce minutes of board meeting and shareholders' meetings, assist in onboarding and continuous development of directors, furnish information required for business execution by directors, assist directors with legal compliance, report to the board of directors the results of the review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure, handle matters related to the change of directors, and other matters set out in the articles or corporation or contracts, etc. (II) The Corporate Governance Officer completed 18 hours of training in 2023, meeting the statutory training hours for newly appointed officers, and has announced and reported this accordingly. (III) Moreover, specific personnel are assigned to be responsible for company registration and the modification thereof. (IV) As for relational matters of the Shareholders' Meeting shall be left to the authorized stock agency.	
V	Has the company established communications with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up a special area for the stakeholders in the			The Company has installed a special section for the stakeholders on the corporate website, as well as the email and contact number, responding to each critical social issue about which the stakeholders are	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders?			concerned. Please refer to the "Stakeholder Section" of the "Sustainable Development" on the official website for the complete information related to the stakeholders.	
VI Does the company authorize a professional agent for stock affairs to deal with the affairs of Shareholders Meeting?	V		The Company has authorized KGI Securities to be the stock agency, dealing with the relevant matters for Stockholders' Meeting.	No significant discrepancy.
VII Information Open				
(I) Does the company install a website to disclose the information concerning its financial business and corporate governance?	V		(I) The Company has installed a website for any shareholders and the public to browse, where the contents thereof adequately disclose the information regarding financial operations as well as corporate governance of the Company.	No significant discrepancy.
(II) Does the company conduct any other information disclosure methods (for example, installing the English website, assigning a specific personnel to collect and disclose the company information, practicing the spokesman system, or, uploading the procedures of the institutional investor conference to the company website)?	V		(II) The Company has founded and practice the system of spokesman. Also, specific personnel are assigned to be responsible to collect and disclose the corporate information, as well as convene the Institutional Investors' Conference, and upload the contents thereof to the corporate website and MOPS for any shareholders or the public to browse.	No significant discrepancy.
(III) Has the company announced and declared its annual financial report within two months after the end of the fiscal year; and published the 1st, 2nd, and 3rd quarter financial reports as well as the monthly operating status reports within the prescribed deadline?	V		(III) At present, the company is still planning in order to achieve an early financial report announcement and declaration. The Company publicly announces and reports the annual financial statements within three months upon ending of each fiscal year. The remaining quarterly financial reports	No significant discrepancy. The Company have been announced and declared all related financial report prior to the regulation deadlines.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
			and monthly operating conditions have been announced and declared prior to the regulation deadlines.	
VIII Does the company have any other information which may be helpful with understanding the corporate governance as well as operation (including but not limited to the employee rights, employee care, investor relations, supplier relations, stakeholders rights, continuing education of the Directors and Supervisors, implementation of the risk management policies as well as the risk measurement criteria, execution of the customer policies, or, purchase of the liability insurance for the Directors and Supervisors by the company)?			1. The Company has fulfilled the protection for each right and interest of an employee in compliance with the Labor Standards Act. 2. The Company has setup the "Investor's Section" on the website, disclose relevant imformation and procide a contact window where specific personnel are assigned to deal with the investor relations, as well as reply to each question from an investor. 3. The Company has setup the "Stakeholder's Section" on the website, where specific personnel are assigned as a communication channel among consumers, suppliers in cooperation with and employees, in order to serve various concerned parties. 4. Please refer to the table on page 55~56 for the further education of directors. 5. The Company has designated the Chief Risk Officer (CRO) to coordinate and supervise both operating and financial risks of the Group, as well as direct the audit team to regularly audit the operations and management of each operating location of the Group. 6. The company has established "Risk Management Guidelines", which are continuously monitored and implemented by the management and timely	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
			adjusted countermeasures. For relevant information, please refer to Section Seven. Review and Analysis of Financial Status and Financial Performance, as well as Risks Matters VI. Risk Management. 7. The company has maintained liability insurance for directors and managers, and submitted important information such as insured amount, coverage and premium rate to the latest board of directors.	
IX Please explain the improvement for corporate governance evaluation results issued by the Corporate Governance Center of TWSE last fiscal year, and provide the reinforcement and measures in advance for the unimproved items. (no need to fill in if the company is not listed for the evaluation).	(I) Item Improved: 1. Evaluation question number 1.14 (Whether the company's annual report disclose the implementation status of the resolutions made at the previous year's shareholders' meeting?): The company's annual report has fully disclosed the implementation status of the resolutions made at the previous year's shareholders' meeting. (II) Item Unimproved yet Reinforcements and Measures Are Provided First: 1. Evaluation question number 2.24 (Has the company established a cyber security risk management framework, formulated a cyber security policy, concrete management plans, and allocated resources for cyber security management, and disclosed these on the company's website or in the annual report?): The company will disclose the relevant information on its official website in the future.). 2. Evaluation question number 4.21 (Has the company assessed risks or opportunities to the community and taken corresponding measures, and disclosed the specific measures and their effectiveness on the company's website, annual report, or sustainability report?): The company will disclose the relevant information on its official website in the future.			

Education of directors in 2023

Title	Name	Date	Organizer	Course Title	Hours
Chairment	Kuo Jen Hao	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
Director and General Manager	Ng Qing Hai	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
Director	LEE SENG CHAY	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
Director	Zhang Jin Guo	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
Independent Director	Sher Ching Yee	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
Independent Director	Lee Jenn Yuh	2023.10.26	Taiwan corporate	Cyber Security Governance Strategies of Listed Companies	3.0

Title	Name	Date	Organizer	Course Title	Hours
			Governance Association	from the Perspective of ESG Corporate Sustainability	
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0
		2023.10.27		Corporate Governance 3.0: Practical Analysis of the "Sustainability Report"	3.0
				Corporate Integrity Management and Insider Trading Prevention	3.0
Independent Director	Ding Jin Huei	2023.10.26	Taiwan corporate Governance Association	Cyber Security Governance Strategies of Listed Companies from the Perspective of ESG Corporate Sustainability	3.0
				Promoting Sustainability through Risk Management: Risk Management Best Practice Principles for TWSE/TPEx Listed Companies	3.0

(IV) Organization and operation of the Remuneration Committee of the company should be disclosed if there is one:

1 Personal Information of Remuneration Committee Member

<table>
<tr><th>Identity (Note 1)</th><th>Conditions / Name</th><th>Professional qualifications and experience</th><th>Independence status</th><th>Number of occupation of Remuneration Committee member in other listed companies concurrently</th></tr>
<tr><td>Independent director</td><td>Ding Jin Huei</td><td>Professional qualifications and educational experience：
NCTU Executive Master of Business Administration；Ph.D. in Business Management, Tianjin Nankai University；Certified Public Accountant of the Republic of China
Member of School Affairs Fund of NCTU；Director、Secretary of Chinese Association of Valuation；Host of Taipei's bus privatization planning and implementation plan；Independent Director of ASSEM TECHNOLOGY CO., LTD、LUNG HWA ELECTRONIC CO., LTD、TRENDCHIP TECHNOLOGY CO., LTD；Remuneration Committee of TSTI
Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.</td><td rowspan="2">Independence description:
The Company has obtained a written statement and kinship list from independent directors to confirm their immediate family members' independence relative to the Company. None of the Company's three independent directors and their second-class relatives have served in the Company and the Group, and have not received any remuneration other than directors' remuneration.
The independence of the directors of the Company needs to be judged according to the actual situation. The board of directors is committed to evaluating the independence of directors by considering all relevant factors, including whether the relevant directors can continue to be the management or other directors, whether their words and deeds are appropriate inside and outside the board of directors, and whether they can exercise independent judgment and make suggestions on proposals. The behavior of the independent directors of the Company can meet the expectations and show the characteristics above.
After considering all the conditions described in this part, the Company believes that all independent directors are independent of the Company.
The CVs of all directors and related personnel and the relationship among the members (if any) are detailed on page 22~26.</td><td>-</td></tr>
<tr><td>Independent director</td><td>Sher Ching Yee</td><td>Professional qualifications and educational experience：
Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK.
Auditor of Deloitte Touche Tohmatsu Limited（HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of Qingdao Mingyu Real Estate Plaza Co., Ltd
Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.</td><td>-</td></tr>
</table>

Identity (Note 1)	Conditions / Name	Professional qualifications and experience	Independence status	Number of occupation of Remuneration Committee member in other listed companies concurrently
Independent director	Lee Jenn Yuh	Professional qualifications and educational experience： Master of Real Estate Management from New York University； Bachelor of Urban Planning, National Cheng Kung University； Passed the college entrance examination for urban planner license；Passed the special examination for land registration professional agent；Passed the Financial Trust Business Personnel Examination；Asset Business Department Manager and Investment Promotion Department Manager of Tesco Taiwan Co., Ltd. (Tesco Supermarket in the UK)； Development Manager and Investment Promotion Department of Carrefour Taiwan Co., Ltd. (Carrefour, France)；Assistant to the President and Director of Development Department of Grand Ocean Department Store Group； Preparatory General Manager of Shanghai Qianshu Commercial Management Company Where the matter does not concern any reference in Article 30 of the Company Act.：Qualified.		-

2 Operation Information of Remuneration Committee

2.1 There are three commissioners in the Remuneration Committee of the Company.

2.2 Current Term of Office of Commissioner: From Jun 15, 2023 till Jun 14, 2026, Remuneration Committee meeting had been held for 3 times (A) in total last fiscal year, and the qualification and attendance of each commissioner are as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Convener	Ding Jin Huei	3	0	100.00%	Re-elected for consecutive terms on June 15, 2023
Member	Sher Ching Yee	3	0	100.00%	Re-elected for consecutive terms on June 15, 2023
Member	Lin Yuk Yan Maya	1	0	100.00%	Term expired due to not being re-elected on June 15, 2023
Member	Lee Jenn Yuh	2	0	100.00%	Re-elected for newly serving on June 15, 2023

	Other Recordable Memos: I If the Board Meeting rejects or revises any proposal from the Remuneration Committee, then the date, session, bill contents, resolution results of the Board Meeting, as well as the solutions by the company to the proposal thereof should be described in details (or, if the Board ratifies the proposal, the diversity and reasons should be described in details): None. II Any bill resolved in the Remuneration Committee which is recorded or proclaimed in writing with an objection or qualified opinion by a Commissioner, should be described in details of the date, session, bill contents, other comments from every Commissioners, as well as the solutions by the company to this opposite opinion: None. ◦

Note:

I Should any compensation committee member leave office before the end of the fiscal year, the date on which he/she leaves office shall be indicated in the remarks, and their attendance rate (%) shall be calculated based on the number of compensation committee meetings and the actual attendance during their term of office.

II Should there be any new appointment of compensation committee member before the end of the fiscal year, both of the new and the former compensation committee members shall be disclosed and the remarks column shall indicate that the member is new, former, or re-elected with the re-election date. Their attendance rate (%) shall be calculated based on the number of compensation committee meetings and the actual attendance during their term of office.

3 Date, content of motions and results of resolutions of 2023 Remuneration Committee Meeting, as well as the Company's Treatment of the Opinions made to the Remuneration Committee:

Remuneration Committee	Contents of Motions and the Subsequent Actions taken Thereof	Results of Resolutions	How the Company treats the Opinions of Remuneration Committee
9th meeting of the 4th Committee 2023.03.31	I. Proposal for the exemption of interest expenses for the employee stock incentive plan. II. Proposal for the Company's general manager to receive salary from Grand Citi Limited.	I. Passed by a unanimous vote. II. Passed by a unanimous vote.	N/A
1th meeting of the 5th Committee 2023.06.15	I. Proposal to nominate the convener and chairman of the Company's Remuneration Committee.	Election of Independent Director Ding Jin Huei as the Convener and Chairman.	N/A
2th meeting of the 5th Committee 2023.07.28	I. Proposal for the compensation of the Company's Chief Financial Officer.	Passed by a unanimous vote.	N/A

(V) Information on Members and the Operation of the Nomination Committee

1 Qualifications and Responsibilities of the Members of the Nomination Committee

To continuously enhance corporate governance and sustainable development, and to strengthen the competitiveness of the capital market, the Board of Directors resolved to establish the Charter for the Nomination Committee on March 16, 2023. After the comprehensive re-election of the Board of Directors in June of the same year, nomination committee members were appointed. According to the Company's Nomination Committee Charter, committee members are appointed by a resolution of the Board of Directors, and their number shall not be less than three, with more than half of the members being independent directors. The Company's Nomination Committee is composed of all independent directors.

The Nomination Committee, adhering to the duty of care of a good administrator, faithfully exercises the following authorities and submits its recommendations to the Board of Directors for discussion:

1.1 Select and review suitable candidates for directors, and propose a list of

1.2 Formulate and review the establishment, responsibilities, and operations of each committee under the Board of Directors, examine the qualifications and potential conflicts of interest for the renewal of committee members, assess the independence of independent directors, and report to the Board of Directors.

1.3 Plan and implement training programs for directors.

1.4 Handle other matters as resolved by the Board of Directors to be handled by this committee.

2 Professional qualifications, experience, and operating status of the Nomination Committee members:

2.1 The Company's Nomination Committee is composed of 3 members.

2.2 Current term of office: From June 15, 2023 to June 14, 2026, a total of 3 (A) Nomination Committee meetings were held in the most recent year. The member qualifications and attendance are as follows:

Title	Name	qualifications and experiences	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Convener	Ding Jin Huei	Note1	3	0	100.00%	
Member	Sher Ching Yee		3	0	100.00%	
Member	Lee Jenn Yuh		3	0	100.00%	

Note1: For the professional qualifications and experiences of committee members, please refer to 3. Corporate Governance Report (II) Information on directors, supervisors, presidents, vice presidents, assistant vice presidents, and managers of each department and branch.

Other Recordable Memos:

I If the Board Meeting rejects or revises any proposal from the Remuneration Committee, then the date, session, bill contents, resolution results of the Board Meeting, as well as the solutions by the company to the proposal thereof should be described in details (or, if the Board ratifies the proposal, the diversity and reasons should be described in details): None.

Note:

I Should any compensation committee member leave office before the end of the fiscal year, the date on which he/she leaves office shall be indicated in the remarks, and their attendance rate (%) shall be calculated based on the number of compensation committee meetings and the actual attendance during their term of office.

II Should there be any new appointment of compensation committee member before the end of the fiscal year, both of the new and the former compensation committee members shall be disclosed and the remarks column shall indicate that the member is new, former, or re-elected with the re-election date. Their attendance rate (%) shall be calculated based on the number of compensation committee meetings and the actual attendance during their term of office.

3 Date, content of motions and results of resolutions of 2023 Nomination Committee Meeting, as well as the Company's Treatment of the Opinions made to the Nomination Committee:

Nomination Committee	Contents of Motions and the Subsequent Actions taken Thereof	Results of Resolutions	How the Company treats the Opinions of Nomination Committee
1th meeting of the 1th Committee 2023.06.15	I. Proposal to nominate the convener and chairman of the Company's Nomination Committee.	Election of Independent Director Lee Jenn Yuh as the Convener and Chairman.	N/A
2th meeting of the 1th Committee 2023.07.10	I. Proposed change in the Company's Chief Financial Officer. II. Proposal to lift the restrictions on competition for the Company's managers.	Passed by a unanimous vote.	N/A
3th meeting of the 1th Committee 2023.10.20	I. Proposal to plan training courses for directors.	Passed by a unanimous vote.	N/A

(VI) Promotion status of sustainable development and discrepancy with industry standards in sustainable development practices and reasons

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
I Does the Company follow the Materiality Principle to exercise the risk assessment on the issues in regard with environments, society and corporate governance incurred by the corporate operation, as well as to stipulate the risk	V		The administrative department of the Taipei office is the main promotion unit of the company's sustainable development, and the heads of other mainland authorities and responsible departments work together to promote the ethical corporate management, develop sustainable environment, support for social welfare, preparation of sustainability reports, and enhancement of information disclosure. On August 30, 2022, the board of directors of the company approved the company's greenhouse gas inventory and verification schedule. On November 11 of the same year, the company reported the progress of the implementation to the	No significant discrepancy.

<table>
<tr><th rowspan="2" colspan="2">Promotion Items</th><th colspan="3">Implementation status</th><th rowspan="2">Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof</th></tr>
<tr><th>YES</th><th>NO</th><th>Summary</th></tr>
<tr><td></td><td>management policies or strategies?</td><td></td><td></td><td>board of directors and proposed the revision of the schedule and the schedule planning of the subsidiary, which was approved by the board of directors. The schedule of the subsidiary is also planned according to the parent company, First Steamship.The implementation situation has been reported to the Board of Directors on March 31, 2023, June 9, 2023, August 30, 2023, November 13, 2023, and March 28, 2024. The current implementation progress is carried out according to the plan, and none of the directors has any opinions.
The Board of Directors listens to reports from the management on a regular basis. The management must propose corporate strategies to the board of directors. The Board of Directors must judge the possibility of success of these strategies, regularly review the progress of the strategy, and urge the management to make adjustments when necessary.</td><td></td></tr>
<tr><td>II</td><td>Has the company set up a specific unit (sole or concurrent duty) to promote the CSR, where the unit is to be treated by the executive management authorized directly by the Board, and to reported to the Board regarding the progress?</td><td>V</td><td></td><td>The disclosed information covers the sustainable development performance at the major presences during January 2023 to December 2023. The boundaries of the risk management are centered at the Company, and the subsidiaries in China are included based on the relevance to the core business and the effects on the material topics.
The management, based on the principle of materiality, evaluates and considers the risk sources encountered during the course of business, and by the three major issues, namely environment, social, and governance to identify the following risk items by the preventable risks, strategic risks, and external risks with their experience and professional judgment, and the countermeasures are formulated accordingly.
<table>
<tr><th>Material issue</th><th>Risk item</th><th>Countermeasures</th></tr>
<tr><td>Environment</td><td>Environmental disasters</td><td>1. Air pollution and GHG
● The air-conditioning system is filtered and circulated, to ensure indoor air quality.
● In restaurants, the smoke and oil purifiers are installed to treat the oil and smoke before exhausting, and meet the local regulatory requirement.
● Mall renovations use legally</td></tr>
</table></td><td>No significant discrepancy.</td></tr>
</table>

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
			compliant materials and techniques; packaging materials that pollute the environment and are difficult to recycle are not used; all mall facilities comply with greenhouse gas emission regulations. 2. Energy saving ● Replace the lighting in the malls with LED lights gradually; the toilets use sensor-operated faucets for water conservation management. ● Each store adjusts the time to turn on the air-conditioning based on the weather and the temperature in malls, to reduce the power consumed by the air conditioners continuously. ● Enhancing the energy save promotion, and attendance of energy-saving activities by all employees, to reduce unnecessary power consumption. 3. Disposal of waste ● The Malls first sort waste for management; the recyclable wastes is placed in designated areas and moved away by the legal disposers, and the food residuals are placed in the closed garbage bins, to be disposed of by the environment department on the same day. ● The medical wastes including used masks and gloves are placed in the designated storage, to be retrieved by the professional contractor for harmless treatment. 4. Studying and planning ● Auto temperature control system. ● Use recycled materials with low impact on the environment, properly maintain the use of assets, and implement low-carbon offices. ● Products and energy-saving equipment that are reusable and have an energy label are given priority in procurement.	

Promotion Items	Implementation status					Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary			
			Social	Product responsibility and customer relationship management risk	1. For the proprietary brands, the suppliers are required to provide a qualified test report of products issued by third-party institutions. 2. Refining the health management system for the kitchens in the restaurants (including food, utensils, environment, personal hygiene, and the accountability of each post); all employees are required to obtain the health certificates before onboard to ensure the health of consumers. 3. The service in the VIP lounge is provided by the dedicated staff; if necessary, the floor manager will handle jointly, to seek to handle the complaints of consumers timely and resolve such well. 4. In special circumstances, the compensation may be made based on the complaint fund agreed in the suppliers' agreement.	
				Occupational safety risk	Cooperate with the pandemic containment strategies, to execute the related control mechanism: ● Measure body temperature daily, wear mask correctly, and checking the health code at the mall's entrance. ● The public area and the non-public area of the malls are cleaned and sterilized regularly; individual seats are sterilized daily. ● Maintain social distancing, segregate employee meal times, and reduce gatherings. ● Maintain close communication with government departments and communities to ensure information dissemination. Flexible adjustments will be made to the above controls in accordance with government regulations.	
				Information security risk	1. Pursuant to the procedures of managing computer and network, to set up the firewalls and anti-virus software, and update and change the password regularly, to prevent the	

Promotion Items	Implementation status					Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary			
					damage from hackers or computer viruses. 2. The dual terminal backup, recovery of hard disks, and test of tape recovery are conducted regularly pursuant to the information system recovery plan.	
				Human Resource risk	1. Provide stable and preferential salary and benefits, and plan a comprehensive career development. 2. Implement employee training, and strengthen communication channels to improve staff cohesion	
			Corporate governance	Strategy and operation risk	1. Providing shopping service to customers via online channels. 2. The operation models of shopping malls are expanded with different business models added, to create diversified shopping mall spaces. 3. Through the integration of consumption patterns and the diversification of product mixes, more diversified and abundant sales channels are offered. 4. Set up leisure space to enhance consumer's experience, and enhance the VIP services to increase loyalty. 5. Form alliances with the internet celebrities' brands from different industries, coupled with community communication and influence, to guide consumption and attract visitors.	
				Finance risk	1. Properly control expenses and operating costs, to reduce unnecessary waste. 2. The budget and final accounts are reviewed every month, and important financial activities are reviewed by the board of directors in accordance with relevant regulations and internal control systems. 3. Regularly review the information on changes in laws and regulations, and implement audits of relevant	

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation status</th><th rowspan="2">Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof</th></tr>
<tr><th>YES</th><th>NO</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td></td><td></td><td>cycles and compliance pursuant to the regulations, and the accountable units are reminded and recommended on time to comply with laws and regulations or the requirements of the competent authority.</td></tr><tr><td></td><td>Compliance risk</td><td>1. Regularly review the orders and letters from the competent authorities to amend regulations, grasp updates of laws and regulations, and prescribe or amend systems and measures from time to time, to comply with actual laws and regulations.
2. Conduct training from time to time based on business needs, to enable the employees to be familiar with the local environmental protection and labor laws and regulations of the operating bases, and ensure that the employees conduct business legally.</td></tr></table>Report on risk management operations to the board of directors at least once a year; the latest report was made on December 18, 2023.</td><td></td></tr>
<tr><td>III Environmental Issues
（1） Has the Company built an environmental management system which is appropriate based on the industrial characteristics thereof?</td><td>V</td><td></td><td>（1） The Company shall secure the work environment according to the Public Building Act, Fire Services Act, Occupational Safety and Health Act, as well as the related laws and regulations in regard to energy conservation and carbon reduction.
The company and its subsidiaries are actively promoting various energy management and energy-saving goals, including: (1) controlling the on-off schedule of the chiller unit, (2) reducing the lighting in the backstage, (3) implementing off-peak reduction control for elevators, (4) adding energy-saving measures of frequency conversion automatic deceleration device to escalator, and replacing old equipment in response to government policies, to mitigate global climate change, and to fulfill corporate</td><td>No significant discrepancy.</td></tr>
</table>

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
			social responsibility in protecting the environment.	
（2） Does the Company make efforts to increase the utilization efficiency of each resource, and launch the recyclable materials to reduce impact towards the environment as much as it can?	V		（2） LED lights are fully adopted in the Taipei office, and extinguishment of the lights have been demanded at noon. Energy-saving lights and air conditioners have been utilized in all our department stores and malls in China, and the concept of energy conservation has been further propagandized to reduce unnecessary waste of electricity consumption. Promote green buildings, improve building energy efficiency, and strengthen the implementation of low-carbon living to reduce electricity consumption and power generation demand. In addition, recycled materials with low impact on the environment are applied; meanwhile, the use of assets is properly maintained to implement the low-carbon offices; the consumables may be used repetitively with eco and energy-saving labels and energy-saving equipment are procured first; garbage classification is implemented to recycling of resources, and reducing waste production volume.	No significant discrepancy.
（3） Does the Company assess the potential risks and opportunities towards the corporation for now and for the future incurred by climate change, as well as adopting the countermeasures thereof?	V		（3） The company's major climate risk mainly comes from global climate anomalies that may affect shopping mall operations, which in turn will impact revenue and increase losses; the company has insured relevant property insurance and increased online sales channels to control sudden climate risks and reduce company assets and operating losses.	No significant discrepancy.
（4） Does the Company gather the statistics in regard to the total volume of greenhouse gas emissions, water usage and waste over the past two	V		（4） The emissions of greenhouse gases as well as the volume of water consumption of the Company over the past two years have both been simultaneously disclosed in the CSR Reports of First Steamship Group. Furthermore, water and energy consumption have been reduced due to the adoption of conservation devices among	No significant discrepancy.

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
years, as well as stipulating the management policies for energy conservation, carbon reduction, greenhouse gas reduction, or reduction of water consumption and other waste?			our department stores and malls sited in China in the recent years. We have also strengthen energy-saving publicity and on-site management, reduce unnecessary consumption. In accordance with regulatory requirements, the board of directors approved the timetable for conducting greenhouse gas inventory and verification of the company and its subsidiaries. We closely track and report on our progress quarterly, and continuously carry out internal greenhouse gas inventory verification to understand the actual emissions. Then formulate improvement measures to achieve the goal of emission reduction.	
IV Social Issues (1) Does the Company follow the related laws, regulations, as well as the International Bill of Human Rights, to make its management policies and procedures?	V		(1) The Company has always emphasized labor safety as well as welfare and shall deal with the relevant matters in compliance with the related labor standards act. A human rights policy has been formulated and placed on the official website, declaring the elimination of human rights violations. The Company has been certificated for contribution to human rights and environmental protection by numerous important customers, sufficiently demonstrating that our Company has been approved for we respect labor rights and the working environment. In 2023, a total of 38 employee care activities were held by department stores in China.	No significant discrepancy.
(2) Does the Company stipulate and exercise the reasonable welfare measures for its employees (including remunerations, compensation, vacations and other welfare), as well as	V		(2) The Company has stipulated the employment regulations including pay and leave in accordance with the local labor standards act, providing the employees to enjoy legal welfare. Remuneration shall be offered based on an employee's performance every year, and it is stipulated in the Company's Articles of Incorporation that if the company makes profits, no less than 1% should be allocated as employee remuneration.	No significant discrepancy.

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
properly reflecting the operating performance or outcomes to the remuneration and compensation of the employees?			Department stores in China regularly hold group activities, with the goal of working in LOHAS. In 2023, a total of 21 group activities of various types have been held. The rewarding conditions of equal pay for equal work of both genders, and equal opportunities for promotion are realized. More than 20% of female manager positions are maintained to promote sustainable and inclusive economic growth. In 2023, the average proportion of female employees is 57%, and the average proportion of female managers is 53%.	
(3) Does the Company provide the safe and healthy work environments for its employees, as well as regularly implementing safety and health education towards them?	V		(3) A health examination is held every one year in the Taipei office, and the rate of completion of the health examination in 2023 is 100%. Training programs in regard to occupational safety and health are held occasionally. Warning signs are put up in hazardous areas. Employee health checkups are held annually in the department stores in China. 100% of employees participate in health checkups. Every half year, all employees participate in a fire drill to strengthen the education on customer evacuation guidelines, and actually operate fire extinguishers and other equipment to enhance employees' safety awareness.There is no occupational accident in 2023.	No significant discrepancy.
(4) Does the Company set up the training programs for its employees to develop their effective occupational competency?	V		(4) The Company has prescribed the "Training Management Policy" as the basis, for the implementation and management of personnel training at all levels. Based on the demands, the dedicated training department arrange sessions and provided regular training, and professional trainings through diversity trainings. In 2023, there were a total of 391 online and offline sessions, and each employee has received 5.49 hours of training on average.	No significant discrepancy.
(5) Does the Company follow the related laws, regulations and international	V		(5) All our department stores and malls sited in China have strictly followed the related laws and the stakeholder section is set up on the Company's website, to disclose the contacts,	No significant discrepancy.

Promotion Items		Implementation status			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof
		YES	NO	Summary	
	standards to guarantee the health, safety, consumer privacy, marketing and labeling of those customers who buy the products or utilize the service from the Company, as well as stipulating the related policies and appeal procedures to protect the consumer rights?			telephone numbers and e-mail addresses for customers to inquire, file complaints or suggestions. Each business point also has a customer service center, to provide the most direct and immediate communication channels.	
（6）	Does the Company stipulate the supplier management policies to request every supplier to obey and exercise all the related standards in regard with environmental protection, occupational safety and health, or labor rights?	V		(6) Personnel management shall be listed as one of the formal items within a contract cosigned with our suppliers, also we have always requested our suppliers to follow the local laws and regulations, as well as that all the operational approvals in regard with fire safety, public security, environmental protection, and epidemic prevention must be acquired to follow the administrative system of the Company.	No significant discrepancy.
V	Does the Company refer to the guidelines or instructions in regard with report compilation which have been widely accepted internationally to compile the CSR reports disclosing the non-financial information of the Company in the reports? Do the reports indicated in		V	The non-financial information disclosed in the CSR Reports is calculated and summarized by the internal competent authority, and shall be represented via the index calculation methodologies which have been generally used internationally, where the information shall be reviewed and confirmed by the supervisor of each competent authority. Any confirmation or guarantee which has not yet been verified by a third party	Shall need the verification hereto from a third party depending on the situation in the future.

Promotion Items	Implementation status			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
the preceding item acquire an authentication or guarantee from the third party of verification?				

VI Please explain the difference between actual operation and regulated principles, if the company has complied with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" to define its own CSR principles: The Company has stipulated and implemented the Corporate Social Responsibility Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".

VII Other Material Information Helping with Understanding CSR Operation:

1. Nanjing Grand Ocean Classic Commerce Limited Jiangbei Branch has teamed up with the Nanjing Pet Alliance to organize adoption events, promoting correct dog ownership knowledge and behavior standards. They advocate the concept of "lawful, civilized, and compassionate dog ownership," encouraging adoption over purchasing and ending stray animals' plight with love.

In addition to the participation in the above-mentioned social welfare, the company will continue to implement the sustainable development of the enterprise in order to pursue the concept of sustainable business operation that benefits the enterprise, shareholders, and the society.

Climate-Related Information of TWSE/TPEx Listed Company

1 Implementation of Climate-Related Information

Item	Implementation status
I. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The General Manager serves as the chief convener and reports to the Board of Directors regularly each year.
II. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Not yet completed; relevant content will be disclosed on the Company's website upon completion.
III. Describe the financial impact of extreme weather events and transformative actions.	Not yet completed; relevant content will be disclosed on the Company's website upon completion.
IV. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Not yet completed; relevant content will be disclosed on the Company's website upon completion.
V. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Not yet completed; relevant content will be disclosed on the Company's website upon completion.

VI. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Not yet completed; relevant content will be disclosed on the Company's website upon completion.
VII. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not applicable as the Company does not meet certain criteria.
VIII. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Not applicable as the Company does not meet certain criteria.
IX. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	Greenhouse gas inventory and verification were not conducted in the current fiscal year.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory

Greenhouse Gas Inventory InformationDescribe the emission volume (metric tons CO2e), intensity (metric tons CO2e/NT$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
The current greenhouse gas emissions of the Company lack relevant statistical data.

Note 1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT$ 1 million) shall be disclosed.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The current greenhouse gas emissions of the Company lack relevant statistical data.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that “Complete assurance information will be disclosed in the sustainability

report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2: The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEx.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.
The Company has not yet established greenhouse gas reduction targets and strategies.

Note 1: This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2: The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

Note 3: When preparing the disclosure content, the Company may refer to the best practice reference examples on the TWSE Corporate Governance Center website.

(VII) Execution and Measures of Ethical Corporate Management of the Company and difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.

Evaluation Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.
	YES	NO	Summary	
I Definition of Policies and Projects of Ethical Management				
(I) Has the company formulated an integrity management policy approved by the Board of Directors, expressed the integrity management policy and practices in regulations or external documents and have the Board of Directors and	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct," both were submitted to the shareholders' meeting for report after being approved by the board of directors, and disclosed	No significant discrepancy.

Evaluation Item	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof.
	YES	NO	Summary	
senior management actively implemented the management policies?			on MOPS and the Company’s website. It is specified that directors, managerial officers, employees, appointees and persons with substantial control shall observe the principles of ethical management, and not engage in unethical conduct. Except for announcing the board and the executives actively implement the commitments of ethical corporate management, implementation is also made in internal management and business activities.	
(II) Has the company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	V		(II) In the Company’s “Ethical Corporate Management Best Practice Principles,” it is clearly specified the “prevention programs, scope, and measures,” and the “Procedures for Ethical Management and Guidelines for Conduct” is established accordingly. Accepting or offering briberies; providing illegal political donations; improper charity donations or sponsors; accepting or offering unreasonable gifts, payments or other illegitimate benefits; infringing trade secrets, trademarks, patents, copyrights and other intellectual property rights; engaging in unfair competition; products and services directly and indirectly harm the	No significant discrepancy.

Evaluation Item	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof.
	YES	NO	Summary	
			interest, health and safety of consumers or other stakeholders during developing, purchasing, manufacturing, offering or selling, are prohibited. Meanwhile, through trainings, the ethical corporate management policies are promoted, and link the policies with employee performance appraisal and human resources policy, to establish a clear and effective reward and punishment system.	
(III) Has the company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans; implemented them accordingly to prevent dishonest behavior; and reviewed and revised them on a regular basis?	V		(III) Under “Preventive Programs, Scope and Measures” of the “Ethical Corporate Management Best Practice Principles,” any matters included in each clause of Paragraph 2 in Article 7, or any operating activity with the higher risks due to unethical and prohibited conduct shall be precisely referred to under the relevant regulations. Also, the “whistleblowing system” is in place, and the reporting channels are disclosed at the official website. Regularly review and amend the preventive programs pursuant to the external competent authority and internal policies, as well as the working demands.	No significant discrepancy.
II Practice of Ethical Management				
(I) Does the company evaluate the ethic records of its counterparty, and	V		(I) The Company evaluates the ethical status and requests the business licenses as well as	No significant discrepancy.

Evaluation Item	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof.
	YES	NO	Summary	
explicitly stipulate the articles concerning ethical behaviors in the contract cosigned with the counterparty?			trademark authorization of each contractor in cooperation prior to establishing the business collaboration with one. Also, concerning ethical clauses, they shall be precisely defined in the business contracts and the Company shall avoid any transaction as much as possible with those ones who have unethical records.	
(II) Has the company established a full (part) time unit under the board of directors to promote corporate integrity management and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise their implementation status?	V		(II) The Company has designated the Administration Department in the Shanghai Headquarter as the dedicated unit. This proprietary business scope belongs to the board of directors, which is responsible for the amendment, implementation, interpretation, consulting services, and reporting of content registration and filing of “Procedures for Ethical Management and Guidelines for Conduct” as well as supervision and implementations. The promotion and implementation results of the ethical corporate management policy and the programs preventing unethical conduct are reported to the board of directors annually.	No significant discrepancy

Evaluation Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.
	YES	NO	Summary	
(III) Does the company make the policies to prevent a conflict of interest, provide an adequate channel for appeals, and perform them exactly?	V		(III) Pursuant to the requirement of recusal in case of conflict of interest in the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," where any employee of the Company finds any conflicts of interest when conducting business, or any circumstances from which himself/herself, his/her spouse, parents, children or other related stakeholders can acquire improper benefits when dealing with the corporate affairs, should report the matters to both the line supervisors and the CDU, as the line supervisors shall provide appropriate guidance. Where directors, managerial officers, and other stakeholders who attend/participate in board meetings, or the entities they represent have interests in the proposals listed in the meeting, that may be harmful to the interests of the company, they shall recuse themselves from discussion and voting.	No significant discrepancy
(IV) Has the company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans	V		(IV) The management of the Company has established an effective accounting system and internal control system. The internal auditors schedule and execute audit plans based on the level of risk, and report the implementation of the	No significant discrepancy.

Evaluation Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.
	YES	NO	Summary	
based on the dishonesty risk evaluation results of the internal audit unit, and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?			audit plan to the board of directors periodically.	
(V) Does the company regularly host the internal/external education programs of the ethical management?	V		(V) The Company arranges all the related courses regarding enterprise ethics as well as job specifications in the educational programs and training for a new employee, and launches the propaganda of resolutions in ethical business for the Directors and managers during the periodic management meetings. Additionally, managers of each department shall also promote the importance of ethical business through internal routine meetings or in-service trainings.	No significant discrepancy.
III Operation of Whistleblower System of the Company				

Evaluation Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.
	YES	NO	Summary	
(I) Does the company specifically found a system of whistleblowing and reward, build a fast channel for whistleblowing, and designate an adequate personnel specially to handle with the accused objects?	V		(I) The Company has established a whistle-blowing system, and has set up a whistle-blowing channel in the Stakeholder Section on the official website. The whistleblower may report by correspondent or e-mail, and the audit officer is responsible for the acceptance and establishment of the whistleblowing case; For the cases are verified as true, or provide material clues or evidence, the whistleblowers or people with contributions will be given appropriate rewards.	No significant discrepancy.
(II) Has the company established standard operating procedures for accepting complaint reports, and adopted the follow-up measures and related confidentiality mechanisms after the investigation is completed?	V		(II) The Company's whistle-blowing system specifies that the audit officer is responsible for the acceptance and establishment of the whistleblowing cases. The president designates a project leader or an investigation team to conduct investigations, and then reports are made to the president based on the investigation results. The reports may be escalated to the board of directors depending on the facts of the cases. The information related to the whistleblowing case is strictly kept confidential, including but not limited to the identity of the whistleblower, the reasons for the report and the investigation procedures.	No significant discrepancy.

Evaluation Item	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof.
	YES	NO	Summary	
(III) Does the company take any measure protecting a whistleblower from being improperly treated due to the whistleblowing?	V		(III) Any unit or employee must not retaliate against the whistleblower in any way. If any employee is found violating the whistleblower system during the investigation or as a result, disciplinary action will be taken against such employee. In case of crime or violation of laws, legal procedures will be taken depending on the facts, and claim the damage.	No significant discrepancy.
IV Reinforcement of Information Disclosure Does the company disclose the information concerning the contents and efforts of ethical management on its official website as well as on the Market Observation Post System?	V		The Company has disclosed the provisions of “Ethical Corporate Management Best Practice Principles” on the corporate website and MOPS, and all the efforts as well as outcomes shall be also disclosed subsequently depending on the execution progress.	No significant discrepancy.
V Please explain the difference between the actual operations and “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” if the company complies with it to make one: None.				
VI Other material information that helps with an understanding of the ethical management and operations of the company (for example, review or amendment to the ethical principles for business of the company). In order to continuously enhance the internal ethics norms of the Company to establish an ethical corporate management environment, while actively implementing the corporate governance responsibilities, the Company prescribed the “Ethical Corporate Management Best Practice Principles” in 2011, to regulate the company’s directors, managerial officers, employees, subsidiaries, and group companies or organizations with substantial control, requiring that before conducting any business relationship, the Company shall consider the ethical status of suppliers or other counterparties, and avoid transactions with those involved in ethical conducts; when signing contracts with others, it should include the terms specifying the compliance with the ethical corporate management policy, and the Company may terminate or rescind the contract at any time if the counterparty involving in unethical conduct. To respond to the development of relevant international and domestic regulations regarding ethical corporate management, the Company added the “Procedures for Ethical Management and Guidelines for Conduct” in 2020, which covers anti-corruption, anti-bribery, anti-trust, prohibition of illegal political donations, prohibition of improper charitable donations or sponsorships, prohibition of insider trading, and other preventive programs; disciplinary codes				

Evaluation Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof.
	YES	NO	Summary	

are prescribed regarding recusal for conflict of interest, intellectual property rights, and fair competition, to enable the implementation and compliance of all employees.

In 2020, the "Code of Ethical Conduct" was established to regulate the ethical standards of conduct for directors and managerial officers, and some provisions were amended in 2021 pursuant to laws and regulations.

"Rules of Procedure for Board of Directors Meetings" of the Company defines the system of interest avoidance of the Directors. Any bill listed in the Board should be taken the stakes of itself or the juridical person represented by itself into consideration, and avoidance should be implemented when discussing and resolving.

(VIII) Inquiry approaches of any principle regarding the corporate governance and related regulations should be disclosed if there is one:

The Company has established" Corporate Governance Best Practice Principles"," Procedural Rules of General Meeting of Members"," Rules of Board Meeting"," Principles for Election of Directors"," Rules Governing the Scope of Powers of Independent Directors"," Code of Ethical Conduct"," Audit Committee Charter"," Ethical Corporate Management Best Practice Principles"," Remuneration Committee Charter"," Sustainable Development Code of Practice"," Self-Evaluation or Peer Evaluation of the Board of Directors"," Procedures for Ethical Management and Guidelines for Conduct", and the aforesaid regulations related to the corporate governance are disclosed in MOPS and the official website, for the review of the Company's related parties.

(IX) Other material information helping with understanding corporate governance operation: None.

(X) Execution of Internal Control System

1 Statement of Internal Control System

大 洋

Statement of Internal Control System

Date: Mar 28, 2024

Statement is made here for internal control system for the year 2023 of the Company, according to the conclusions of self-evaluation:

I The Company is well aware of that establishment, execution as well as maintenance of the internal control system are the responsibilities of the Board and managers thereof. The Company has built the system. Where its purpose is to approach the targets concerning outcomes and efficiency of the operation (containing profit, performance, and assets protection safety), reliability, immediacy and transparency of the reports, as well as obedience to the related standards, laws and regulations, providing the reasonable protection.

II Internal control system has its own congenital limitation. No matter how flawless the design is, an effective internal control system can only provide the reasonable protection to the three targets described as above. Moreover, efficiency of the internal control system may change anytime due to the variation of environments or circumstances. Whereas the Company has built a self-supervision mechanism within the internal control system, and the countermeasure will be engaged immediately if there is any defect found.

III The Company complies with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter "RICS") to stipulate the assessment contents for effectiveness of an internal control system, and to evaluate if the design and implementation of internal control system are effective. Evaluation on an internal control system by this "RICS" divide the system into five elements in accordance with the diversity of management control process: 1. Control Environment; 2. Risk Assessment; 3. Control Operation; 4. Information and Communication and 5. Supervision. Each element is to be further subdivided into several items. Please refer to the relational regulations in "RICS".

IV The Company has adopted the assessment items for internal control system described as above to evaluate the effectiveness of design as well as implementation of a system.

V Based on the conclusions of evaluation described as above, the Company recognizes that as of Dec 31, 2023, design and implementation of the internal control system (containing the supervision and management to the subsidiaries), including comprehension of the operating outcomes and targets approach of the efficiency, also reliability, immediacy and transparency of the reports, as well as obedience to the related standards, laws and regulations, are effective, being capable of reasonably ensuring the achievement of the targets as above.

VI This statement is to be the one of major contents in the Annual Report as well as Prospectus of the Company, and is to be disclosed openly. Should there be any illegal fact regarding falsity or misprision in the open contents described as above, it shall be involved with the legal liabilities concerning Article 20, 32, 171 and 174 of the Securities Exchange Act.

VII This statement had been ratified through the Board Meeting on Mar 28, 2024, where no one had objection to it among seven attendees of the Directors; all the attendees in the Board Meeting had the contents of this statement ratified; the statement is made here thereupon.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman Signature: Kuo Jen Hao

General Manager Signature: Ng Qing Hai

2 Audit Reports on the internal control system via the special project by CPA: None.

(XI) As of the date of publication of the Annual Report last fiscal year, circumstances in terms of the punishment of the company and insiders due to the violation of laws, as well as the punishment, major defects and the improvement thereof executed by the company to the insiders thereof due to the violation of internal control system: None.

(XII) Material Resolutions of Shareholders Meeting and Board Meeting Last Fiscal Year, and as of the Date of Publication of Annual Report

1 Major resolutions of the Board of Directors:

Date	Major resolutions
2023.03.16	1. Draft on the "Organizational Regulations for the Nomination Committee" of the Company. 2. Draft on the Amendment to the Part of Articles in “Practical Guidelines for Corporate Governance “ of the Company. 3. Draft on the Amendment to the Part of Articles in “Practical Guidelines for Sustainable Development “ of the Company. 4. Draft on the Amendment to the Part of Articles in “Procedural Rules of General Meeting of Members“ of the Company. 5. Full Re-election of Directors of Board. 6. Relief of Competition Limitation for New Elected Directors. 7. Matters in regard with the Annual Shareholders Meeting 2023, the convention time, location, way of meeting, reasons, and the term for suspension of share transfer, etc. 8. Matters in regard with the acceptance of proposals submitted by the shareholders in the Annual Shareholders Meeting 2023. 9. 2023 Annual Shareholders' Meeting to handle matters related to shareholder-nominated director/independent director candidates 10. Appointment of New Audit Accountant and Assessment on the competency and independence of the new CPA.
2023.03.31	1. Annual Business Report and Consolidated Financial Statements 2022. 2. Remuneration Distribution to Employees and Directors 2022. 3. 2022 Loss Recovery Statement. 4. Statement of Internal Control System 2022 of the Company. 5. The Company’s 2022 Audit Committee Audit Reports. 6. Exemption of interest expense for Employee Equity Incentive Plans. 7. Salary Disbursement Case of the General Manager of Grand Citi Limited. 8. Proposal to renew the lease of the commercial property of Nanjing Grand Ocean Classic Commerce Limited from Nanjing Tiantu Industry Co., Ltd. 9. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the “Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.” 10. Draft on the " Financial Business Related Operation Guidelines for Related Parties " of the Company.
2023.04.28	1. Draft on the Amendment to the Part of Articles in “Procedural Rules of General Meeting of Members“ of the Company. 2. The list of nominated directors and independent director candidates by the Board of Directors of the company. ◦
2023.05.15	1. 2023 first quarter consolidated financial statements. 2. Proposed revision of the Procedures for Loaning Funds to Others for Grand Citi Limited and its subsidiaries.

Date	Major resolutions
	3. Improvement plan for Eeceeding endorsement/guarantee limits. 4. Proposal to appoint the Corporate Governance Officer of the Company. 5. Proposal to renew the lease of the commercial property of Nanjing Grand Ocean Classic Commerce Limited from Nanjing Tiantu Industry Co., Ltd. 6. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
2023.06.15	1. Proposal to elect the Chairman of the Board of Directors of the company. 2. Proposal to appoint members to the Remuneration Committee of the Company. 3. Proposal to nominate members to the Nomination Committee of the Company.
2023.07.10	1. Proposed change in the Company's Chief Financial Officer. 2. Proposal to lift the restrictions on competition for the Company's managers.
2023.07.28	1. Announcement of the closure and disposal of assets after the closure of business on August 31, 2023, by the Company's subsidiary, Wuhan Hanyang Grand Ocean Classic Commercial Ltd. 2. Announcement of the acquisition of assets for use and the establishment of a new store by the Company's subsidiary, Wuhan Grand Ocean Classic Commercial Development Ltd. 3. Proposal for the compensation of the Company's Chief Financial Officer.
2023.08.30	1. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." 2. 2023 second quarter consolidated financial statements
2023.10.20	1. Proposal to increase the paid-in capital of Wuhan Hanyang Grand Ocean Classic Commercial Ltd. by RMB 50 million. 2. Proposal for the transfer of 1% equity interest in Yichang Grand Ocean Commerce Ltd. held by Wuhan Hanyang Grand Ocean Classic Commercial Ltd. 3. Proposal to plan training courses for directors.
2023.11.13	1. 2023 third quarter consolidated financial statements. 2. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies." 3. Appointing KPMG Assurance Services Co., Ltd. to provide consulting services for the Company's business transformation and fundraising operations.
2023.12.18	1. The future business strategy and direction adjusted due to the Company's operating model transformation. 2. 2024 audit plane of Grand Ocean Retail Group Limited. 3. 2024 financial budget of Grand Ocean Retail Group Limited. 4. Drafting of general principles for the policy on advance approval of non-assurance services for the Company.
2024.03.15	1. 2023 KPMG audit fee. 2. Revision of internal regulations related to corporate governance and internal control. 3. Matters regarding rent adjustment and settlement of Nanjing Grand Ocean. 4. Matters regarding rent adjustment and settlement of Nanjing Grand Ocean. 5. The annual self-assessed consolidated financial statements for the year 2023.

Date	Major resolutions
2024.03.28	1. Proposal for the appointment, and independence and suitability assessments of CPAs. 2. Annual Business Report and Consolidated Financial Statements 2023. 3. Statement of Internal Control System 2023 of the Company. 4. The Company’s 2023 Audit Committee Audit Reports. 5. Remuneration Distribution to Employees and Directors 2023. 6. 2023 Loss Recovery Statement. 7. The Company's accumulated deficit reached half of its paid-in capital in 2023. 8. Matters in regard with the Annual Shareholders Meeting 2024, the convention time, location, way of meeting, reasons, and the term for suspension of share transfer, etc. 9. Matters in regard with the acceptance of proposals submitted by the shareholders in the Annual Shareholders Meeting 2024. 10. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the “Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.”
2024.04.30	1. The renewal of the lease contract for the Shanghai headquarters office of the Group. 2. Matters in regard with the Annual Shareholders Meeting 2024, the convention time, location, way of meeting, reasons, and the term for suspension of share transfer, etc. 3. Relief of Competition Limitation for Directors.

2 Major resolutions of the shareholders' meeting and implementation:

Date	Major resolutions and implementation
2023.06.15	1. Approved the Annual Business Report and Consolidated Financial Statements 2022. Implementation status: Approved. 2. Approved the 2022 Loss Recovery Statement. Implementation status: Approved. 3. Approved the amendment to the "Articles of Association" of the Company. Implementation status: Upon approval, the Articles of Association have been submitted to the competent authorities for record and disclosed on the Company’s website. 4. Approved the draft on the Amendment to the Part of Articles in “Procedural Rules of General Meeting of Members“ of the Company. Implementation status: Implement in accordance with the revised provisions. 5. Full Re-election of Directors of Board. Implementation status: New directors were elected at the shareholders' meeting and are performing their duties in accordance with the law. 6. Relief of Competition Limitation for New Elected Directors. Implementation status: The non-compete restrictions were lifted in accordance with the resolution of the shareholders' meeting.

(XIII) Last fiscal year, and as of the date of publication of Annual Report, main contents of a different opinion on any material resolution ratified through the Board Meeting, which are recorded or proclaimed in writing by a Director or Supervisor: None.

(XIV) Last fiscal year, and as of the date of publication of Annual Report, resignation or dismissal of the personnel concerning the financial statements (including Chairman, GMs, Accounting Supervisors, finance managers, R&D managers, as well as internal audit managers): None.

April 30, 2024

Title	Name	Date of Assumption	Date of Dismissal	Reasons for Resignation or Dismissal
Acting Chief Financial Officer	Hung Wei Kai	2017.12.11	2023.07.10	Job reassignment

V *Information on Professional Fees of Accountant*

The 2023 non-audit fees paid by the Company occupies 13% of the audit fees, of which the service content is as follows:

Name of Accounting Firm	Name of Accountant	Term of Audit	Audit Fees	Non-audit Fees	Total	Notation
KPMG	Chang Shu-Ying Jun-Ming Pan	2023/01/01 ～ 2023/12/31	14,451	1,885	16,336	Non-audit service fees: covering business registration and other services

Non audit fee service content: Non audit fee refers to industrial and commercial registration and others.

(I) Audit fees paid to the accounting firm in the year of replacement where they are lower than the audit fees last fiscal year: None.

(II) Where audit fees reduce 15% at least compared with the fees of last fiscal year: None.

(III) Evaluation of the Auditor's Independence: according to the Company's "Principles for Evaluation of Auditors' Independence", the Company evaluates the independence and suitability of its external auditors annually, the content of evaluation includes (I) Basic Information, (II) Content of Evaluation, (III) Performance Description, and (IV) Evaluation Results. Among the above, Content of Evaluation adopts the following 15 criteria in accordance with Article 74 of the Certified Public Accountant Act, and Bulletin No.10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China.

Items	Evaluation Result
1. Up to the latest certification practice, there's no such circumstance with working for the company for seven years in a row.	■Yes □No
2. No major financial interested relationship with the client.	■Yes □No
3. Avoiding any improper relationship with the client.	■Yes □No
4. The accountant should supervise their assistants to strictly comply with honesty, justice and independence.	■Yes □No
5. The accountant is prohibited from auditing certification for the company's financial report where he/she has served in within the previous two years.	■Yes □No
6. The accountant's identification is forbidden to be infringed by another individual.	■Yes □No
7. The accountant does not hold any shares in the company or in its subsidiaries.	■Yes □No

8. The accountant does not owe any debt to the company or its subsidiaries.	■Yes □No
9. The accountant is not in any joint investment or benefit-sharing relationship with the company or its subsidiaries.	■Yes □No
10. The accountant is not employed and paid regularly by the company or its subsidiaries.	■Yes □No
11. The accountant does not interfere with any management function towards decision-making in the company or its subsidiaries.	■Yes □No
12. The accountant does not run any business which will probably deprive him/her of audit independence.	■Yes □No
13. The accountant is not related to any of the company's management personnel in the following relations: Spouse, blood-related relatives, direct relatives by affinity, second-degree of blood-related relatives, collateral blood-related relatives.	■Yes □No
14. The accountant does not receive any commission which is occupational-related.	■Yes □No
15. Up to now, the accountant hasn't been punished for violating any audit independence principle.	■Yes □No

Board of Directors evaluation date: March 28, 2024

VI Information on Replacement of CPA: The Company replaced the CPA this year due to an internal organizational adjustment of the accounting firm.

VII The company's Chairman, GM, managers of financial or accounting affairs, who has ever worked in the accountant's affiliated firm or its affiliates in the past year: None

VIII Last fiscal year, and as of the date of publication of Annual Report, Directors, Supervisors, managers and shareholders whose equity transfer and shareholding pledge changes with a shareholding ratio of more than 10%

(I) Changes in Shareholdings of Directors, Supervisors, Managers and Major Shareholders

Unit: share

Title	Name	Year 2023		as of May 1 of Current Year	
		Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares	Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares
Chairman of the Board	Kuo Jen Hao	—	—	—	—
Chairman as well as GM	First Steamship Co., Ltd.	—	—	—	—
	Representative: Ng Qing Hai	—	—	—	—
Director of the Board	First Steamship S.A	—	—	—	—
	Representative: Zhang Jin Guo	—	—	—	—
Director of the Board	Lee Seng Chay	—	—	—	—
Independent Director	Ding Jin Huei	—	—	—	—
Independent Director	Sher Ching Yee	—	—	—	—

Title	Name	Year 2023		as of May 1 of Current Year	
		Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares	Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares
Independent Director (Note1)	Lin Yuk Yan Maya	—	—	—	—
Independent Director (Note2)	Lee Jenn Yuh	—	—	—	—
CFO (Note3)	Yau Dennis Wai Tak	—	—	—	—
Acting CFO (Note3)	Hung Wei Kai	—	—	—	—
Accounting Supervisor	Li Chao	—	—	—	—
Shareholder who has at least 10% Shareholding	First Steamship S.A	—	—	—	—

Note1: The independent director's term expired at the shareholders' meeting on June 15, 2023.
Note2: The independent director was newly elected at the shareholders' meeting on June 15, 2023.
Note3: Acting Chief Financial Officer Hong Wei kai resigned on July 10, 2023, and the board of directors approved Yau Dennis Wai Tak as the Chief Financial Officer.

(II) Information on related party as a counterparty of equity transfer: None.

(III) Information on related party as a counterparty of equity pledge: None.

IX Information on Interrelations between Each Shareholder whose Shareholding Ratio is Ranked as One of the Top Ten

Apr 19, 2024; unit: share; %

Name	Self-owned Shares		Number of Shares of Spouse and Minor Children		Number of Shares in Name of Others		The top ten shareholders have the titles or names and relationships complying with the definition of spouse or second-degree relative in FASB6.		Notation
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or Name)	Relation	
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A. Principal：Kuo Jen Hao	91,560,000	46.83%	—	—	—	—	First Steamship Company Ltd Ahead Capital Limited	Parent company	—
	—	—	—	—	—	—	—	—	—
First Steamship Company Ltd Principal：Kuo Jen Hao	19,952,000	9.99%	—	—	—	—	First Steamship S.A.	Parent company	—
	—	—	—	—	—	—	—	—	—
Grand Ocean Retail Group Limited Mainland China Area Employees Collective	4,794,000	2.45%	—	—	—	—	—	Staff	Employees Collective
AHEAD CAPITAL LIMITED Principal：Kuo Jen Hao	3,500,000	1.79%	—	—	—	—	First Steamship S.A.	Parent company	—
	—	—	—	—	—	—	—	—	—
CTBC Bank Employee Stock Ownership Trust Account of Grand Ocean Retail Group Limited	2,915,000	1.49%	—	—	—	—	—	Staff	Employee Stock Ownership Trust
Liu Hung Jun	2,315,000	1.18%	—	—	—	—	—	—	—
AmTrust Investment Consulting Corp. Principal：Lin Xin Yi	1,500,000	0.77%	—	—	—	—	—	—	—
Huang Shih Chieh	1,280,000	0.65%	—	—	—	—	—	—	—
Chin Chun Cheng	1,060,000	0.54%	—	—	—	—	—	—	—
Xu Han Zhong	978,000	0.50%	—	—	—	—	—	—	—

X The number of shares held by the company, the company's Directors, Managers and the company directly or indirectly controlled by the same reinvestment business, and combined to calculate the comprehensive shareholding ratio

unit: share ; %

Reinvested Business (Note)	Investment of the Company		Investment Controlled Directly or Indirectly by Directors or Managers		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Grand Citi Limited	1,040,000,000	100.00	—	—	1,040,000,000	100.00
Sandmartin International Holding Limited	44,197,255	3.59	473,869,283	38.52	518,066,538	42.11
Grand Ocean Classic Commercial Group Co., Ltd	Note1	100.00	—	—	Note1	100.00
Nanjing Grand Ocean Classic Commerce Limited	Note1	100.00	—	—	Note1	100.00
Fuzhou Crand Ocean Commerce Limited	Note1	100.00	—	—	Note1	100.00

Reinvested Business (Note)	Investment of the Company		Investment Controlled Directly or Indirectly by Directors or Managers		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Quanzhou Grand Ocean Commerce Limited	Note1	100.00	—	—	Note1	100.00
Wuhan Grand Ocean Classic Commercial Development Limited	Note1	100.00	—	—	Note1	100.00
Whhan Optics Valley Grand Ocean Commercial Development Limited	Note1	100.00	—	—	Note1	100.00
Wuhan Hanyang Grand Ocean Classic Commercial Limited	Note1	100.00	—	—	Note1	100.00
Fuzhou Grand Ocean Classic Commerce Limited	Note1	100.00	—	—	Note1	100.00
Chongqing Optics Valley Grand Ocean Commercial Development Limited	Note1	100.00	—	—	Note1	100.00
Hengyang Grand Ocean Commercial Development Limited	Note1	100.00	—	—	Note1	100.00
Yichang Grand Ocean Commerce Limited	Note1	100.00	—	—	Note1	100.00
Hefei Grand Ocean Classic Commercial Development Limited	Note1	100.00	—	—	Note1	100.00
Shiyan Optics Valley Grand Ocean Commercial Limited	Note1	100.00	—	—	Note1	100.00
Shanghai Jingxuan Business Administration Limited	Note1	100.00	—	—	Note1	100.00
Fuzhou Jiaruixing Business Administration Limited	Note1	100.00	—	—	Note1	100.00
Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd	Note1	100.00	—	—	Note1	100.00
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	Note1	49.00	—	—	Note1	49.00

Note 1: Where it is a company limited without stock issuance, hence there are no stocks.

Four. Financing Situation

I Capital and Shares

(I) Sources of Share Capital

1. Formation of Share Capital

Currency: NTD (thousand)；Thousand；unit: share (thousand)

Year Month	Issuance Price	Authorized Share Capital		Paid-in Share Capital		Notation		
		Shares	Amount	Shares	Amount	Sources of Share Capital	Share Proceeds Offset by Assets besides Cash	Others
2012.06	NTD 10/share	500,000	5,000,000	202,000	2,020,000	Capital Increase by Cash	None	May 9, 2012 FSC Letter FA No.1010018503
2015.12	NTD 10/share	500,000	5,000,000	201,000	2,010,000	Capital Reduction by Treasury Stock	None	None
2016.03	NTD 10/share	500,000	5,000,000	199,499	1,994,990	Capital Reduction by Treasury Stock	None	None
2018.01	NTD 10/share	500,000	5,000,000	197,469	1,974,690	Capital Reduction by Treasury Stock	None	None
2019.03	NTD 10/share	500,000	5,000,000	195,531	1,955,310	Capital Reduction by Treasury Stock	None	None

2. Share Classifications Which Have Been Issued

unit: thousand shares

Shares Classification	Authorized Share Capital			Notation
	Outstanding Shares	Un-issued Shares	Total	
Common Stock	195,531	304,469	500,000	

3. Information related to the general declaration system: None.

(II) Shareholder Structure

Apr 19, 2024；share

Shareholder Structure and Number	Government	Financial Institution	Other Juridical Persons	Individual	Foreign Institution and Foreigner (Note 1)	Total
Number of Person	0	7	18	5, 809	21	
Shares in Hand	0	32, 150, 000	227, 395, 050	682, 631, 310	1, 013, 133, 640	1, 955, 310, 000
Shareholding Ratio	0. 00%	1. 64%	11. 63%	34. 92%	51. 81%	100. 00%

Note1：Wherein the shareholding ratio of China investment is 2.45%, where there are4,794,000 shares. These shares are meant to distribute to the employees by a treasury stock project, letting the China employees to have the options. So far they are kept in the account “Special Integrated Account for China Employees” in CTBC Bank.

(III) Equity Dispersion

1. Common Stock

Apr 19, 2024；unit: share/NT$10 per share

Shareholding Grading	Number of Shareholder	Shares in Hand	Shareholding Ratio
1 to 999	401	39,666	0.02%
1,000 to 5,000	3,750	8,029,984	4.11%
5,001 to 10,000	699	5,757,405	2.94%
10,001 to 15,000	260	3,376,568	1.73%
15,001 to 20,000	171	3,220,155	1.65%
20,001 to 30,000	198	5,158,923	2.64%
30,001 to 40,000	79	2,863,337	1.46%
40,001 to 50,000	49	2,280,653	1.17%
50,001 to 100,000	120	8,581,084	4.39%
100,001 to 200,000	74	10,520,725	5.38%
200,001 to 400,000	32	9,162,500	4.69%
400,001 to 600,000	6	2,906,000	1.49%
600,001 to 800,000	6	4,180,000	2.14%
800,001 to 1,000,000	1	978,000	0.50%
Above 1,000,001	9	128,476,000	65.69%
Total	5,855	195,531,000	100.00%
Holding less than 0.1% Shareholding	5,795	48,633,500	24.87%

2. Preferred Stock: None

(IV) List of Major Shareholder

The list of shareholders with a shareholding ratio of more than 5% or the top ten shareholders is as follows:

Apr 19, 2024；shares

Name of major shareholder	Shares in Hand	Shareholding Ratio
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A.	91,560,000	46.83%
First Steamship Company Ltd	19,952,000	9.99%
Grand Ocean Retail Group Limited Mainland China Area Employees Collective	4,794,000	2.45%
AHEAD CAPITAL LIMITED	3,500,000	1.79%
CTBC Bank Employee Stock Ownership Trust Account of Grand Ocean Retail Group Limited	2,915,000	1.49%
Liu Hung Jun	2,315,000	1.18%
AmTrust Investment Consulting Corp.	1,500,000	0.77%
Huang Shih Chieh	1,280,000	0.65%
Chin Chun Cheng	1,060,000	0.54%
Xu Han Zhong	978,000	0.50%

(V) Market Price, Net Worth, Earnings and Dividends per Share, as well as Concerning Information for the Past Two Years

Currency: NTD

Item		Year	2022 (Note 5)	2023 (Note 5)	Current Year As of May 1, 2024
Market Price per Share	Maximum		18.30	18.45	12.15
	Minimum		13.30	11.60	8.29
	Average		16.34	15.81	9.74
Net Worth per Share	before Distribution		37.11	25.94	26.26
	after Distribution		37.11	25.94	Not Applicable
Earnings per Share	Weighted Average Number of Shares		195,531 thousand shares	195,531 thousand shares	195,531 thousand shares
	Earnings per Share		(4.26)	(10.66)	(0.69)
Dividends per Share	Cash Dividends		—	—	Not Applicable
	Share Allotment for Free	Share Allotment by Earnings	—	—	Not Applicable
		Share Allotment by Capital Reserves	—	—	Not Applicable
	Accumulated Unpaid Dividends		—	—	Not Applicable
Analysis of Return on Investment	PER (Note 1)		Not Applicable	Not Applicable	Not Applicable
	PDR (Note 2)		Not Applicable	Not Applicable	Not Applicable
	Cash Dividend Yield (Note 3)		Not Applicable	Not Applicable	Not Applicable

Note 1: PER=Current Average Closing Price per Share/Earnings per Share.
Note 2: PDR=Current Average Closing Price per Share/Cash Dividends per Share.
Note 3: Cash Dividend Yield=Cash Dividends per Share/Current Average Closing Price per Share.
Note 4: The proposal to offset the losses incurred in 2023 was passed by the board of directors on March 28, 2024, but has not yet been approved by the shareholders' meeting.
Note 5: Net worth per share, earnings per share will be measured in compliance with the regulations of IFRS.

(VI) Dividend Policies and Execution of the Company

1 Dividend Policies Defined in the Articles of the Company:

According to the provisions of the Company's Articles, in addition to the applicable laws and regulations otherwise, if the Company has profit before taxes in the year, the Company should make an attribution from the profit before taxes: (1) No less than 1% of employees' remuneration (including employees of the Company and/or affiliate employees) (hereinafter referred to as "ER"); and (2) No more than 3% for Directors' remuneration. However, if the company still has cumulative losses, it will be reserved as a compensation in advance. The employee remuneration in the preceding paragraph can be obtained by stock or cash; the directors' remuneration is only available in cash.

In accordance with the laws and regulations of British Cayman Island and applicable laws and regulations, the first two items shall be adopted by resolution of a board meeting with more than two-thirds of the directors present, and approved by more than half of the directors present. They shall be reported to the shareholders at the shareholders' meeting after the resolution of the board meeting.

Except as otherwise provided in the applicable Acts and Article 47 of the Articles of Corporation of the Company, if the Company's annual total final accounts have earnings (after the pre-tax profit is paid according to the preceding paragraph), the Board shall formulate the Earnings Distribution in the following manner and in the following order. Submitted to the shareholders meeting by ordinary resolution:

(1) The tax payable in accordance with the law;
(2) Compensate for the accumulated losses of previous years (if any);
(3) 10% of the legal reserve is required by the applicable law, but exception is made if the legal reserve has reached the Company's paid-in capital;

(4) Applicable by law or by the competent authority to provide special earnings reserve; and

(5) According to the amount of the current year's earnings after deducting the above items (1) to (4), the accumulated undistributed earnings in the previous period are the available earnings. The available earnings can be distributed through the Board Meeting and then submitted to the Shareholders General Meeting. Applicable decrees are assigned after ordinary resolutions.

The Company's dividend policy shall take into account the current and future industrial prosperity, the demand for funds, and the financial structure. With regard to the distributable surplus, other than the portion reserved at the discretion of the board meeting after considering the financial needs and circumstances of the Company, the remaining distributable surplus may be distributed in the form of stock or cash dividend, and the cash dividend shall not be less than 10% of the total dividend.

2 Current Dividends Distribution Resolved:

On the compensation of the Company’s 2023 loss, the board meeting on March 28, 2024 decided to make up the loss with unappropriated retained earnings, and will be submitted to the Shareholders General Meeting for further approval.

3 Descriptions for Expected Material Variation: None.

(VII) Influence upon Operational Performance and Earnings per Share by Draft on Shares Allotment for Free of Current Year

The Company's 2023 Loss Recovery Statement approved by the Board on March 28, 2024, does not distribute stock dividends, so this item is not applicable.

(VIII) Remunerations for Employees and Directors

1 Proportion or Range of Remunerations for Employees and Directors Defined in Articles of Incorporation:

According to the provisions of the Company's Articles, in addition to the applicable laws and regulations otherwise, if the Company has profit before taxes in the year, the Company should make an attribution from the profit before taxes: (1) No less than 1% of employees' remuneration (including employees of the Company and/or affiliate employees) (hereinafter referred to as "ER"); and (2) No more than 3% for Directors' remuneration. However, if the company still has cumulative losses, it will be reserved as a compensation in advance. The employee remuneration in the preceding paragraph can be obtained by stock or cash; the directors' remuneration is only available in cash.

2 In the current period, the company estimates the basis of the remuneration for the employees and Directors, the calculation basis for the number of shares remunerated by the stocks, and the accounting for the difference between the actual distribution amount and the estimated number of shares:

2.1 For the proportion or scope of remuneration for employees and Directors as defined in the Articles of Incorporation of the Company, please refer (VIII).1.

2.2 In the current period, estimate of the basis of the remuneration for the employees and Directors, the calculation basis for the number of shares remunerated by the stocks, and the accounting for the difference between the actual distribution amount and the estimated number of shares.

2.2.1 After the end of the year, if there is a significant change in the amount of the resolution ratified through the Board Meeting, then the change is adjusted to the original accounted annual fee. At the date of the resolution of the Shareholders Meeting, if the amount still changes, it shall be treated according to the accounting estimates and adjusted in the resolution of the Shareholders Meeting.

2.2.2 If the Shareholders Meeting decides on the method of employee bonus distribution, the share number of stock bonus is determined by dividing the amount of dividends by the stock market value. The stock market value refers to the closing price of the day before the resolution of the Shareholders Meeting (after considering the impact on the equity of ex-dividend), whereas prior to the listing of the Company, it is based on the net value of the latest financial report audited by an accountant.

3 Ratification on Remuneration Distribution through the Board

3.1 The Board of the Company passed a resolution on MAR 28, 2024 that the proposed staff is entitled to remunerate NT$0 and the Directors remunerate NT$0.

3.2 The amount of employee remuneration via stock distribution and its proportion in the total amount of after-tax net profit and employee remuneration in the current entity or individual financial report: Not applicable.

4 In the previous year, the actual distribution of employees and directors' compensation shall be different from the recognition of employees and directors' compensation. The number of differences, reasons and treatment shall be stated:

The Company's 2023 financial statements recognize that employee bonuses and Directors' remuneration are NT$0 and NTD$0, respectively. The employee bonus and Director's remuneration allotted by the Shareholders Meeting are NT$0 and NTD$0, and there is no difference.

(IX) Shares Repurchase of the Company:None

II Corporate Bonds (including oversea corporate bonds) Treatment: None.

III Preferred Stock Treatment: None.

IV Overseas Depositary Receipt Treatment: None.

V Employee Stock Option Certificate Treatment: None.

VI Treatment of Restriction of Employee Rights to New Shares: None.

VII Treatment of Merging or Granting Shares of Other Companies to Issue New Shares: None.

VIII Treatment of Funds Operation Plan: NA.

Five. Operation Overview

I Business Contents

(I) Business Scope

1 Major Contents of Owned Business

The Company is currently engaged in the department store retail business, which is mainly engaged in the department store retail business. The main sales categories are apparel, jewelry, cosmetics, footwear, sporting goods, household and others, etc. Join catering, supermarkets, beauty salons, women's spas, children's play, dance classes, cinemas and other services supporting projects and online retail business. At present, the main sales area of the Group is China's second-tier and third-tier cities, while the terminal sales customers are mainly general consumers. At present, the main revenue sources of the Group are divided into three categories, including counter joint income, counter direct income and rent, other income and management consulting fees ◦

2 Main Products and Operation Weight

Currency: NTD (thousand); %

Main Products	2022		2023	
	Amount	Rate (%)	Amount	Rate (%)
Joint Counter	1,224,769	29.51%	1,221,361	31.97%
Direct Counter	825,508	19.89%	705,830	18.48%
Rent, other income and management consulting fees	2,099,865	50.60%	1,892,942	49.55%
Total	4,150,142	100.00%	3,820,133	100.00%

3 Current commodities of the company: Same as 1.

“The retail enhancement and the experience refinement.” On the basis of the advantageous departments of the major stores, brand abundance will be improved continuously. By refining the experience format, the market share is seized further; the management store model is developed to increase the revenues from business management consulting fees; the functions of the online boundary-free retail department are exerted fully, and the effective collaborations are conducted with vendors, to finely classify, manage and upgrade the Group’s members and the Weimall system continuously; the merchant recruitment department is combined with to find dynamic brands in the market for partnership, and continue to increase entertainment, education and training, boutique supermarkets, and leading food and beverage brands with outstanding performance in the market.

(II) Industry Overview

1 Current Status and Development of the Industry

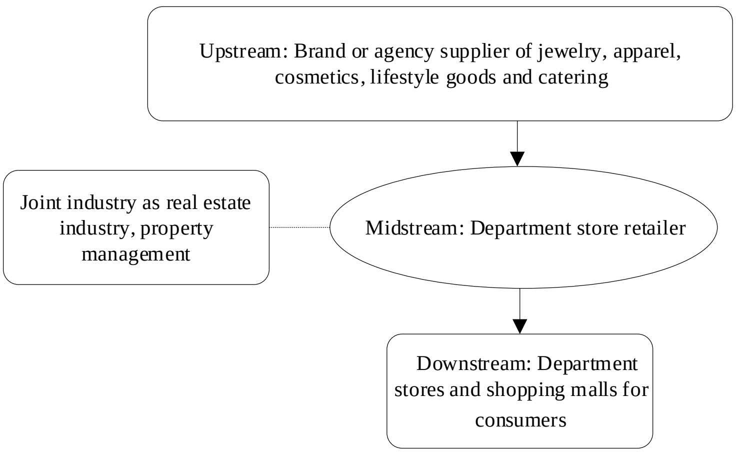
Mainland China's GDP in 2023 will be RMB 126 trillion, a year-on-year real growth of 5.2%. Judging from the rhythm of the year, the two-year compound growth rates of GDP in a single quarter were 4.7%, 3.3%, 4.4%, and 4.0% respectively. GDP in the fourth quarter fell relatively. Overall, the economy has improved compared with the 3% year-on-year GDP in 2022, but the economic recovery is not as strong as the market expected at the beginning of the year.

From the perspective of retail sales of consumer goods, the total retail sales of consumer goods in 2023 will be 47 trillion yuan, a year-on-year increase of 7.2%, and the two-year compound growth rate is only 3.4%. The total retail sales in December were 4.36 trillion yuan, a year-on-year increase of 7.9%. The high year-on-year growth is mainly due to the low base in December 2022. The two-year compound growth rate is actually 2.7%, which is lower than the annual average. Among optional consumer goods, gold jewelry and clothing grew rapidly, while cosmetics consumption declined. In December, clothing, shoes and hats, cosmetics, gold, silver and jewelry.

In 2023, the per capita disposable income of Chinese residents will be 39,218 yuan, a year-on-year real increase of 6.1%; the per capita consumption expenditure will be 26,796 yuan, a year-on-year real increase of 9%. The proportion of household consumption in income will drop from 70.1% in 2019 to 68.3% in 2023, and the proportion of household consumption expenditure on necessities such as food, tobacco, alcohol, and housing will rise from 51.7% in 2019 to 52.5% in 2023, indicating that: Firstly, residents' willingness to consume has weakened. Secondly, rising prices for essential consumer goods such as food and housing have suppressed other consumer demands.

2 Relativity between Upstream, Midstream and Downstream of Retail Industry

The Company is specialized at department store marketing, where the main business is to lease commercial real estate and set up department store floor space to provide trading space for brand operators and end consumers. Main operation mode: The Company cooperates with real estate and property companies to complete the establishment of department store space, and then introduces department store counters to the upstream brands or their distributors to sell commodities to consumers. Therefore, the related map of the industrial upstream, midstream and downstream of the Company is shown as follows:



Information Source: Yuanta Securities

3 All kinds of development trend of products

With the continuous innovation and breakthrough of the traditional retail model along the tide of new Internet technologies, the development of the industrial chain in the retail industry has found a new direction, and it has been upgraded to a new retail business model with the help of new Internet technologies. The vigorous development of the new retail industry also confirms that the traditional marketing patterns are hardly able to meet the needs of consumers in the new retail era for satisfying the psychological demands of the consumer population. The development trends of the retail industry now are analyzed from six major aspects.

(1) The retail industry will accelerate its adaptation to market changes

To respond to the rapidly changing market, commerce is shifting from mindset prioritizing the product channels to the consumer-oriented development. The constructions of new retail e-commerce system platforms will feature more self-learning and self-adaptive: the focus of commercial development will be shifted from the urban downtown to residential communities, and more retail brands with urban features and regional characteristics will appear in the consumer merchandise market, changing the phenomenon of "undistinguishable stores, undistinguishable merchandise."

(2) Fusion of technology, fashion and lifestyle

First of all, retailers adopt a series of smart applications such as digital signage, electronic fitting rooms, smart positioning, self-service terminals and VR displays to bring the brand new intellectual and scenario-based shopping experience to consumers. Secondly, product functions will remain fast and repetitive computation, and the access to high-tech products will become a new way for consumers to acquire knowledge and demonstrate their personality. Thirdly, retail brands will communicate their brand cultures and brand positioning to consumers more clearly. The purpose of product display is to display lifestyles, and the product categories in a single store will be richer.

(3) Fusion of high-quality goods, services and cultures

China is transforming from a world factory into a world market, and the market of consumer goods still has great growth potential. Brand owners and retailers will seize the development opportunities in the domestic market to build consumers' confidence in local brands and local retailers from three aspects: insisting the self-confidence to cultures, deeply cultivating the domestic market, purifying the market environment, building an ethical retail system, and returning to the spirit of craftsmanship.

(4) Further incorporation of virtuality and reality

With the rapid penetration of mobile Internet, the growth rate of Internet users in China is slowing down. The next focus of competition for e-commerce will be shifted from attracting traffic to tapping customers' consumption potential: improving product and service quality, reducing the rate of negative reviews, and increasing user loyalty; actively deploy offline outlets; through mergers and acquisitions, cross-shareholdings, the interests of e-commerce and brick-and-mortar stores are bundled to have a win-win stage for the incorporation of virtuality and reality.

(5) Various business formats will be developed in the aggregated and ecological manner

The business environment where the new retail e-commerce platforms to be built in the future will continue to develop toward aggregation and ecology: by being centered on community consumption needs, service consumption needs, and business needs of retail giants, functions such as finance, logistics, and consulting will be more further divided, and the production and service enterprises more professional will develop ecologically, to improve the operating efficiency of large retailers and the quality of residents' consumption.

(6) The social characteristics of the retail industry will become more apparent

In the information era, the information gap between merchants and consumers has been gradually narrowed, and the effect of one-way communication mainly based on advertising has been declining. Word-of-mouth and trust have become key factors for retail brands to be recognized by consumers. Hence, retailers will continue to improve their social attributes by using mainstream social platforms such as WeChat, Weibo, Dianping, and Xiaohongshu, and build a consumer circle by maintaining highly frequent interactions with consumers.

4 Competetion

According to the incomplete statistics of "linkshop.com", at least 21 department stores across the country will close in 2023, including the Pacific Department Store Xuhui Store, Shanghai Land Plaza Commercial Building, New World Department Store Yanjiao Store... and other well-known department stores that were once popular.

As of now, 28 listed department store operators have disclosed their 2023 results. Among them, 20 companies achieved growth (including narrowing of losses), accounting for about 71% of the total. Eurasia Group, Ginza Group, Guangbai Group, Wenfeng Group, Xinjiang Huijia Times, Hualian Group, Shanghai New World, Yi Mining Group and Nanning Department Store turned losses into profits; 7 of the 28 companies suffered losses, among which Maoye International turned from profit to loss, Cuiwei Shares, Central Shopping Mall, Supply and Marketing Department, and Shenyang Commercial City increased their losses, Youhao Group, Dalian Friendship losses narrowed. Among them, Supply and Marketing Daji has the most serious losses, with a maximum loss of RMB 2.6 billion in 2023.

Since 2023, China's consumption recovery has accelerated, the catering, tourism, and movie markets are booming, and shopping mall passenger flow has increased significantly during the Spring Festival. Coupled with the introduction of a series of policies to boost consumption by the State Council, the Ministry of Commerce and various local governments to stimulate consumption and promote business development, confidence in the commercial real estate industry is accelerating. According to statistics from" Winshang", there are 588 shopping malls planned to open nationwide in 2023, with a total volume of approximately 52.01 million square meters. In comparison, this data sets a new low for planned openings since 2017, and is only half of the peak planned openings in 2021. The number and volume of planned openings in 2023 are approximately 1.6 times the actual opening volume in 2022. If the opening rate increases significantly, the annual increase is still expected.

(III) Technology and R&D Overview

Our group is general merchandise retail business. There is no flaw in the development and manufacture of products. Our management team, department heads and store managers all have 10 to 20 years of experience in retail and department stores. With extensive experience in marketing, business recruitment and adjustment and location selection, we have been developing and nurturing a young talent pipeline over recent years for stores and corporate management. During the past two years, we have recruited many management trainees from key universities. Under our development program, they have become an important workforce in our shops and Unbounded Retail Department. For the future expansion of our Company, we shall further reinforce the development, training and education of human resource by recruiting and retaining excellent retail talents. Then we are able to enrich our stores and improve the level of management.

(IV) Long-term and Short-term Business Development Plans

1 Short-term Business Development Plans of the Company

1.1 Coordinating and arranging the Company’s annual event planning schedule, improving the Company’s planning and operation capabilities in stores, enhancing the effects of marketing activities, and realizing marketing innovation and upgrading.

1.2 Fully exerting the strengths of all parties, to improve the quality of the Company’s merchant recruitment and operating tasks, and actively improving the business environment and service level to increase the stickiness consumption.

1.3 Continuously deepening the membership system management, perfecting the online sales system constantly, and the combining virtuality and reality to enhanced consumer loyalty.

1.4 Actively explore different sales channels, reasonably and efficiently use the sales platforms such as Weimall, Xiaohongshu, Tiktok, and Kuaishou, while being committed to expanding more convenient electronic payment methods to enhance the customer stickiness.

1．5 Emphasizing the adjustment, modification and upgrading; positioning its own consumer group based on its own feature and environmental characteristics, to formulate appropriate adjustment, modification and upgrading programs, and upgrade the cooperative brands.

2 Our mid-long term business development plans.

2.1 The retail enhancement builds the one-stop happy shopping world, and the experience format refinement presents a multi-dimensional consumption space, to continuously be committed to cultivating the current markets, gaining more market shares, and increase the influence of the Company's brand.

2.2 Looking for the possibility of expanding new markets and new models, innovating the Company's management model, and adapting to the needs of market development.

2.3 Continuing to deepen the membership system management, optimizing the management of member hierarchy, scientifically managing members, realizing precise services, and increasing consumption stickiness.

2.4 Continue the development department's role and explore better and more appropriate projects for "the third venture" and "building another Grand Ocean".

2.5 Optimizing and upgrading brands, reasonably combining business forms, improving brand richness, enhancing market positioning of the Company, and providing high-quality software and hardware services.

3 Business Target

3.1 Unbounded strategy upgrade improves member operation efficiency

Dayang always adheres to the core concept of "consumer-centered" and proactively establishes connections with customers. We not only pay attention to customers' clicking behavior and purchasing habits, but also deeply understand their consumption preferences in order to provide them with a more personalized service experience. For those customers who rank among the top spenders, Dayang will implement a series of considerate measures, including exclusive discounts, customized services, etc., to reward their loyalty and support.

Changes in offline customer flow prompt us to pay more attention to the importance of online traffic. We will use advanced system tools to tap the potential of our members. By actively tracking guests' consumption habits and preferences, we can push targeted activities and promotional information, thereby effectively promoting the integration of online and offline. The "heart retail" we pursue is to listen to the voices of consumers with our hearts, love every customer with our hearts, and constantly create opportunities for encounters and encounters with consumers.

In order to further improve our membership operation capabilities, Dayang requires the unbounded retail department to strengthen the management and service of members, improve the ability to reach users; enhance the operational effects of social media, and continue to expand local life channels to better serve members. Our goal is to increase the proportion of unbounded retail performance to 30% of Dayang's total sales performance.

3.2 Accelerate the pace of shopping mall restructuring and upgrading

During the past four years of the epidemic, shopping mall renovation business has slowed down significantly. However, as the business environment changes rapidly and market demands and consumer behavior continue to evolve, shopping malls must transform and upgrade to better adapt to this new normal. Against this background, the Hefei store is about to implement an important renovation plan in 2024—the redesign of the B1F subway Unicom channel. This initiative aims to open up the connection between the mall and the subway station, making it more convenient for customers to enter the mall directly from the subway. This will not only bring more customer flow to the Hefei store, but also indicate that the mall will have higher visibility and accessibility, thereby activating potential consumption power. Similarly, Fu Er store will also introduce a brand new cinema. To this end, we will carry out a series of renovation work on relevant floors to optimize the space layout to make it more spacious and comfortable, while improving the overall shopping experience. Such adjustments not only respond to market demand, but also reflect our deep understanding of customer needs and attention to details.

3.3 Better troops and simpler administration to improve efficiency

During the economic downturn, we have to optimize our operating model, improve efficiency, and reduce unnecessary expenses to cope with changes in the economic environment. In order to ensure that our team is more efficient and flexible, we have made careful adjustments to the staffing of profitable and loss-making stores. Refining troops and streamlining administration is not only about reducing the number of personnel, but also optimizing the allocation of existing human resources. We will focus on cultivating the capabilities of core team members and improving their professional skills and management standards so that they can maximize their effectiveness in their respective positions. At the same time, we will also introduce more automation and technological innovation when necessary to improve work efficiency and reduce costs.

In terms of management processes, in order to ensure that our team can operate efficiently, we will simplify the process design and remove unnecessary links and steps. This reform will help improve overall management efficiency and create a clearer and more efficient working environment for employees.

3.4 Established a Shanghai company to promote the construction of e-commerce headquarters

Taking into account a series of factors such as talent reserves, financing, financial subsidies, and the establishment of high-tech enterprises, Dayang Future plans to establish a Shanghai company. After establishment, the online business of each store of the group will be integrated, and an e-commerce platform subsidiary will be built as the Dayang e-commerce headquarters to coordinate online channel management and member operations, while enjoying local policy support in Shanghai.

II Market and Products Selling Overview

(I) Market Analysis

1 Main Products Sales Region

NTD (thousand) ; %

Region	2022		2023	
	Amount	Rate	Amount	Rate
Asia (China)	4,150,142	100.00%	3,820,133	100.00%
Total	4,150,142	100.00%	3,820,133	100.00%

2 Market Share

Grand Ocean prefers business districts with crowds and a mature business atmosphere in store site selection. In addition, through reform and innovation, we have completed the adjustment and brand upgrading of many stores. In terms of investment solicitation, business performance is taken as the axis and the market as the leading factor to select the right target customer groups. With the Millennium generation selected as the important customer source in the future, we have introduced a large number of top international cosmetics to meet the market demand, improve the customer flow, and effectively maintain the stability of business performance.

The partnership blueprint with cosmetics has been continuously expanded. CLARINS introduced to Wuhan Store I and MAC and Estee Lauder introduced to

Wuhan Store II greatly enriched the number of cosmetics brands in Central China stores, and increased the Company's market share in cosmetics.

Secondly, the recruiting, adjustment and modification in the international boutique market performed well, such as the debut of the first Tory Burch boutique in Fuzhou at Fuzhou Store I, and the adjustment and modification of the high-end watch area.

Thirdly, the introduction of gold and jewelry brands in different stores of the Company has greatly complemented the Group's gold and jewelry brands and further increased its market share. For instance, CRD in Wuhan Store I, Chow Sang Sang and Chow Tai Seng in Yichang Store.

In addition, the 1000 Trees Mall has performed well in food and beverage services and markets viral on internet, and also worked with the current fashionable art exhibitions to attract customers.

3 Future Supply and Demands, as well as Growth of Market

3.1 Future Supply and Demands of Market

According to the statistics from Links Shop's retail research center, a total of 514 commercial properties in China nationwide are scheduled to start business in 2024. (This excludes professional markets, hotels, office buildings or commercial buildings with over 30,000 square meters). The added commercial building area is 45.38 million square meters, and the average single building area is 88,200 square meters.

From the distribution of the seven major regions, East China, as usual, is far ahead with 187 projects to be opened, which is almost double number of projects in South China and Central China, which are in the second and third places. The commercial projects to be opened in South China and Central China are similar. There are 98 projects to be opened in 2024 in South China, ranking second among all regions.

In terms of cities, Shanghai has a fault-like leading edge with 34 projects to be opened. Hangzhou ranked second with 21 commercial projects planned to open, and Beijing ranked third.

In terms of space, the space development of commercial projects to be opened in 2024 still continues the overall trend of previous years. Commercial spaces between 50,000 to 100,000 square meters are the mainstream relatively. Commercial projects of these sizes are most suitable for planning as a one-stop shopping mall where the basic consumer needs including eating, drinking, entertainment, shopping are satisfied while the entertainment formats such as cinemas, theaters, and murder mystery games may be introduced as well.

3.2 Change of Future Demands of Market

3.2.1 Department stores accelerate to become mall-like

After nearly a decade of development, traditional large-sized general department stores are currently saturated. Under the circumstance with severe brand homogeneity (more than 60%) and intensified peer competition, traditional department stores are not only under the strong impacts from e-commerce, but also face the intensification of multi-format competition (such as the continuous emergence of new retail formats), as well as the "cold snap" of sharp surges for operating costs including manpower and rent. In addition, with the improvement of consumption level, consumers' shopping habits have changed, favoring the diversified shopping experience. Against the backdrop, to respond to the new market landscape, traditional department stores with a relatively single format seek to create the consumption experience alike to shopping malls by adopting all effective means, such as the introduction of fashion brand flagship stores, expansion and renovation of selling spaces, and adding experiential elements in selling spaces. In other words, various needs of consumers are satisfied with a collection of rich formats and functions.

3.2.2 Virtuality and reality incorporation and linkage

The large-scale application of new technologies such as e-commerce and mobile Internet is an irreversible reform that has increasingly profoundly affected the lifestyles of consumer groups. Against the backdrop, online shopping has developed rapidly and powerfully in China in recent years. Most brick-and-mortar retailers, especially traditional department stores, have been strongly impacted as expected. Meanwhile, more and more department store operators have begun to pay attention to and try the online platform construction.

3.2.3 Emphasizing information acquisition and analysis

In terms of information acquisition, it has changed from one-way brand push in the past to top-down consumption guided by users' word-of-mouth. However, with the development of technology, there are more and more touchpoints between consumers and brands, which is especially evident in the fast fashion consumers in China. According to McKinsey's survey in the past two years, Chinese consumers went through an average of 15 information touchpoints in a single decision-making journey. These include seven offline touchpoints and eight online touchpoints, making the Chinese consumers the consumers having the most touchpoints in all countries. More than half of these information touchpoints are brand-oriented. Brand orientation includes in-store experience, brand advertising, and celebrity endorsements, while the rest of the information touchpoints come from user-led information channels, including other people's displays seen, recommendations from relatives and friends, users' reviews, KOL promotions, and introductions from online information platforms.

3.2.4 Chaining, differentiation and multi-format incorporation

The core of department store chain operation lies in the aggregation of production elements and standardized allocation, mainly including channel management of brand merchandise resources, standardized management of store operations, standards of location selection and positioning, and brand management of site conditions. These are generally reflected in three regards such as expansion of business formats, space and organizational mechanism. This operation mode has changed the single and independent form of store organization in department stores in the past. It not only maintains the advantage of mass sales, but also adapts to diversified market demands.

3.2.5 In-house merchandise operation is developed gradually

In the department store industry, the capability of in-house merchandises is positioned as "features + supplements;" it is not only a key means to build merchandise differentiation and enhance brand image, but also a core business capability distinguishing department stores from shopping malls. Recently, many research reports show that although the joint operation has been the mainstream business model for a very long period of time, it is no longer possible for department stores to create greater profit margins. On the contrary, the experience of well-known international department stores shows that the in-house merchandise consisting of exclusive operation and self-owned brands creates ample operating profits and forms differentiation. ◦

4 Competition Benefits

4.1 Excellent Geographical Location

Grand Ocean Department Store prefer the business district with massive crowds and mature business atmosphere when selecting the site. For the 14 stores which are in operation for example, currently 8 of them are located at the exit of the newly opened MRT stations. Among them, 5 stores are directly connected to the MRT underground passage, especially Nanjing Grand Ocean Classic Commerical Limited, Wuhan Zhongshan Store, and Fuzhou Secondary Store have become two subway line transfer stations, respectively. In addition, 10 department stores are located in mainstream businesses that gather people and cash flow, and have a convenient transportation shopping are. Shiyan Store and Dongjiekou underground shopping streets which are newly opened in 2018 are also both located at the very center of the traditional commercial area in the city. The 1000 trees project, which was launched on December 22, 2021, is located in Suzhou Riverside Art Park, Putuo District, Shanghai.

4.2 Experienced Department Store Management Talents

All of the main management class and the chiefs of each store have 10~20 years of experience in the department store retail industry, and are all well experienced in department store sales, marketing strategy, store selection and management, making us more competitive in the store selection and marketing strategy than the peers; The Group has continuously enriched the retail business team and talent training through multiple business executives and store head competitions; social recruitment of reserve cadres, industry senior lecturer training, and multi-city industry communication methods. At the same time, we pay more attention to the younger, more specialized, and highly educated construction management team.

4.3 Years-accumulated Customer Groups

Grand Ocean Department Store has accumulated many years of experience in department store management. Under the continuous improvement of service quality, it has won the trust from the consumers in recent years and established a good brand image and basic customer base. The key reasons are mainly in the contents of the products sold by Grand Ocean Department Store, which are all in line with the needs of consumers, and provide friendly and considerate service quality to meet customer requirements. Under this competitive advantage, we will continue to improve quality management, and establish the retail venues that meet the modern consumer concept, and to attract more young customers to establish a long-term management mechanism and to achieve the goal of sustainable operation.

4.4 Formulate and Implement a Scientific Incentive System

In order to further improve the management ability of managers, clarify the responsibilities and objectives, more effectively achieve the performance and benefit indicators and tasks assigned by the Group, encourage the advanced, spur the backward, and provide the basis for promotion, salary increase, demotion and salary reduction, In 2024, the Group will continue to deepen the implementation of the all-employee target responsibility system where the responsibility is insisted to stores, departments, and individuals. For the entire Group, the all-employee target responsibility system is very motivative. Many stores receive the incentives by achieving the goal. By fully implementing the all-employee target responsibility system, and with the open and transparent incentive standards, all employees of the Group are greatly motivated.

4.5 Management styles up to date

Grand Ocean has stood at the forefront of the tide for more than 20 years, and the secret is constant self-reflection and keeping pace with the times. We have experienced many crises and overcome many difficulties. Our team has become strong in the process of overcoming difficulties. In view of the unprecedented changes in the current situation, Grand Ocean gives full play to its undaunted spirit, and at the same time, increases the sense of crisis and starts a new venture for the third time; this is the spirit of the post-pandemic era. Grand Ocean should follow Yang-Ming Wang's concept of practice on things and unity of knowledge and action. We should not wait or rely on others, but win the initiative with our own innovation. We firmly believe that we will not be submerged by the trend of the times, but will bravely stand in the forefront of the tide and pursue the future.

5 Merit, Demerit and Countermeasure of Development Prospect

5.1 Merit

5.1.1 The new consumption patterns are developed steadily, and the brick-and-mortar retail continues to recover

In 2024, under the strong leadership of the Chinese government, the promotion of consumption stimulation policies were effective, and the consumer market continue to recover. The new consumption patterns have been developing more rapidly, and the consumption demand for ecological upgrades continues to be released, the growth of essential necessities was good, and the proportions of the county and township-scale markets have increased. The long-term favorable trend in the development of the consumer market has not changed.

In 2023, the total retail sales of consumer goods will be RMB 47 trillion, an increase of 7.2% over the previous year; of which, retail sales of goods increased by 5.8%, and catering revenue increased by 20.4%. In December, total retail sales of consumer goods increased by 7.4% year-on-year, of which retail sales of consumer goods other than automobiles increased by 7.9%.With the mature application of mobile Internet technologies and the continuous improvement of the logistics and delivery system, the trend where the online shopping serves as the source of growth in the consumer market continues to be solidified.

5.1.2 The consumer market in China has a large scale and great potential, and the consumption continues to be upgraded and developed

The long-term favorable fundamental in the development of the consumer market has not changed. Judging from the recent situation, with the implementation of the optimized pandemic containment and control policies and the orderly recovery of consumption scenarios, the contact-oriented consumptions, such as food and beverages that were greatly affected by the pandemic in the early stage has begun to improve. In terms of the long-term development potential, the total population of China exceeds 1.4 billion, the urbanization rate is steadily increasing, and the rural market has great potential, strongly supporting the stable recovery and development of consumer market in China The trend of consumption upgrade has not changed. A few years before the outbreak of the pandemic, residents' consumption had shown a trend of upgrading and development. Even under the impact of the pandemic, the trend of consumption upgrading and development has not changed. Currently, the residents' demand for quality continues to increase, the concept of green and eco-friendly has become more penetrated, and the willingness to consume services is still strong. With the innovation and expansion of consumption scenarios, the steady growth of residents' incomes and the continuous improvement of market supply, the consumption structure will continue to be optimized and upgraded. Entering 2024, the new development landscape centered at the grand domestic cycle and the mutual promotion of domestic and international double cycles will be accelerated. The foundation for the stable recovery of the consumer market will be firmer, and the consumer market is expected to recover.

5.1.3 Excellent Brand Images

Since its establishment in 2002, Grand Ocean Department Store has been developing retail industry. It has accumulated many years of practical experience in department store operations. It has successively expanded its position among the riverbanks of Yangtze River and gradually expanded its business scope. All of them have excellent sales performance, trusted and affirmed profoundly by the China consumers. The successful launch of the new Grand Ocean 1000 trees project has attracted the customer flow in Shanghai and even the whole country, and won the top attention.

5.1.4 Experienced Department Store Management Talents

The Company's main management segments (such as managers of each department, etc.) and its stores have a total of 10 to 20 years of experience in the department store and retail industries, and well-experienced in department store sales, marketing strategies, shop selection and management, which makes the Company more competitive in terms of store selection and marketing strategies than its peers. Furthermore, the excellent management talents can enhance the service quality of the group and provide our consumers with a more comfortable shopping environment. The competitive advantage of the talents is that in the current situation of the department stores, it is impossible for other department stores to reach it within a short time.

5.2 Demerit

5.2.1 Philosophy does not align with the trait of fashion

The department store industry is a fashion industry. Large-scale department stores are fashion leaders and consumption hubs, representing the commercial prosperity of the city where they are located and the essential market channel for high-end brands. Some department stores are even landmark buildings in the city where they are located. Operation of a department store requires in-depth grasp of fashion trends, and on this basis, the aligning products and services are selected.

The retail industry in China leads international peers in terms of digital applications and experience; however, it also results in some illusions in the industry that our retail industry is already leading the world. In fact, in many respects, the retail industry in China still has a lot to learn from the world. Regarding the department store format, image display, window design, merchandise management, and customer service, we still have deficiencies. Essentially, many department stores are still operated under the guidance of traditional concepts, but lacking sensitivity to fashion, not to mention the urgency to change traditional concepts. There is a gap between business philosophy and consumer demands, causing a dislocation between demand and supply.

Among these traditional mindsets, some come from the current system, for instance, many department stores are state-owned, and the management mindset of the executives is traditional, and the reforming awareness and motivation of the management are lackluster. Some of these are sourced from themselves. By reviewing the executive information of listed department store operators, nearly 40% of them were born in 70s, very few born were born in the 80s, and most of them were born in the 60s. It is observed that some department stores with strong fashion sense and better management emerged recently generally have one thing in common, that is, the younger operation team.

Countermeasure:

The current retail industry is an era of digital transformation, an era of quality upgrading, and an era of concept shifting. New talents and management teams should be introduced, new concepts, to adopt new concepts and the young teams for better grasping changes in consumers’ demands, with the business philosophy better aligning with social trends, to maximize the provision of goods and services matching the demands.

5.2.2 Unclear development strategies and directions

Against the backdrop of sluggish overall growth and performance grown poorly in the retail industry, all corporates have to strategically select which way their development shall go individually. In terms of development direction, shall the retail business be insisted? We have seen that some retailers are transforming their development directions. Some are transforming into new energy, some are transforming into office space, some are involved in the field of digital payment, and some are investing in big health. The effects of these transformations or investments have yet to be further observed.

In terms of strategic selection, shall the department store format be insisted? Some have proposed to be shopping mall alike; however, given the spaces and property conditions of department stores, very few are suitable for transforming into shopping malls. In practice, there are not many truly successful cases. Most of the companies that have been adjusted and modified attempt to adjust partially, such as increasing the number of business formats for kids, and add stores viral online, and they insist on the attributes and models of department stores.

In terms of tactical options, there are still some issues, such as whether to continue to open stores? Should digital investments be increased? Should in-house merchandises be increased? These issues are not agreed to a certain level within the enterprise, and the enterprise has not formed a clear strategy and target system for some issues.

Countermeasure:

In terms of merchandise operation, department stores are stronger than shopping malls. Although the format of department stores does not fully control the sales, prices, and inventory of counters or brands, comparing to shopping malls, their product positioning and brand combination capabilities still obviously outperform. The nature of retail is still merchandise and services, however it changes, the essence and capabilities of "merchandise" in the department store format cannot be lost anymore. The key is to enhance the service quality, improve the consumption environment, and strengthen the comfort of shopping.

5.2.3 Lack of means for growing performance

Against the backdrop of overall weak consumption and fierce competition for inventory, most companies lack the means to increase their performance when facing the declining customer traffic resulted from frequent and broad outbreaks of the pandemic. Generally speaking, there are many options for improving the performance, but each option has different difficulties. For instance, to open a new store, it requires a lot of investments, while there is uncertainty about whether the surrounding consumption can support the results of the new store, and there are risks for operation; developing a multi-brand store requires not only a professional team, but also the support of brand owners; by increasing experience format, it means that the rent or rebate revenues may decline when increasing the customer traffic; increase in-house merchandises, issues such as insufficient self-owned funds or professional capabilities is insufficient.

In terms of omni-channel, some companies have achieved good growth relying on community operations, WeChat and applet ecology, as well as live broadcasting. For enterprises that have reserved the capability to incorporate the online and offline operations in the early stage, they respond rapidly after the outbreak, with better exertion of the online business. With the increase in sales volume, inputs of resources and capability have further strengthened the capability in this regard. The continuous impacts of the pandemic resulted new growth points for some enterprises. There are also many department stores, while having consensus on online and offline integration in the early stage, the digital construction is limited to the internal management system due to limited investment and insufficient emphasis. Therefore, due to the impact of the pandemic, the platforms launched in urgent meet the urgent needs, but cannot support the long-term business needs, and it is difficult to make decisions whether to continue investing due to unclear strategies. From the view of the entire industry, only a few of companies have realized the new growth through digitalization and omni-channel.

Countermeasure:

The online retailing cannot open up the market or reverse the unfavorable situation with only one model or one innovation like the internet. Retail is the details, relying on the accumulation bit by bit and gradual changes, continuous expansion of new platforms and channels, communities meticulously maintained, convert the traffic in the public domain to private domain traffic, refined management of members, and precise services.

5.2.4 Unattractive weak products

The department store format is an important venue for high-quality consumption. Relative to other formats, it has higher requirements for merchandise power, which is the core competitiveness. Department stores with outstanding operating performance basically have strong merchandise power, including clear merchandise positioning, differentiated merchandise mix, and competitive merchandise prices, forming relatively high competition barriers.

Most department stores are still in a state of homogeneous competition, manifested in homogenized operations and merchandise. The homogeneity of operation is reflected in the fact where the industry basically adopts joint operation, supplemented with the combination of leasing and partial in-house merchandises. Under the joint operation model, the function of a shopping mall is mainly to attract merchants, as well as the matching of merchandise structure and brand structure, but the grasp of consumer demands and the capability of merchandise selection are insufficient.

Countermeasure:

Improve the quality and pace of merchant recruitment, evaluate the performance and popularity of brands in the market, and regularly optimize and upgrade brands; emphasize adjustments and modifications, with the scientific and reasonable combination of business formats, to gradually upgrade, improve merchandise power and brand awareness.

(II) Important use of the main products and production process

The Company belongs to department retail industry; therefore, it is not applicable.

(III) Supply of the Major Materials

The Company belongs to department retail industry; therefore, it is not applicable.

(IV) List of Major Purchase/Sales Customers

1 Information on Major Supplier over the Past 2 Years

The Company belongs to department store retail industry. The products sold are mainly purchased from agents or brand owners. However, the number of brands sold by various department stores can reach 200-600 brands. Therefore, the largest purchase each year in the supplier's purchase is less than 10%, hence there is no information on major suppliers.

2 Information on Major Sales Customer over the Past 2 Years

The Company belongs to department store retail industry. The main sales target is the general consumer, so there is no information on major sales customer.

(V) Production Volume over the Past 2 Years

The Company belongs to department retail industry; therefore, it is not applicable.

(VI) Sales Volume over the Past 2 Years

Currency: NTD (thousand)

Main Products	2022				2023			
	Domestic Sales (Note 1)		Foreign Sales (Note1 & Note 2)		Domestic Sales (Note 1)		Foreign Sales (Note1 & Note 2)	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Joint Counter	–	1,224,769	–	–	–	1,221,361	–	–
Direct Counter	–	825,508	–	–	–	705,830	–	–
Rentals and Others	–	2,099,865	–	–	–	1,892,942	–	–
Total	–	4,150,142	–	–	–	3,820,133	–	–

Note 1: As the Company belongs to department store retail industry, the nature of sales products is too different, hence the sales volume information is not counted.

Note 2. Foreign sales mean the sales are output to the regions besides China.

III *Number of Employee in the Past 2 Years*

Year		2022	2023	2024/5/1
Number of Employee	Manager	14	16	14
	General Employee	1,145	1,020	946
	Total	1,159	1,036	962
Age in Average		36.43	39.30	39.42
Average Year of Service		8.14	9.36	9.32
Academic Education Distribution Rate	Ph.D.	0.00%	0.00%	0.00%
	Master	1.20%	0.78%	0.83%
	Bachelor	59.37%	68.53%	70.33%
	Senior High School	31.23%	21.13%	20.08%
	below Senior High School	8.20%	9.56%	8.76%

IV *Information on Green Expenses*

The Company belongs to department store industry, as being a non-production enterprise, no facility equipment nor emission permit application requirements, and is not subject to the possibility of environmental protection agencies; hence, there are no major environmental issues or expenditures.

V *Labor Relations*

(I) List the company's employee welfare measures, education, training, retirement system and the implementation status thereof, as well as the agreement between labor and management, and various employee rights maintenance measures.

1 Employee Welfare

In addition to the various welfare measures, the Group has a special department responsible for planning and implementing employee benefits to promote the development of the company's human resources. At present, the Company provides employee insurance benefits measures in addition to the employee's medical insurance, basic employee pension insurance, unemployment insurance, employee injury insurance, maternity insurance and housing provident fund, as well as personal accident insurance.

In addition to the insurance and welfare measures, the employees of the Group also enjoy welfare measures such as company feeding (employees at department stores), paid holidays, birthday cake coupons, health checks and condolences, and enjoy the festival bonuses during the Spring Festival and Mid-Autumn Festival. Bonus and year-end bonuses are determined based on the quarterly performance of each store and the approved level of personnel assessment.

2 Education and Training

In order to improve the quality and work skills of our employees, and to strengthen the efficiency and quality of work, the Company has compiled a budget for education and training expenses for employee training. Each department store arranges new employee induction training and professional skills training, where in 2023 there had been 40 sessions of New Employee Induction Training completed, of which there had been 78 trainees; 103sessions of New Shop Assistant Training completed, of which there had been 1,746 trainees; 72 sessions of Professional Skills Training completed, of which there had been 2,661 trainees.(The required courses include effective complaint handling and crisis management,, which consists of 2 sessions and has trained 41 people; Improvement of communication and negotiation skills, which consists of 10 sessions and has trained 284 people; Innovative and creative marketing ideas, which consists of 11 sessions and has trained 352 people; service etiquette, which consists of 10 sessions and has trained 778 people; Upward management series courses, which consists of 11 session and has trained 570 people; Professional improvement of consulting services, which consists of 10 sessions and has trained 248 people; Business Etiquette and Work Etiquette, which consists of 7 sessions and has trained 176 people; Self-media photography and basic photo editing, which consists of 11 sessions and has trained 212 people; Supervisor promotion, which consists of 25 sessions and has trained 545 people; service skills (part one), which consists of 14 sessions and has trained 298 people; service skills (part two), which consists of 4 sessions and has trained 73 people; CPOS training, which consists of 41 sessions and has trained 750 people; and online training, which consists of 33 sessions and has trained 538 people. Additionally, there are 100 other training sessions, which have trained 2,514 people.).

3 Retirement System and Implementation

The operating bases of the Company, the various department stores of the Grand Ocean Classic Commercial Group, have paid monthly pensions to the local government finance department accounts in accordance with the “Regulations on Basic Pension Insurance for Enterprise Employees” in the country of operation. And the company assist employees to go through retirement procedures at the legal retirement age of employees in accordance with the law.

4 Labor Coordination

The Company always attaches great importance to employees' rights and interests, and the labor relations are harmonious. The Company attaches importance to the opinions of employees. Employees can directly communicate with the human resources department or appropriate senior executives to maintain good relations. Therefore, no major labor disputes have occurred so far.

5 Various Employee Rights Maintenance Measures

The Company has internal control and various management methods, which clearly define employee rights and obligations and welfare items, and regularly review the welfare content to protect employees' rights and interests.

(II) Explanation on the losses suffered by the Company due to labor disputes last year, and as of the date of Publication of Annual Report, and disclose the current and future estimated amounts and corresponding measures. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated.

The Company's group has a harmonious labor relations and respects the opinions of its colleagues. Employees can reflect their opinions at any time through meetings, emails or mailboxes. The labor and management communication pipeline is unimpeded. Therefore, no major labor disputes have occurred so far.

VI Information and Communication Security Management

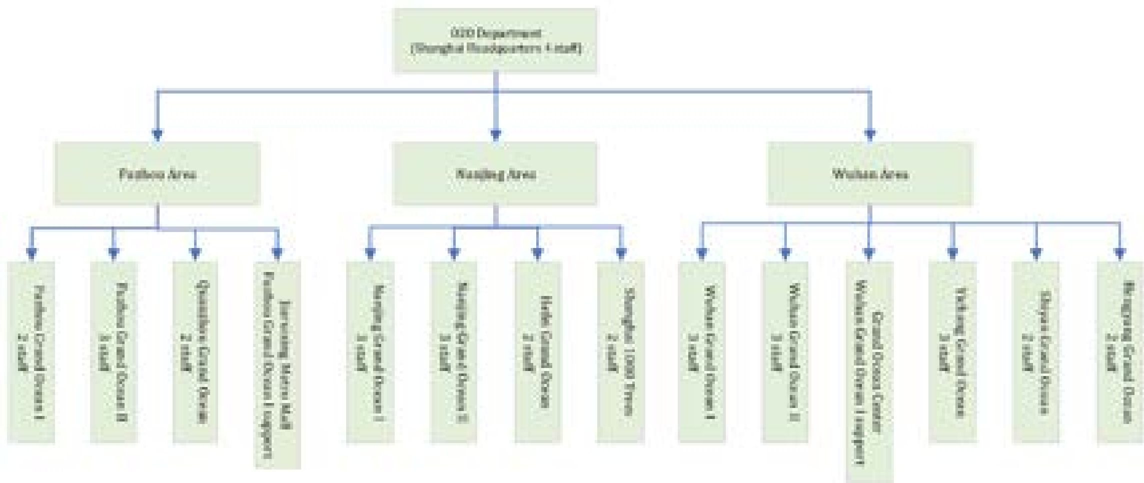
(I) Describe the risk management structure of information and communication security, information and communication security policy, and specific management scheme and resources invested in information and communication security management:

（1）Risk Management Structure of Information and Communication Security

The company established a dedicated information security unit in December 2023, assigning a total of 2 information security supervisors and dedicated personnel to be responsible for planning, executing and promoting information security management matters, and promoting information security awareness.

The Audit Department of the Company is the audit unit of information security. Any defect found in the audit will immediately require the audited unit to put forward relevant improvement plans and submit them to the board of directors; it also regularly tracks the improvement results to reduce the internal information security risk.

（2）Organizational Structure of Information Department, and total of 34 people are installed



Responsibilities of headquarters O2O:

A. Research and development of the Group's information system and approval of construction scheme.
B. Network information security control.
C. Establishment of store opening system.
D. Budget, code and coordination.
E. Technology development and improvement.
F. Provide technical consultation, technical services and training for stores.

Responsibilities of regional IT:

A. Front and rear desk network management of the whole store.
B. Arrange the daily work of IT staff.
C. Coordinate the relationship between the IT unit and various departments.
D. Maintenance and management of the Group’s cash register software and hardware.
E. Relevant system management and abnormal state prevention.
F. Responsible for IT technical support of existing stores in the region.
G. Assisting the headquarters in system testing.
H. Assisting in the preliminary preparation of new stores.

(3) Information Security Policy

A. Maintain the information system's continuous operation.
B. Prevent hackers and various viruses from invasion and destruction.
C. Prevent the unauthorized use of data and systems.
D. Maintain physical environment security.
E. Implement information security audits regularly to ensure information security.
F. Personnel management and information security training.

(4) Specific Management Plans

Network security management	File access management	Emergency response plan and backup restoration	Publicity and inspection
Firewall setup	Computer servers are managed by dedicated personnel, and user permissions are set individually	Regularly check the emergency response plan	Constantly publicize information security to employees to enhance employees' awareness of information security
Scan the operating system and files regularly	Set different permissions to users by function	Annual backup restoration	Regularly carry out information security inspection every year and report to the Chairman
Regularly change the server account password	Delete the permissions of resigned personnel	Establish a backup mechanism and implement remote backup	
Regularly overlay the network system log to track exceptions	Completely delete data and destroy software before equipment scrapping	Check the computer and network security mechanism regularly	
	Review mechanism for all remote logins		

(II) List the losses and possible impacts suffered due to major information and communication security incidents in the most recent year and up to the printing date of the annual report and the countermeasures. If a reasonable estimate is impossible, explain the facts for the inability to estimate reasonably: None.

VII Material Contract

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Finance Contract	The Company and CTBC Bank	2022/10/31~2024/10/31	The Company and CTBC Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	The Company and CTBC Bank Hong Kong Branch	2023/11/14~2024/11/14	The Company and CTBC Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Finance Contract	The Company and Entie Commercial Bank	2023/05/13~2024/05/13	The Company and Entie Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	The Company and Entie Commercial Bank	2022/06/29~2024/06/29	The Company and Entie Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	The Company and BEA	2023/11/06~2024/05/06	The Company and BEA had cosigned a letter of credit for the financing amount and banking services provided by the latter.	Letter of Credit opened by Bank of East Asia (China) Limited
Finance Contract	The Company and BEA	2022/11/04~2025/11/04	The Company and BEA had cosigned a letter of credit for the financing amount and banking services provided by the latter.	Letter of Credit opened by Bank of East Asia (China) Limited
Finance Contract	The Company and KGI Bank	2023/12/29~2025/12/29	The Company and KGI Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	The Company and Hua Nan Commercial Bank	2023/11/08~2026/11/08	The Company and Hua Nan Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NONE
Finance Contract	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. and Hankou Bank Co., Ltd. Jianghan Branch	2022/11/03~2025/11/03	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. acquired a credit facility of real estate mortgage loan from Hankou Bank Co., Ltd. Jianghan Branch.	Real Estate Mortgage Setting
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and China Merchants Bank Co., Ltd. Shanghai Tianshan Branch	2022/12/12~2025/12/11	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility of real estate mortgage loan from China Merchants Bank Co., Ltd. Shanghai Tianshan Branch.	Real Estate Mortgage Setting

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2020/11/16~2023/11/17	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NONE
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2021/07/29~2023/07/29	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NONE
Insurance Contract	The Company and Fubon Product Insurance Co., Ltd.	2023/10/01~2024/10/01	The Company and Fubon Product Insurance Co., Ltd. has cosigned a liability insurance contract for Directors and managers.	NONE
Lease Contract	Taiwan Office of the Company and the Final Parent Company – First Steamship Co., Ltd.	2023/07/01~2024/06/30	Taiwan office of the Company leased an office from First Steamship Co., Ltd.	NONE
Lease Contract	Grand Ocean Classic Commerical Group Co., Ltd. and Shanghai Tianan Center Building Co., Ltd.	2016/05/01~2026/04/30	Grand Ocean Classic Commerical Group Co., Ltd. leased an office from Shanghai Tianan Center Building Co., Ltd.	NONE
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Tiandu Industrial Co., Ltd.	2023/01/01~2032/12/31	Nanjing Grand Ocean Classic Commerical Limited leased the department store location from Nanjing Tiandu Industrial Co., Ltd.	NONE
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Red Sun Real Estate Development Co., Ltd.	2011/05/01~2032/12/31	Nanjing Grand Ocean Classic Commerical Limited leased the properties as the department store location for Nanjing Secondary Store from Nanjing Red Sun Real Estate Development Co., Ltd.	NONE
Lease Contract	Hefei Grand Ocean Classic Commerical Development Limited and Anhui Meiyuan Investment Real Estate Co., Ltd.	2021/05/01~2036/09/30	Hefei Grand Ocean Classic Commerical Development Limited leased the department store location from Anhui Meiyuan Investment Real Estate Co., Ltd.	NONE
Lease Contract	Wuhan Grand Ocean Classic	2004/12/18~2025/01/31	Wuhan Grand Ocean Classic Commerical Develpoment Ltd.	NONE

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
	Commerical Develpoment Ltd. and Wuhan Holding Company Ltd.		leased the department store location from Wuhan Holding Company Ltd.	
Lease Contract	Wuhan Optics Valley Grand Ocean Commerical Development Limited and Wuhan Lijia Real Estate Co., Ltd.	2008/08/01~2028/07/31	Wuhan Optics Valley Grand Ocean Commerical Development Limited leased the department store location from Wuhan Lijia Real Estate Co., Ltd.	NONE
Lease Contract	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2011/09/10~2031/09/09	Yichang Grand Ocean Commerical Limited leased the department store location from Yichang Xinhengji Investment Development Co., Ltd.	NONE
Lease Contract Supplementary Agreement	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2017/10/10~2031/09/09	To increase the area of the leased basement floor, with an area of approximately 5,300 square meters.	NONE
Lease Contract	Fuzhou JIARUIXING Business Administration Limited and Fujian Dongbai Group Co., Ltd.	2018/08/02~2028/08/02	Fuzhou JIARUIXING Business Administration Limited leases the location for department store business from Fujian Dongbai Group Co., Ltd.	NONE
Lease Contract	Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd and Shanghai Arc de Triomphe Enterprise Development Co., Ltd.	2022/01/01~2041/12/31	Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd leased a shopping center base from Shanghai Arc de Triomphe Enterprise Development Co., Ltd.	NONE
Contract on Commodity Housing Transaction	Quanzhou Grand Ocean Commerical Limited and Quanzhou Fuhua Commercial Building Co., Ltd.	2012/02/21	Quanzhou Grand Ocean Commerical Limited purchased the department store location from Quanzhou Fuhua Commercial Building Co., Ltd. (property certificate of B1F garage, B2F garage, B1F mall, 1F mall, 2F mall, 3F mall and 5F mall had been acquired; property	NONE

<table>
<tr><th>Characteristic of Contract</th><th>Party</th><th>Date of Start and Expiration of Contract</th><th>Major Contents</th><th>Clause of Limitation</th></tr>
<tr><td></td><td></td><td></td><td>certificate of 4F mall is still under processing)</td><td></td></tr>
<tr><td>Lease Contract</td><td>Nanguo Real Estate Co., Ltd. and Wuhan Grand Ocean Classic Commerical Develpoment Ltd.</td><td>2023/09/01~2035/08/31</td><td>Wuhan Grand Ocean Classic Commerical Develpoment Ltd. rented an area of about 40,000 square meters from the second underground floor to the sixth floor of the "Nanguo Center Phase I" project from Nanguo Real Estate Co., Ltd. as a department store business base.</td><td rowspan="2">The first and second phases of the Nanguo Center leased by Wuhan Grand Ocean Classic Commerical Develpoment Ltd. were combined into a whole and operated externally under the name of "Grand Ocean Center"</td></tr>
<tr><td>Lease Contract</td><td>Hubei Nanguo Innovation Real Estate Co., Ltd. and Wuhan Grand Ocean Classic Commerical Develpoment Ltd.</td><td>2023/09/01~2035/08/31</td><td>Wuhan Grand Ocean Classic Commerical Develpoment Ltd. rented an area of about 30,000 square meters from the second basement to the third floor of the "Nanguo Center Phase II" project from Hubei Nanguo Innovation Real Estate Co., Ltd. as a department store business base.</td></tr>
</table>

Six. Financial Overview

I *Concise Financial Information over the Past 5 Years*

Concise Balance Sheet and Comprehensive Income Statement

(I) Concise Balance Sheet

Currency: NTD (thousand)

Item \ Year		Financial Analysis over the Past 5 Years (Note 1) 2019	2020	2021	2022	2023	2024 Q1 (Note 2)
Current Assets		5,680,778	5,116,672	4,999,105	2,830,302	2,146,578	1,945,750
Property, Plant and Equipment		7,215,048	7,101,445	6,733,070	6,324,548	5,333,310	5,466,909
Intangible Assets		1,775,436	1,765,189	1,849,497	1,918,886	1,590,718	1,653,884
Other Assets		11,547,471	10,342,738	16,059,008	14,307,411	15,165,796	15,429,292
Total Assets		26,218,733	24,326,044	29,640,680	25,381,147	24,236,402	24,495,835
Current Liabilities	before Distribution	7,401,648	6,839,423	7,225,731	5,202,977	6,194,473	6,128,426
	after Distribution	7,831,816	7,034,954	7,225,731	5,202,977	6,194,473	Not applicable
Non-current Liabilities		9,913,540	8,990,130	14,376,148	12,922,923	12,969,130	13,232,227
Total Liabilities	before Distribution	17,315,188	15,829,553	21,601,879	18,125,900	19,163,603	19,360,653
	after Distribution	17,745,356	16,025,084	21,601,879	18,125,900	19,163,603	Not applicable
Owner`s Equity		8,903,545	8,496,491	8,038,801	7,255,247	5,072,799	5,135,182
Share Capital		1,955,310	1,955,310	1,955,310	1,955,310	1,955,310	1,955,310
Additional Paid-in Capital		5,063,420	5,065,491	5,066,363	5,075,485	5,075,485	5,075,485
Retained Earnings	before Distribution	2,999,512	2,437,386	2,009,720	1,176,873	(907,124)	(1,041,684)
	after Distribution	2,569,344	2,241,855	2,009,720	1,176,873	(907,124)	Not applicable
Other Equity		(1,114,697)	(961,696)	(992,592)	(952,421)	(1,050,872)	(853,929)
Treasury Stock		-	-	-	-	-	-
Non-controlling Interest		-	-	-	-	-	-
Total Equity	before Distribution	8,904,545	8,496,491	8,038,801	7,255,247	5,072,799	5,135,182
	after Distribution	8,473,377	8,300,960	8,038,801	7,255,247	5,072,799	Not applicable

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2024 has been examined by the accountant.
Note 3: On the compensation of the Company's 2023 loss, the board meeting on March 28, 2024 decided to make up the loss with unappropriated retained earnings, waiting for the resolution by the Shareholders Meeting 2024.

(II) Concise Comprehensive Income Statement

Currency: NTD (thousand)

Item \ Year	Financial Analysis over the Past 5 Years (Note 1)					2024Q1 (Note 2)
	2019	2020	2021	2022	2023	
Operation Revenues	6,642,331	4,790,864	5,159,425	4,150,142	3,820,133	910,982
Gross Profit	4,886,137	3,217,206	3,726,157	3,392,316	3,178,815	759,028
Operation Profit or Loss	1,286,677	246,480	428,858	27,939	(240,066)	39,052
Non-operation Income and Expense	(357,819)	(408,944)	(350,942)	(641,754)	(1,621,534)	(152,512)
Earnings before Tax	928,858	(162,464)	77,916	(613,815)	(1,861,600)	(113,460)
Current Net Profit of Continued Operating Unit	603,637	(103,177)	(232,135)	(832,847)	(2,083,997)	(134,562)
Losses on Discontinued Unit	-	-	-	-	-	-
Current Net Income (Loss)	603,637	(122,122)	(232,135)	(832,847)	(2,083,997)	(134,562)
Current Other Comprehensive Profit or Loss (Net Amount after Tax)	(371,862)	159,304	(30,896)	40,171	(98,451)	196,943
Current Total Comprehensive Income	231,775	56,127	(263,031)	(792,676)	(2,182,448)	62,381
Net Profit Attributed to Owner of Parent Company	603,941	(103,177)	(232,135)	(832,847)	(2,083,997)	(134,562)
Net Profit Belongs to Non-controlling Interests	(304)	-	-	-	-	-
Total Amount of Comprehensive Income Attributed to Owner of Parent Company	232,079	56,127	(263,031)	(792,676)	(2,182,448)	62,381
Total Amount of Comprehensive Income Belongs to Non-controlling Interests	(304)	-	-	-	-	-
Earnings per Share	3.10	(0.53)	(1.19)	(4.26)	(10.66)	(0.69)

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2024 has been examined by the accountant.

(III) The name of CPA and the audit opinions

Year	CPA firm	Name of attesting CPA	Audit opinions
2018	KPMG Taiwan	Li-Chen Lai, Shu-Ling Lien	Unqualified Opinion
2019	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified Opinion with Emphasis of Matter Paragraph
2020	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified Opinion
2021	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified Opinion
2022	KPMG Taiwan	Shu-Ying Chang, Li-Chen Lai	Unqualified Opinion
2023	KPMG Taiwan	Shu-Ying Chang, Jun-Ming Pan	Unqualified Opinion

II Financial Analysis over the Past 5 Years

Financial Analysis

Item		Financial Analysis over the Past 5 Years (Note 1) 2019	2020	2021	2022	2023	2024 Q1 (Note 2)
Financial Structure (%)	L/A Rate	66.04%	65.07%	72.88%	71.41%	79.07%	79.04%
	Rate of Long-term Funds to Property, Plant and Equipment	260.80%	246.24%	332.91%	319.05%	338.29%	335.97%
Solvency (%)	Current Ratio	76.75%	74.81%	69.18%	54.40%	34.65%	31.75%
	Quick Ratio	69.11%	66.26%	60.90%	42.13%	27.97%	25.04%
	Interest Coverage Ratio	2.43	-	1.15	0.13	(1.70)%	0.36
Management Capacity	Receivables Turnover Rate (times)	27.47	27.98	26.62	18.71	17.13	21.61
	Average Collection Days	13.28	13.04	13.71	19.50	21.30	16.89
	Inventory Turnover Rate (times)	6.37	5.21	5.23	3.36	3.38	3.63
	Payables Turnover Rate (times)	0.52	0.59	0.66	0.51	0.58	0.54
	Average Sales Days	57.29	70.05	69.78	108.63	107.98	100.55
	Property, Plant and Equipment Turnover Rate (times)	0.96	0.67	0.75	0.64	0.66	0.67
	Total Assets Turnover Rate (times)	0.28	0.19	0.19	0.15	0.15	0.15
Profitability	Return on Assets (%)	4.63%	1.25%	0.61%	(1.11)%	(6.32)%	(0.04)%
	Return on Equity (%)	6.44%	(1.19)%	(2.81)%	(10.89)%	(33.81)%	(10.55)%
	Pre-tax Net Profit as a Percentage of Paid-up Capital (%)	47.5%	(8.31)%	3.98%	(31.39)%	(95.21)%	(23.21)%
	Net Profit Rate (%)	9.09%	(2.15)%	(4.50)%	(20.07)%	(54.55)%	(14.77)%
	Earnings per Share (NTD)	3.10	(0.53)	(1.19)	(4.26)	(10.66)	(0.69)
Cash Flows Leverage	Cash Flow Ratio (%)	22.93%	4.26%	16.48%	(5.41)%	20.20%	Not Applicable
	Cash Flow Allowable Ratio (%)	78.66%	87.44%	90.97%	106.77%	149.96%	Not Applicable
	Cash Reinvestment Ratio (%)	6.23%	(0.67)%	4.17%	(1.23)%	5.95%	Not Applicable
	Operating Leverage	3.38	12.52	8.65	112.78	(11.16)	0.90
	Financial Leverage	2.02	(0.79)	(4.26)	(0.04)	0.26	1.30

Reasons of Variation of Increase/Decrease of Each Financial Rate in the Past 2 Years (variation up to 20%):

1.Current Ratio：After China's COVID-19 epidemic control was lifted in 2023, the economic recovery was not as good as expected, and the company's performance decreased, resulting in lower cash levels. In addition, due to the company's operational needs, short-term bank borrowings increased, resulting in an increase in current liabilities.

2. Quick Ratio：Same as item 1.

3. Interest Coverage Ratio：The economic recovery after the epidemic in 2023 will not be as expected, and the company's own properties and trademark rights will be reduced, resulting in an increase in net loss for the current period.

4. Return on Assets：Same as item 3.

5. Return on Equity：Same as item 3.

6. Pre-tax Net Profit as a Percentage of Paid-up Capital (%):Same as item 3.

7. Net Profit Rate : Same as item 3.

8. Earnings per Share (NTD): Same as item 3.

9. Cash Flow Ratio : This is due to a significant increase in cash inflow from operating activities compared with 2022.

10.Cash Flow Allowable Ratio: Same as item 9.

11.Cash Reinvestment Ratio：Same as item 9.

12.Operating Leverage：This is due to the fact that the third item and fixed operating expenses did not decrease proportionally.

13 Financial Leverage: Same as item 12.

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2024 has been examined by the accountant.
Note 3: The net cash flow from operating activities is a net cash outflow and is therefore not presented here.

Calculation formula for the financial ratios described as above are as the following:

1. Financial Structure
   (1) L/A Ratio = Total Liabilities / Total Assets
   (2) Long-term Capital as a Percentage of Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventory - Prepayment) / Current Liabilities
   (3) Interest Coverage Ratio = Net Profit before Income Tax and Interest Expense / Current Interest Expense
3. Management Capacity
   (1) Receivables (including accounts receivable and notes receivable due to business) Turnover Rate = Net Sales / Average Receivables Balance for Each Period (including accounts receivable and notes receivable due to business)
   (2) Average Collection Days = 365 / Receivables Turnover Rate
   (3) Inventory Turnover Rate = Cost of Goods Sold / Average Inventory Amount
   (4) Receivables (including accounts receivable and notes receivable due to business) Turnover Rate = Cost of Goods Sold / Average Receivables Balance for Each Period (including accounts receivable and notes receivable due to business)
   (5) Average Sales Days = 365 / Inventory Turnover Rate
   (6) Property, Plant and Equipment Turnover Rate = Net Sales of Goods / Average Net of Property, Plant and Equipment
   (7) Total Assets Turnover Rate = Net Sales / Average Total Assets
4. Profitability
   (1) ROA = [After-tax Profit and Loss + Interest Expense × (1 - Tax Rate)] / Average Total Assets
   (2) ROE = After-tax Profit and Loss / Average Total Equity
   (3) Net Profit Rate = After-tax Profit and Loss / Net Sales
   (4) Earnings per Share = (Profit or Loss Attributed to Owner of Parent Company - Preferred Stock Dividends) / Weighted Average Number of Issued Shares
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flow from Operating Activities / Current Liabilities
   (2) Net Cash Flow Allowable Ratio = Net Cash Flow from Operating Activities for the Last Five Years / Last Five Years (Capital Expenditure + Inventory Increase + Cash Dividends)
   (3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investment + Other non-Current Assets + Operation Capital)
6. Leverage
   (1) Operating Leverage = (Net Operating Income - Variable Operating Costs and Expenses) / Operation Revenues
   (2) Financial Leverage = Operation Revenues / (Operation Revenues – Interest Expenditure)

Audit Report of Audit Committee

The Board of Directors produced the Company's 2023 Annual Business Report and Consolidated Financial Statements. The consolidated financial statements were entrusted by the CPAs Zhang Shuying, and Jun-Ming Pan of KPMG Taiwan to verify the audit and issued an audit report. Business report, consolidated financial statements and loss Recovery Statement as above have been checked by the Audit Committee, and incompatibility is not yet found. Thus Article 14.4 of Securities Exchange Act as well as Article 219 of Company Act of R.O.C. are to be adopted for the report, please be informed.

Sincerely

GRAND OCEAN RETAIL GROUP LTD. Shareholders General Meeting 2024

GRAND OCEAN RETAIL GROUP LIMITED

Audit Committee Coordinator: Sher Ching Yee

March 28, 2024

Independent Auditors' Report

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

Opinion

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 December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Emphasis of matters

As stated in Note 3(1) of the consolidated financial report, the Group applied the amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" for the first time on January 1, 2023, and applied it retrospectively Consolidated financial report for the second quarter of 2022 and the consolidated balance sheet on January 1, 2022. The accountant did not revise the audit results accordingly.

Key Audit Matters

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

1. Impairment of Goodwill and Trademark Rights

   Please refer to notes 4(13), 5(2), and 6(7) to the consolidated financial statements for the year ended December 31, 2023, for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and trademark privileges, as well as details of impairment of goodwill and intangible assets, respectively.

   <u>Description of key audit matter:</u>

   As of December 31, 2023, the carrying amounts of intangible assets accounted for approximately 7% of the total assets of the Group. The majority of the goodwill and trademark originated from the acquisition of GORG in 2006. Due to the impact of the COVID-19 pandemic on the retail industry, maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from the acquisition were affected, and the Group was concerned if the carrying amounts exceeded recoverable amounts of the retailing department. The management of the Group estimated the present value of future cash flow of the retail department in accordance with IAS 36 to confirm the recoverable amount of the aforementioned assets. As a result, an impairment loss of NT$306,421 thousand was recognized for the year 2023. Given that the estimation of recoverable amounts involved significant judgment by management and was subject to high uncertainty, there was a risk of overestimation in the carrying values of goodwill, trademark, and operational assets of the retailing business. Therefore, we considered the assessment of asset impairment as one of the key audit matters for the audit of the consolidated financial statements.

   <u>How the matter was addressed in our audit</u>

   We casted professional doubt on the model that the Group's management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed individual financial assumptions that the management used to assess impairments and relevant supporting documents for recoverable amounts. We verified the reasonableness of the management's assumptions and correctness of the calculations based on the relevant information available. Additionally, we assessed whether the company's historical financial performance consistent with its past forecasts to verify the accuracy of management's predictions. Finally, we also examined whether the Group's disclosures regarding the impairment of these assets were appropriate.

2. Impairment of Assets

Please refer to notes 4(13) and 5(1) to the consolidated financial statements for the year ended December 31, 2023, for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and assumptions uncertainty in assessment of impairment of property, plant and equipment, and right-of-use assets, respectively. Please refer to notes 6(5) and 6(6) to the consolidated financial statements for details of impairment of property, plant and equipment, as well as right-of-use assets, respectively.

Description of key audit matter:

As of December 31, 2023, the carrying amounts of property, plant and equipment, as well as right-of-use assets, accounted for approximately 69% of the Group's total assets. The retail industry in Mainland China has experienced a decline in profitability due to the impact of the COVID-19 pandemic, and it has not yet fully recovered to pre-pandemic levels. Decreased consumer spending has led to deflation, resulting in fluctuations in property values in Mainland China. This, in turn, has raised concerns about whether the carrying amounts of operating assets exceed their recoverable amounts. The management of the Group estimated the present value of future cash flow of the retail department in accordance with IAS 36 to confirm the recoverable amount of the aforementioned assets. As a result, an impairment loss of NT$702,859 thousand was recognized for the year 2023. Given that the estimation of recoverable amounts involved significant judgment by management and was subject to high uncertainty, there was a risk of overestimation in the carrying values of operational assets of the retailing business. Therefore, we considered the assessment of asset impairment as one of the key audit matters for the audit of the consolidated financial statements.

How the matter was addressed in our audit

We casted professional doubt on the model that the Group's management used to assess the impairment of property, plant and equipment, as well as right-of-use assets. This included evaluating whether management had identified potential impaired cash generating units ("CGU") and ensuring that all the assets requiring impairment testing had been included in the assessment. Additionally, we reviewed the individual financial assumptions made by management for impairment assessments, along with the relevant supporting documents for recoverable amounts. We verified the reasonableness of the management's assumptions and correctness of the calculations based on available information. Furthermore, we assessed whether the company's historical financial performance consistent with its past forecasts to verify the accuracy of management's predictions. For real estate, property, plant and equipment, and right-of-use assets, we obtained an asset fair value assessment report issued by external experts provided by management. Our in-house experts reviewed the methodology of this report and related information to assess its reasonableness. Finally, we also examined whether the Group's disclosures regarding the impairment of these assets were appropriate.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements,

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

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

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

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

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

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

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

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

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

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

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

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2023, December 31, 2022, and January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022 (revised)		January 1, 2022 (revised)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and Cash Equivalents (Note 6(1))	$ 1,020,335	4	1,639,484	6	3,525,958	12
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current (Note 6(2))	11,689	-	68,033	-	69,476	-
1170	Accounts Receivable of Net Amount (Note 6(3))	191,538	1	254,557	1	189,072	1
1200	Other Receivables (Note 6(3), (4) and 7)	39,067	-	165,656	1	568,734	2
1300	Inventories – Merchandising Business	161,085	1	218,305	1	233,185	1
1410	Pre-payments (Note 7)	253,194	1	420,055	2	365,430	1
1476	Other Financial Assets – Current (Note 6(8), 8 and 9)	469,670	2	64,212	-	47,250	-
		2,146,578	9	2,830,302	11	4,999,105	17
	Non-current Assets:						
1550	Investments using the equity method (Note 6(4))	-	-	27,636	-	36,634	-
1600	Property, Plants and Equipment (Note 6(5) and 8)	5,333,310	22	6,324,548	25	6,733,070	23
1755	Right-of-use asset (Note 6(6) and 8)	11,480,102	47	11,079,963	43	12,440,063	42
1780	Intangible Assets (Note 6(7))	1,590,718	7	1,918,886	8	1,849,497	6
1840	Deferred Tax Assets (Note 6(14))	2,762,540	11	2,785,521	11	3,225,179	11
1980	Other Financial Assets – Non-current (Note 6(8), 7 and 8)	726,101	3	206,909	1	216,039	1
1990	Other Non-current Assets – Other (Note 6(4), (15) and 7)	197,053	1	207,382	1	141,093	-
		22,089,824	91	22,550,845	89	24,641,575	83
	Total Assets	**$ 24,236,402**	**100**	**25,381,147**	**100**	**29,640,680**	**100**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2023, December 31, 2022, and January 1, 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 (revised) Amount	%	January 1, 2022 (revised) Amount	%
Current Liabilities:						
2100 Short-term Loans (Note 6(9))	$ 2,311,414	10	1,816,945	7	2,540,031	9
2171 Accounts Payable (Note 6(11))	1,265,324	5	961,085	4	2,005,631	7
2219 Other Payables (Note 6(5), (11), 7 and 9)	1,322,492	5	1,019,481	4	875,611	3
2230 Current Tax Liabilities	41,489	-	38,410	-	54,514	-
2280 Current lease liabilities(Note 6(l2), 7 and 9)	831,093	3	943,549	4	832,236	3
2322 Current portion of long-term borrowings (Note 6(10))	412,610	2	413,260	2	907,627	3
2399 Other current liabilities	10,051	-	10,247	-	10,081	-
	6,194,473	25	5,202,977	21	7,225,731	25
Non-current Liabilities:						
2541 Long-term Loans of Bank (Note 6(10))	763,434	3	1,212,240	5	523,548	2
2570 Deferred Tax Liabilities (Note 6(14))	2,217,897	10	2,092,260	8	2,414,006	8
2580 Non-Current lease liabilities(Note 6(l2) and 7)	9,416,852	40	9,039,555	36	10,767,895	35
2645 Deposit Received	570,947	2	578,868	2	670,699	2
	12,969,130	55	12,922,923	51	14,376,148	47
Total Liabilities:	19,163,603	80	18,125,900	72	21,601,879	72
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 Additional Paid-in Capital	5,075,485	21	5,075,485	20	5,066,363	17
3310 Legal Reserve	580,244	2	580,244	2	580,244	2
3320 Appropriated Retained Earnings	596,629	2	992,592	4	956,578	3
3350 Retained Earnings	(2,083,997)	(9)	(395,963)	(2)	472,898	2
3400 Other Equity	(1,050,872)	(4)	(952,421)	(4)	(992,592)	(3)
Total Equity	5,072,799	20	7,255,247	28	8,038,801	28
Total Liabilities and Equity	$ 24,236,402	100	25,381,147	100	29,640,680	100

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2023, December 31, 2022, and January 1, 2022

(Expressed in Thousands of Chinese Yuan Renminbi)

		December 31, 2023		December 31, 2022 (revised)		January 1, 2022 (revised)	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and Cash Equivalents	$ 235,322	4	371,933	6	812,449	12
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current	2,696	-	15,434	-	16,009	-
1170	Accounts Receivable of Net Amount	44,174	1	57,749	1	43,566	1
1200	Other Receivables	9,010	-	37,581	1	131,047	2
1300	Inventories – Merchandising Business	37,151	1	49,525	1	53,730	1
1410	Pre-payments	58,394	1	95,294	2	84,202	1
1476	Other Financial Assets – Current	108,321	2	14,567	-	10,887	-
		495,068	9	642,083	11	1,151,890	17
	Non-current Assets:						
1550	Investments using the equity method	-	-	6,270	-	8,441	-
1600	Property, Plants and Equipment	1,230,030	22	1,434,786	25	1,551,429	23
1755	Right-of-use asset	2,647,676	47	2,513,600	43	2,866,430	42
1780	Intangible Assets	366,870	7	435,318	8	426,159	6
1840	Deferred Tax Assets	637,129	11	631,923	11	743,143	11
1980	Other Financial Assets – Non-current	167,462	3	46,939	1	49,780	1
1990	Other Non-current Assets – Other	45,446	1	47,047	1	32,511	-
		5,094,613	91	5,115,883	89	5,677,893	83
	Total Assets	$ 5,589,681	100	5,757,966	100	6,829,783	100

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

December 31, 2023, December 31, 2022, and January 1, 2022

(Expressed in Thousands of Chinese Yuan Renminbi)

		December 31, 2023		December 31, 2022 (revised)		January 1, 2022 (revised)	
Liabilities and Equity		**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current Liabilities:							
2100	Short-term Loans	$ 533,085	10	412,192	7	585,272	9
2171	Accounts Payable	291,824	5	218,032	4	462,136	7
2219	Other Payables	305,009	5	231,279	4	201,758	3
2230	Current Tax Liabilities	9,569	-	8,714	-	12,561	-
2280	Current lease liabilities	191,676	3	214,053	4	191,763	3
2322	Current portion of long-term borrowings	95,161	2	93,752	2	209,135	3
2399	Other current liabilities	2,318	-	2,325	-	2,323	-
		1,428,642	25	1,180,347	21	1,664,948	25
Non-current Liabilities:							
2541	Long-term Loans of Bank	176,072	3	275,009	5	120,636	2
2570	Deferred Tax Liabilities	511,517	10	474,650	8	556,233	8
2580	Non-Current lease liabilities	2,171,825	40	2,050,713	36	2,481,130	36
2645	Deposit Received	131,678	2	131,322	2	154,542	2
		2,991,092	55	2,931,694	50	3,312,541	48
Total Liabilities:		4,419,734	80	4,112,041	71	4,977,489	73
Equity of Owner of Parent Company:							
3100	Share Capital	492,105	9	492,05	9	492,05	7
3200	Capital surplus	1,020,044	18	1,020,044	18	1,017,940	15
3310	Legal Reserve	121,053	2	121,053	2	121,053	2
3320	Special Reserve	129,560	2	221,735	4	213,635	3
3350	Unappropriated earnings	(542,163)	(10)	(163,157)	(3)	32,665	-
3400	Other Equity	(50,652)	(1)	(45,855)	(1)	(25,104)	-
Total Equity		1,169,947	20	1,645,925	29	1,852,294	27
Total Liabilities and Equity		$ 5,589,681	100	5,757,966	100	6,829,783	100

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTd. and Relatinal Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating Revenues (Note 6(17) and 7)**	$ 3,820,133	100	4,150,142	100
5000	**Operating Costs**	641,318	17	757,826	18
	Gross Profit	3,178,815	83	3,392,316	82
6000	**Operating Expenses (Note 6(5), (6), (7), (12), (13), (18), 7 and 9)**	3,408,827	89	3,346,426	81
6450	**Expected credit loss (Reversal of impairment loss) (Note 6(3))**	10,054	-	17,951	-
		3,418,881	89	3,364,377	81
	Operating Income	(240,066)	(6)	27,939	1
	Non-operating Income and Expenses:				
7100	Total interest income (Note 6(19))	27,598	1	26,034	1
7010	Other Revenues (Note 6(19))	15,020	-	10,076	-
7020	Other Gains and Losses (Note 6(19) and 9)	(828,787)	(22)	185,763	5
7050	Financial Costs (Note 6(12), (19) and 7)	(688,683)	(18)	(704,388)	(17)
7055	Expected credit loss (Note 6(3) and (20))	(131,608)	(3)	(149,949)	(4)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(4))	(15,074)	-	(9,290)	-
		(1,621,534)	(42)	(641,754)	(15)
7900	**Earnings before Tax**	(1,861,600)	(48)	(613,815)	(14)
7950	**Deduction: Income Tax Expenses (Note 6(14))**	222,397	6	219,032	5
	Current Net Loss	(2,083,997)	(54)	(832,847)	(19)
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	(98,275)	(3)	39,879	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	(176)	-	292	-
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	(98,451)	(3)	40,171	1
8300	**Other comprehensive income (loss)**	(98,451)	(3)	40,171	1
	Comprehensive income	$ (2,182,448)	(57)	(792,676)	(18)
	Net loss, attributable to:				
8610	Owners of parent	$ (2,083,997)	(54)	(832,847)	(19)
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (2,182,448)	(57)	(792,676)	(18)
	Earnings (loss) per Share (Note 6(16))				
9750	Basic earnings (loss) per share (NT dollars)	$	(10.66)		(4.26)

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating Revenues**	$ 863,713	100	935,433	100
5000	**Operating Costs**	144,999	17	170,812	18
	Gross Profit	718,714	83	764,621	82
6000	**Operating Expenses**	770,719	89	754,277	81
6450	**Expected credit loss (Reversal of impairment loss)**	2,273	-	4,046	-
		772,992	89	758,323	81
	Operating Income	(54,278)	(6)	6,298	1
	Non-operating Income and Expenses:				
7100	Total interest income	6,240	1	5,868	1
7010	Other Revenues	3,396	-	2,271	-
7020	Other Gains and Losses	(187,384)	(22)	41,870	5
7050	Financial Costs	(155,708)	(18)	(158,768)	(17)
7055	Expected credit loss	(29,756)	(3)	(33,798)	(4)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(3,408)	-	(2,094)	-
		(366,620)	(42)	(144,651)	(15)
7900	**Earnings before Tax**	(420,898)	(48)	(138,353)	(14)
7950	**Deduction: Income Tax Expenses**	50,283	6	49,369	5
	Current Net Loss	(471,181)	(54)	(187,722)	(19)
8300	**Other Comprehensive Income:**				
8360	**Items that may be Re-classified Subsequently to Profit or Loss**				
8361	Exchange Difference on Translation of Foreign Operations	(4,914)	(1)	(20,674)	(2)
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	117	-	(77)	-
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	(4,797)	(1)	(20,751)	(2)
8300	**Other comprehensive income (loss)**	(4,797)	(1)	(20,751)	(2)
	Comprehensive income	**$ (475,978)**	**(55)**	**(208,473)**	**(21)**
	Net loss, attributable to:				
8610	Owners of parent	**$ (471,181)**	**(54)**	**(187,722)**	**(19)**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	**$ (475,978)**	**(55)**	**(208,473)**	**(21)**
	Earnings (loss) per Share				
9750	Basic earnings (loss) per share (RMB)	**$**	**(2.41)**		**(0.96)**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Owner's Equity								
			Retained Earnings				Other Equity		
	Share Capital	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Sum	Exchange Differences on Translation of Foreign Operations	Attributed to Attributed to Parent Company Total Equity	Total Equity
Balance at January 1, 2022	$ 1,955,310	5,066,363	580,244	956,578	472,898	2,009,720	(992,592)	8,038,801	8,038,801
Current Net Loss	-	-	-	-	(832,847)	(832,847)	-	(832,847)	(832,847)
Current Other Comprehensive Income	-	-	-	-	-	-	40,171	40,171	40,171
Current Total Comprehensive Income	-	-	-	-	(832,847)	(832,847)	40,171	(792,676)	(792,676)
Exercising the right of imputation	-	9,122	-	-	-	-	-	9,122	9,122
Appropriation and Distribution of Retained Earnings:									
Special reserve appropriated	-	-	-	36,014	(36,014)	-	-	-	-
Balance at December 31, 2022	1,955,310	5,075,485	580,244	992,592	(395,963)	1,176,873	(952,421)	7,255,247	7,255,247
Current Net loss	-	-	-	-	(2,083,997)	(2,083,997)	-	(2,083,997)	(2,083,997)
Current Other Comprehensive Income	-	-	-	-	-	-	(98,451)	(98,451)	(98,451)
Current Total Comprehensive Income	-	-	-	-	(2,083,997)	(2,083,997)	(98,451)	(2,182,448)	(2,182,448)
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 December 31, 2023	**$ 1,955,310**	**5,075,485**	**580,244**	**596,629**	**(2,083,997)**	**(907,124)**	**(1,050,872)**	**5,072,799**	**5,072,799**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of Chinese Yuan Renminbi)

	Owner's Equity								
			Retained Earnings				Other Equity		
	Share Capital	Capital surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Sum	Exchange Differences on Translation of Foreign Operations	Attributed to Attributed to Parent Company Total Equity	Total Equity
Balance at January 1, 2022	$ 492,105	1,017,940	121,053	213,635	32,665	367,353	(25,104)	1,852,294	1,852,294
Current Net Loss	-	-	-	-	(187,722)	(187,722)	-	(187,722)	(187,722)
Current Other Comprehensive Income	-	-	-	-	-	-	(20,751)	(20,751)	(20,751)
Current Total Comprehensive Income	-	-	-	-	(187,722)	(187,722)	(20,751)	(208,473)	(208,473)
Exercising the right of imputation	-	2,104	-	-	-	-	-	2,104	2,104
Appropriation and Distribution of Retained Earnings:									
Special reserve appropriated	-	-	-	8,100	(8,100)	-	-	-	-
Balance at December 31, 2022	492,105	1,020,044	121,053	221,735	(163,157)	179,631	(45,855)	1,645,925	1,645,925
Current Net loss	-	-	-	-	(471,181)	(471,181)	-	(471,181)	(471,181)
Current Other Comprehensive Income	-	-	-	-	-	-	(4,797)	(4,797)	(4,797)
Current Total Comprehensive Income	-	-	-	-	(471,181)	(471,181)	(4,797)	(475,978)	(475,978)
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 December 31, 2023	**$ 492,105**	**1,020,044**	**121,053**	**129,560**	**(542,163)**	**(291,550)**	**(50,652)**	**1,169,947**	**1,169,947**

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash Flows from Operating Activities			
(Loss) profit before tax	$	(1,861,600)	(613,815)
Adjusting Events:			
Income and Expenses			
Depreciation expense		1,548,213	1,636,110
Amortization expense		3,172	4,019
Expected credit loss		141,662	167,900
Net gain on financial assets or liabilities at fair value through profit or loss		(9,189)	(13,490)
Interest expense		688,683	704,388
Interest income		(27,598)	(26,034)
Dividend income		-	(2,788)
Share of profit (loss) of associates accounted for using equity method		15,074	9,290
Loss on disposal of property, plant and equipment		783	5
Property, plant and equipment transferred to expenses		-	594
Profit on disposal of investments		(5,113)	-
Impairment loss on non-financial assets		1,068,499	155,795
Rent concession		174,470	(101,425)
Lease modification benefits		(495,197)	(353,564)
Total adjustments to reconcile profit (loss)		3,103,459	2,180,800
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		66,394	22,288
Accounts receivable		49,984	(80,875)
Other receivables		19,893	40,943
Inventories		54,726	18,659
Prepayments		(11,261)	(50,871)
Sum of Net Variance of Assets Concern Operating Activities		179,736	(49,856)
Changes in operating liabilities:			
Accounts Payable		326,377	(1,082,992)
Other Payables		258,835	43,206
Other current liabilities		(31)	-
Sum of Net Variance of Liabilities Concern Operating Activities		585,181	(1,039,786)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		764,917	(1,089,642)
Total adjustments		3,868,376	1,091,158
Cash inflow generated from operations		2,006,776	477,343
Interest received		10,723	47,627
Dividend received		-	2,788
Interest paid		(687,115)	(701,279)
Income taxes paid		(79,330)	(107,703)
Cash Inflow from Operating Activities		1,251,054	(281,224)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of investments using the equity method	(12,658)	-
Disposal of investments using the equity method	12,641	-
Acquisition of property, plant and equipment	(264,913)	(198,175)
Proceeds from disposal of property, plant and equipment	321	2,209
Increase in refundable deposits	(45,527)	(7,141)
Decrease in other receivables	-	201,865
Acquisition of Intangible Assets	(1,348)	(4,288)
(Increase) Decrease in other financial assets	(902,073)	3,717
(Increase) Decrease in other non-current assets	16,295	(64,353)
Net cash flows used in investing activities	(1,197,262)	(66,166)
Cash flows from (used in) financing activities:		
(Decrease) Increase in Short-term Loans	523,140	(837,198)
Lease from Long-term Loans	451,922	1,458,254
Payments for Long-term Loans	(900,289)	(1,360,039)
(Decrease) Increase in Deposit Received	1,577	(103,018)
Increase in Other payables - related parties	140,252	89,523
Payment of lease liabilities	(876,424)	(870,243)
Attribution right income	-	9,122
Net cash flows used in financing activities	(659,822)	(1,613,599)
Effect of exchange rate changes on cash and cash equivalents	(13,119)	74,515
Net decrease in cash and cash equivalents	(619,149)	(1,886,474)
Cash and cash equivalents at beginning of period	1,639,484	3,525,958
Cash and cash equivalents at end of period	$ 1,020,335	1,639,484

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of Chinese Yuan Renminbi)

		2023	2022
Cash Flows from Operating Activities			
(Loss) profit before tax	$	(420,898)	(138,353)
Adjusting Events:			
Income and Expenses			
Depreciation expense		350,043	368,776
Amortization expense		717	906
Expected credit loss		32,029	37,844
Net gain on financial assets or liabilities at fair value through profit or loss		(2,078)	(3,041)
Interest expense		155,708	158,768
Interest income		(6,240)	(5,868)
Dividend income		-	(628)
Share of profit (loss) of associates accounted for using equity method		3,408	2,094
Loss on disposal of property, plant and equipment		177	1
Property, plant and equipment transferred to expenses		-	134
Profit on disposal of investments		(1,156)	-
Impairment loss on non-financial assets		241,582	35,116
Rent concession		39,447	(22,861)
Lease modification benefits		(111,962)	(79,693)
Total adjustments to reconcile profit (loss)		701,675	491,548
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		15,011	5,024
Accounts receivable		11,301	(18,229)
Other receivables		4,498	9,228
Inventories		12,373	4,206
Prepayments		(2,546)	(11,466)
Sum of Net Variance of Assets Concern Operating Activities		40,637	(11,237)
Changes in operating liabilities:			
Accounts Payable		73,792	(244,104)
Other Payables		58,521	9,739
Other current liabilities		(7)	-
Sum of Net Variance of Liabilities Concern Operating Activities		132,306	(234,365)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		172,943	(245,602)
Total adjustments		874,618	245,946
Cash inflow generated from operations		453,720	107,593
Interest received		2,424	10,735
Dividend received		-	628
Interest paid		(155,353)	(158,067)
Income taxes paid		(17,936)	(24,276)
Cash Inflow from Operating Activities		282,855	(63,387)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of Chinese Yuan Renminbi)

	2023	2022
Cash flows from (used in) investing activities:		
Acquisition of investments using the equity method	(2,862)	-
Disposal of investments using the equity method	2,960	-
Acquisition of property, plant and equipment	(59,895)	(44,668)
Proceeds from disposal of property, plant and equipment	73	498
Increase in refundable deposits	(10,293)	(1,610)
Decrease in other receivables	-	45,500
Acquisition of Intangible Assets	(305)	(967)
(Increase) Decrease in other financial assets	(203,954)	838
(Increase) Decrease in other non-current assets	3,684	(14,505)
Net cash flows used in investing activities	(270,592)	(14,914)
Cash flows from (used in) financing activities:		
(Decrease) Increase in Short-term Loans	118,279	(188,703)
Lease from Long-term Loans	102,177	328,687
Payments for Long-term Loans	(203,551)	(306,550)
(Decrease) Increase in Deposit Received	357	(23,220)
Increase in Other payables - related parties	31,710	20,178
Payment of lease liabilities	(198,155)	(196,151)
Attribution right income	-	2,104
Net cash flows used in financing activities	(149,183)	(363,655)
Effect of exchange rate changes on cash and cash equivalents	309	1,440
Net decrease in cash and cash equivalents	(136,611)	(440,516)
Cash and cash equivalents at beginning of period	371,933	812,449
Cash and cash equivalents at end of period	$ 235,322	371,933

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

1. **Company History**

   GRAND OCEAN RETAIL GROUP LTD. (the "Company") was established in the Cayman Islands on August 23, 2006. In October 2007, the Company underwent organizational restructuring and issued 160,000 thousand new shares in exchange for 100% equity of REGAL OCEAN INTERNATIONAL LTD. Consequently, the Company indirectly acquired 100% equity of the Grand Ocean Department Store Group, becoming its parent company. The Company's shares have been listed and traded on the Taiwan Stock Exchange since June 6, 2012. The composition of the Company's consolidated financial statements includes the Company, its subsidiaries (the "Group"), and the equity of the Group in associated enterprises. The primary business activities of the Group 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 March 28, 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 details of impact on the Group's adoption of the new amendments beginning January 1, 2023 are as follows:

   A. Amendment to International Accounting Standard No. 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Exchange"

   The amendment narrows the scope of recognition exemption such that when the initial recognition of a transaction generates taxable income equal to the temporary difference, the recognition exemption no longer applies. Instead, an equal amount of deferred tax assets and deferred tax liabilities should be recognized. The consolidated company estimates that the aforementioned amendment may result in an increase of deferred tax assets and deferred tax liabilities arising from differences in lease fiscal and tax treatment of NT$2,363,273 thousand and NT$2,035,972 thousand as of January 1 and December 31, 2022, respectively.

   If the consolidated company follows the previous accounting policy for the year of 2023, it would result in a decrease of NT$2,201,514 thousand in deferred tax assets and deferred tax liabilities as of December 31, 2023.

B. Others

The following new amended standards also became effective on January 1, 2023, but did not have a significant impact on the consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

The consolidated company has initially adopted the following new amendments, which do not have a significant impact on the consolidated financial statements, from May 23, 2023.

- Amendment to International Accounting Standard No. 12 "International Tax Reform - Pillar Two Model Rules".

(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, 2024, would not have a significant impact on the consolidated financial statements.

- 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".

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

The consolidated company expect that the following new and amended standards, which have not yet been endorsed, will not have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- IFRS 17 "Insurance Contracts" and Amendments to IFRS 17.
- Amendments to International Accounting Standard No. 21 "Lack of Exchangeability".

4. Summary of significant accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

The consolidated financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and the IFRSs, IAS, IFRIC, and SIC that came into effect as endorsed and issued by the FSC (hereinafter referred to as "IFRS as endorsed by the FSC") .

(2) Basis of preparation

A. Basis of measurement

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

(A) Financial assets at fair value through other comprehensive income are measured at fair value.

B. Functional and presentation currency

Each entity within the Group operates with the currency of its primary economic environment as its functional currency. The functional currency of The company is the US dollar; therefore, this consolidated financial statements are presented in New Taiwan Dollars. All financial information expressed in New Taiwan Dollars and Chinese Yuan Renminbi, unless otherwise indicated, is presented in thousands of units.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

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

When the Group loses control of its subsidiary, the assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary are removed from the consolidated financial statements at their carrying amounts as of the date control is lost. The investment in the former subsidiary is then remeasured at its fair value as of the same date. A gain or loss is recognized in profit or loss and is calculated as the difference between (A) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (B) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. It accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

B. 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:

			Percentage of holding shares (%)		
Name of Investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022**	**Note**
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD.	Grand Ocean Classic Commercial Group Co., Ltd	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%) December 31, 2023	Percentage of holding shares (%) December 31, 2022	Note
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan Business Administration Limited	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	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	Wuhan Hanyang Grand Ocean	Trading of cosmetics,	50.00%	50.00%	The company directly (indirectly) holds more

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%) December 31, 2023	December 31, 2022	Note
Commercial Development Limited	Classic Commercial Limited	furnishings, etc.			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%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Optics Valley Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	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.	50.00%	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 Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	99.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Hanyang Grand Ocean Classic Commercial Ltd	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	- %	1.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

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

(4) Foreign currencies

A. Foreign currency transactions

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

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

(A) An investment in equity securities designated as at fair value through other comprehensive income;

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

(C) Qualifying cash flow hedges to the extent that the hedges are effective.

B. Foreign operations

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

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

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

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is expected to be realized within twelve months after the reporting period; or

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

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

A. It is expected to be settled in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

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

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

(A) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(B) Fair value through profit or loss (FVTPL)

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

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

(C) Impairment of financial assets

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

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

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

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

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

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

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB or higher per Standard & Poor's, Baa3 or higher per Monday's or twA or higher per Taiwan Ratings'

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

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

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

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

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

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

(D) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(A) Classification of debt or equity

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

(B) Equity instrument

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

(C) Treasury shares

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

(D) Financial liabilities

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

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

(E) Derecognition of financial liabilities

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

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

(F) Offsetting of financial assets and liabilities

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

(8) Inventories

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

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

(9) Investment in associates

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

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

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

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

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

The Group used equity method rather than re-evaluating the retained equity, if the investment of the Group in associates becomes an investment in a joint venture, or the investment in a joint venture becomes an investment in associates.

(10) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

C. Depreciation

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

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

(A) Buildings	20～50 years
(B) Transportation equipment	1～5 years
(C) Office equipment	1～5 years
(D) Leasehold improvement	5～20 years

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

(11) Lease

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

A. As a lease

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

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

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

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

(A) fixed payments, including in substance fixed payments;

(B) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(C) amounts expected to be payable under a residual value guarantee; and

(D) payments for purchase or termination options that are reasonably certain to be exercised.

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

(A) there is a change in future lease payments arising from the change in an index or rate; or

(B) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(C) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

(D) there is a change of its assessment on whether it will exercise an extension or termination option; or

(E) there is any lease modifications.

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

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

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

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

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

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

(A) the rent concessions occurring as a direct consequence of the COVID 19 pandemic;

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

(C) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

(D) there is no substantive change in other terms and conditions of the lease.

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

B. As a lessor

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

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

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

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

(12) Intangible assets

A. Recognition and measurement

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

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

B. Subsequent expenditure

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

C. Amortization

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

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

Computer software	5 years

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

(13) Impairment of non-financial assets

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

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

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

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

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

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

(14) Revenue

A. Revenue from contracts with customers

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

(A) Sales of goods

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

(B) Customer loyalty program

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

B. Services

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

C. Commissions

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

(15) Government subsidies

When the consolidated company is eligible to receive relevant government subsidies, it recognizes such subsidies, which are not subject to conditions, as other income. For other subsidies related to assets, the consolidated company recognizes them at fair value as deferred income when it can reasonably assure compliance with the conditions attached to the government subsidies and expects to receive the subsidies. The deferred income is then recognized as other income over the useful life of the asset on a systematic basis. Government subsidies compensating the consolidated company for expenses or losses incurred are recognized in the income statement on a systematic basis consistent with the related expenses.

(16) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Short term employee benefits

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

(17) Income taxes

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

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

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

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

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

C. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (A) the same taxable entity; or

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

(18) Earnings per share

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

(19) Operating segments

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

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

In the preparation of this consolidated financial report, management has exercised judgment, made estimates, and adopted assumptions in accordance with the applicable IFRSs endorsed by the FSC. 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.

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements: none.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

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

In the process of evaluating the potential impairment of tangible assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to notes 6(5) and (6) for further description of the impairment of property, plant and equipment and right-of-use assets.

(2) Impairment of goodwill and intangible assets

The assessment of impairment of goodwill and intangible assets requires the Group to make subjective judgments to identify CGUs, allocate the goodwill to relevant CGUs, and estimate the recoverable amount of relevant CGUs. Refer to note 6(7) for further description of the impairment of goodwill and intangible assets.

6. **Explanation of significant accounts:**

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Vault Cash and Petty Cash	$ 7,212	$ 9,144
Demand Deposit	1,013,123	1,308,556
Time deposits	-	321,784
Total	$ 1,020,335	1,639,484

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss - Current:		
Open-end Funds	$ 11,689	10,852
Shares of stock of listed companies	-	57,181
Total	$ 11,689	68,033

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

	December 31, 2023	December 31, 2022
Accounts Receivable	$ 229,797	285,226
Allowance for impairment	(38,259)	(30,669)
	191,538	254,557

	December 31, 2023	December 31, 2022
Other Receivables - Current：		
Other Receivables - Investment Funds	264,491	268,888
Other Receivables - Lease deposit	61,793	62,820
Other Receivables - Others	39,067	34,492
Deduction: Impairment Loss Allowance	(326,284)	(200,544)
Subtotal	39,067	165,656
Total	$ 230,605	420,213

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. In addition, the retail business department in China which is classified as leasing was affected by COVID-19 pandemic. Therefore, partial receivables were deferred, 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.

	December 31, 2023	December 31, 2022
Amount involved in mediation or litigation	$ 19,411	18,589
Deduction: Expected loss	(19,411)	(18,589)
Subtotal	$ -	-

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

	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

	December 31, 2022			
	Gross carrying amount		Weighted-average loss rate	Loss allowance provision
Not overdue	$	215,910	0%	-
1 to 90 days past due		33,486	0%	-
91 to 180 days past due		6,165	0%~25%	1,549
181 to 270 days past due		1,002	45%	457
271 to 365 days past due		2,671	100%	2,671
More than 365 days past due		7,403	100%	7,403
	$	266,637		12,080

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

	For the years ended December 31		
	2023		2022
Opening Balance	$	30,669	13,266
Impairment loss recognized		10,054	17,951
Amount written off		(1,799)	(645)
Exchange rate impact number		(665)	97
Ending balance	$	38,259	30,669

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. 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 December 31, 2023 and 2022, the respective lease security deposits of NT$61,793 thousand (CNY 14,252 thousand) and NT$62,820 thousand (CNY 14,252 thousand) were recorded as provision for impairment losses of NT$61,793 thousand (CNY 14,252 thousand) and NT$31,410 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. 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. 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 and reaches an agreement in August 2022.The Group's original receivables from Damahua amounted to CNY 162,000 thousand, as of September 30, 2022, the accumulative amount of CNY 101,000 thousand has been paid, and the remaining CNY 61,000 thousand unpaid. 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 has collected the payment of CNY 55,500 thousand in 2021. The Group has collected the payment of CNY 25,500 thousand and CNY 20,000 thousand in March and June 2022. Damahua failed to pay CNY 29,000 thousand, CNY 16,000 thousand and CNY 16,000 thousand to the Group on June 30, 2023, March 31, 2023 and December 31, 2022, and the uncollected accounts receivable on December 31, 2023 and 2022, were respectively NT$264,491 thousand (CNY 61,000 thousand) and NT$268,888 thousand (CNY 61,000 thousand). 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, based on the principle of conservativeness and prudence, the Group raised expectations for the overdue and soon due receivables of CNY 61,000 thousand Credit losses; as of December 31, 2023 and 2022, the amount of provision for losses was NT$264,491 thousand and NT$169,134 thousand.

(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:

	December 31, 2023	December 31, 2022
End-of-period consolidated book value of interests in individual insignificant related companies	**$ -**	**27,636**

	For the years ended December 31	
	2023	**2022**
Shares attributable to the merged company:		
Continuing business unit net loss for the period	$ (15,074)	(9,290)
Other comprehensive income	(176)	292
Total comprehensive profit and loss	**$ (15,250)**	**(8,998)**

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$5,113 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 December 31, 2023, an outstanding amount of NT$17,516 thousand (CNY 4,040 thousand) remains to be collected. These outstanding amounts are respectively accounted for as other receivables of NT$8,324 thousand (CNY 1,920 thousand) and other non-current assets of NT$9,192 thousand (CNY 2,120 thousand).

B. The Group, through a board resolution on May 30, 2023, decided to participate in the cash capital increase of Sandmartin International Holdings Ltd., with a total investment of NT$12,658 thousand, representing 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, 2023	$ 4,659,195	17,782	245,395	6,988,913	65,802	11,977,087
Additions	-	-	9,358	21,903	158,949	190,210
Current Re-classification	-	-	7,253	182,167	(189,420)	-
Disposal and Abandonment	-	(4,493)	(50,194)	(641,019)	-	(695,706)
Influenced by Fluctuation of Exchange Rates	(76,197)	(209)	(3,509)	(108,452)	(439)	(188,806)
Balance at December 31, 2023	$ 4,582,998	13,080	208,303	6,443,512	34,892	11,282,785
Balance at January 1, 2022	$ 4,587,224	22,862	227,844	6,741,692	31,595	11,611,217
Additions	-	4,880	3,471	33,202	159,495	201,048
Current Re-classification	-	-	13,110	107,925	(121,035)	-
Reclassified to intangible assets	-	-	-	-	(3,951)	(3,951)
Reclassify to expense	-	-	-	-	(594)	(594)
Disposal and Abandonment	-	(10,361)	(2,688)	(1,598)	-	(14,647)
Influenced by Fluctuation of Exchange Rates	71,971	401	3,658	107,692	292	184,014
Balance at December 31, 2022	$ 4,659,195	17,782	245,395	6,988,913	65,802	11,977,087
Depreciation and Impairment Losses:						
Balance at January 1, 2023	$ 781,566	9,499	191,267	4,667,890	2,317	5,652,539
Depreciation	109,321	1,386	11,666	330,747	-	453,120
Disposal and Abandonment	-	(4,323)	(49,283)	(640,996)	-	(694,602)
Impairment loss	527,283	173	3,457	110,695	-	641,608
Influenced by Fluctuation of Exchange Rates	(25,305)	(108)	(2,615)	(75,162)	-	(103,190)
Balance at December 31, 2023	$ 1,392,865	6,627	154,492	4,393,174	2,317	5,949,475
Balance at January 1, 2022	$ 662,225	17,495	174,350	4,023,563	514	4,878,147
Depreciation	109,659	878	13,638	432,033	-	556,208
Disposal and Abandonment	-	(9,325)	(2,413)	(695)	-	(12,433)
Impairment loss	-	115	2,880	150,804	1,791	155,590
Influenced by Fluctuation of Exchange Rates	9,682	336	2,812	62,185	12	75,027
Balance at December 31, 2022	$ 781,566	9,499	191,267	4,667,890	2,317	5,652,539
Carrying amounts:						
Balance at December 31, 2023	$ 3,190,133	6,453	53,811	2,050,338	32,575	5,333,310
Balance at January 1, 2022	$ 3,924,999	5,367	53,494	2,718,129	31,081	6,733,070
Balance at December 31, 2022	$ 3,877,629	8,283	54,128	2,321,023	63,485	6,324,548

A. As of December 31, 2023 and 2022, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to NT$95,435 thousand and NT$171,473 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. In the fiscal year 2023, due to the impact of the COVID-19 pandemic in recent years, consumer spending in Mainland China has decreased, leading to currency tightening and a declining trend in operating conditions compared to previous years. This has also resulted in changes in the value of real estate in Mainland China. The Group conducted impairment tests on property, plant and equipment, estimating that the recoverable amount is lower than their carrying amounts, thus recognizing impairment losses of NT$582,641 thousand, reported in other gains and losses. The Group's assessment of impairment of non-financial assets is based on the fair value less costs of disposal or the value in use of cash-generating units. The fair value of property, plant and equipment is estimated using market prices in nearby areas and the income approach, with evaluations based on independent appraisers (possessing recognized relevant professional qualifications and recent experience in the location and type of property, plant and equipment being appraised). The inputs used in the fair value estimation technique belong to level three, and the fair value is assessed based on market value. Key assumptions are as follows:

(A) Capitalization rate ranging from 6% to 7%;

(B) Annual rental growth rate ranging from 2% to 4%;

(C) Remaining years ranging from 12.4 years to 38 years;

(D) Adjustments are made considering transaction conditions, transaction dates, and physical conditions when measuring the fair value of the property, plant and equipment.

D. Wuhan Hanyang Grand Ocean Classic Commercial Ltd., a subsidiary of the Group, has suffered continuous operating losses. According to the resolution of the board of directors, it was closed its business on August 31, 2023, so it recognized NT$58,967 thousand for impairment losses on property, plant and equipment. Additionally, relevant equipment was scrapped, leading to the derecognition of the carrying amount, accumulated depreciation, and impairment loss amounting to a total of NT$212,609 thousand.

E. Chongqing Optics Valley Grand Ocean Commercial Development Limited, a subsidiary of the Group, closed the business on October 31, 2022, recognizing an impairment loss of NT$155,590 thousand. 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$459,494 thousand.

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

G. Guarantee

Please refer to Note 8 for the details of long-term loans and financing line guarantees in December 31, 2023 and 2022.

(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, 2023	$ 3,327,110	10,984,683	59,332	14,371,125
Additions (Note 7)	-	2,438,691	-	2,438,691
Lease modifications	-	(1,092,802)	-	(1,092,802)
Effect of changes in foreign exchange rates	(54,412)	(206,119)	(970)	(261,501)
Balance at December 31, 2023	$ 3,272,698	12,124,453	58,362	15,455,513
Balance at January 1, 2022	$ 3,275,716	11,635,157	58,416	14,969,289
Additions	-	39,779	-	39,779
Lease modifications	-	(847,391)	-	(847,391)
Derecognition	-	(30,812)	-	(30,812)
Effect of changes in foreign exchange rates	51,394	187,950	916	240,260
Balance at December 31, 2022	$ 3,327,110	10,984,683	59,332	14,371,125
Accumulated depreciation:				
Balance at January 1, 2023	$ 391,033	2,870,955	29,174	3,291,162
Depreciation	98,089	990,514	6,490	1,095,093
Lease modifications	-	(462,429)	-	(462,429)
Impairment loss	120,218	-	-	120,218
Effect of movement in exchange rate	(10,689)	(57,339)	(605)	(68,633)
Balance at December 31, 2023	$ 598,651	3,341,701	35,059	3,975,411
Balance at January 1, 2022	$ 288,745	2,219,002	21,479	2,529,226
Depreciation	98,392	974,104	7,406	1,079,902
Lease modifications	-	(322,149)	-	(322,149)
Derecognition	-	(30,812)	-	(30,812)
Effect of movement in exchange rate	3,896	30,810	289	34,995
Balance at December 31, 2022	$ 391,033	2,870,955	29,174	3,291,162
Carrying amounts:				
Balance at December 31, 2023	$ 2,674,047	8,782,752	23,303	11,480,102
Balance at January 1, 2022	$ 2,986,971	9,416,155	36,937	12,440,063
Balance at December 31, 2022	$ 2,936,077	8,113,728	30,158	11,079,963

A. The subsidiary of the Group, Wuhan Grand Ocean Classic Commercial Development Limited, in order to expand the Group's operational scale, resolved in a board meeting to establish a new store on September 1, 2023. The recognized right-of-use assets for leased houses and buildings are NT$1,420,603 thousand.

B. The subsidiary of the Group, Nanjing Grand Ocean Classic Commerce Limited, leased operating premises from other related parties in January 2003. The original contract expired in January 2023. The Group re-signed a ten-year lease contract, resulting in an increase in right-of-use assets of NT$1,018,088 thousand in the current period.

C. In the fiscal year 2023, due to the impact of the COVID-19 pandemic in recent years, consumer spending in Mainland China has decreased, resulting in currency tightening and a downward trend in operating conditions compared to previous years. This has also led to changes in the value of real estate in Mainland China. The Group conducted impairment testing on the right-of-use assets, estimating that the recoverable amount is lower than their carrying amounts, thus recognizing impairment losses of NT$120,218 thousand, reported in other gains and losses. The impairment assessment of non-financial assets by the Group is based on the fair value less costs of disposal or the value in use of cash-generating units. The fair value of the right-of-use assets is estimated using market prices in nearby areas and the income approach, with evaluations based on independent appraisers (possessing recognized relevant professional qualifications and recent experience in the location and type of right-of-use assets being appraised). The inputs used in the fair value estimation technique belong to level three, and the fair value is assessed based on market value. Please refer to Note 6(5) for key assumptions.

D. Wuhan Hanyang Grand Ocean Classic Commercial Ltd. and Chongqing Optics Valley Grand Ocean Commercial Development Limited, subsidiaries of the Group, have closed operations on August 31, 2023, and October 31, 2022, respectively, according to the resolution of the board of directors, 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, 2023	$ 1,473,567	430,294	33,717	1,937,578
Additions	-	-	1,348	1,348
Influenced by Fluctuation of Exchange Rates	(24,099)	140	(578)	(24,537)
Balance at December 31, 2023	$ 1,449,468	430,434	34,487	1,914,389

	Goodwill	Trademark Rights	Computer Software	Total
Balance at January 1, 2022	$ 1,450,805	387,825	25,215	1,863,845
Additions	-	-	4,288	4,288
Transferred in from unfinished project	-	-	3,951	3,951
Disposal	-	-	(80)	(80)
Influenced by Fluctuation of Exchange Rates	22,762	42,469	343	65,574
Balance at December 31, 2022	$ 1,473,567	430,294	33,717	1,937,578
Amortization and Impairment Losses:				
Balance at January 1, 2023	$ -	-	18,692	18,692
Amortization	-	-	3,172	3,172
Impairment loss	-	306,421	252	306,673
Influenced by Fluctuation of Exchange Rates	-	(4,493)	(373)	(4,866)
Balance at December 31, 2023	$ -	301,928	21,743	323,671
Balance at January 1, 2022	$ -	-	14,348	14,348
Amortization	-	-	4,019	4,019
Transferred in from unfinished project	-	-	205	205
Disposal	-	-	(80)	(80)
Influenced by Fluctuation of Exchange Rates	-	-	200	200
Balance at December 31, 2022	$ -	-	18,692	18,692
Carrying amounts:				
Balance at December 31, 2023	$ 1,449,468	128,506	12,744	1,590,718
Balance at January 1, 2022	$ 1,450,805	387,825	10,867	1,849,497
Balance at December 31, 2022	$ 1,473,567	430,294	15,025	1,918,886

A. Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022:

	For the years ended December 31	
	2023	2022
Operating Expenses	$ 3,172	4,019

B. Impairment testing

For impairment testing, the Group had allocated goodwill to the individual CGUs. The carrying amount of goodwill was allocated to each CGU as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Goodwill				
Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd.	$ 102,667	624,745	104,374	749,774
Wuhan Grand Ocean Classic Commercial Development Ltd. (Note)	189,630	1,142,617	192,783	380,564
Fuzhou Grand Ocean Commerce Ltd.	1,157,171	1,246,950	1,176,410	1,388,105
	$ 1,449,468	3,014,312	1,473,567	2,518,443
Trademark				
Grand Ocean Classic Commercial Group Co., Ltd.	$ 430,434	128,506	430,294	570,868

Note: The recoverable amount for the fiscal year 2023 includes the newly established store as of September 1, 2023, and deducts the recoverable amount for self-owned building assets calculated based on fair value less disposal costs.

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset's recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of December 31, 2023 and 2022, was estimated on its value in use except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal. Details regarding the fair value valuation method and key assumptions for Fuzhou Grand Ocean Commerce Limited are provided in Note 6(5).

In 2023, due to the economic downturn in the mainland China region, the operating performance showed a decline compared to the previous year. As a result, the Group conducted impairment testing on goodwill and trademark rights. It was estimated that the recoverable amount of CGUs of Grand Ocean Classic Commercial Group Co., Ltd. was NT$128,506 thousand, which was less than the carrying amount. Therefore, an impairment loss of NT$306,421 thousand for trademark rights was recognized in the 2023 financial year and reported under other gains and losses.

The recoverable amount of the CGUs, Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd., Wuhan Grand Ocean Classic Commercial Department Limited and Grand Ocean Classic Commercial Group Co., Ltd., as of December 31, 2023 and 2022, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2023	December 31, 2022
Discount Rate	10%	10%
Growth Rate	1%~10%	5%~11%

(A) The discount rate was a pre-tax measure based on the rate of 20-year government bonds of China issued by the government and adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

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

(C) The operating income forecast measures the average growth over the past five years. And based on comparable company data, sales price is projected to grow at a fixed rate slightly higher than the expected inflation rate for the next five years.

(D) In operational plan, costs and expenses were estimated based on past experiences and other variable factors.

The aforementioned key assumptions were taking into account the external and internal historical information, and represented management's evaluation and estimates of future economic trend of retail business.

C. Wuhan Hanyang Grand Ocean Classic Commercial Ltd. and Chongqing Optics Valley Grand Ocean Commercial Development Limited, subsidiaries of the Group, have closed operations on August 31, 2023 and October 31, 2022, respectively, according to the resolution of the board of directors, due to continuous losses in operations, leading to the recognition of impairment loss of NT$252 thousand and NT$205 thousand, respectively.

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

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

	December 31, 2023	December 31, 2022
Other financial assets - current		
Deposits - out for lease (Note)	$ 303	28,999
Restricted deposits	401,065	32,552
Deposit for rent expansion (Note)	65,039	-
Others	3,263	2,661
	$ 469,670	64,212

	December 31, 2023	December 31, 2022
Other financial assets－non-current		
Deposits－out for lease (Note)	$ 191,935	187,228
Deposits－out for cooperation	7,499	8,178
Restricted deposits	523,457	8,186
Others	3,210	3,317
	$ 726,101	206,909

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:

	December 31, 2023	December 31, 2022
Unsecured Bank Loans	$ 639,742	614,000
Secured Bank Loans	1,671,672	1,202,945
Total	$ 2,311,414	1,816,945
Unused Credit Lines	$ 764,315	811,358
Range of Interest Rates	3.65%~8.09%	4.20%~6.96%

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:

	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

	December 31, 2022			
	Currency	Interest Rate Collar	Year of Expiry	Amount
Unsecured Bank Loans	USD	5.08%~6.95%	113~114	$ 1,074,500
〃	RMB	4.5%~4.8%	112	110,200
Secured Bank Loans	RMB	4.2%	114	440,800
				1,625,500
Less: current portion				(413,260)
Total				$ 1,212,240
Unused Credit Lines				$ 184,200

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

B. For information regarding the Group's interest rate, foreign currency, and liquidity risk exposures, please refer to Note 6(20).

(11) Accounts payable and other payables

		December 31, 2023	December 31, 2022
Accounts payable			
Arising from direct sales	$	61,097	46,335
Arising from concessionaire sales		1,140,001	880,886
Others		64,226	33,864
Total	$	1,265,324	961,085

Most of payable arising from suppliers.

Other payables			
Wages and salaries payable	$	121,925	121,060
Construction payables		95,435	171,473
Compensation payable for store closures, etc.		19,361	14,150
Compensation payable for lawsuit		423,480	148,370
Payables to Related Parties		276,390	138,150
Others		385,901	426,278
Total	$	1,322,492	1,019,481

(12) Lease liabilities

The Group's lease liabilities were as follows:

		December 31, 2023	December 31, 2022
Current	$	831,093	943,549
Non-current	$	9,416,852	9,039,555

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

The amounts recognized in profit or loss were as follow:

		For the years ended December 31	
		2023	2022
Interest on lease liabilities	$	479,092	540,952
Variable lease payments not included in the measurement of lease liabilities	$	1,226	52,335
Expenses relating to short-term leases	$	981	1,375
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$	36	36

	For the years ended December 31	
	2023	2022
Rent concessions related to COVID-19 (recorded as a reduction in operating expenses)	$ -	101,425

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

	For the years ended December 31	
	2023	2022
Total cash outflow for leases	$ 1,357,759	1,464,941

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.

Some leases of retail stores contain variable lease payments which are based on sales that the Group makes at the store. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the year ended December 31, 2023 and 2022, were as follows:

	2023			
	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 104,642	1,226	105,868	12

	2022			
	Fixed payments	Variable payments	Total payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 125,132	52,335	177,467	523

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

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 years ended December 31, 2023 and 2022, were NT$56,418 thousand and NT$59,645 thousand, respectively.

(14) Income Tax

A. Income tax expense

The components of income tax were as follows:

	For the years ended December 31	
	2023	2022
Current Tax Expense		
Current period	$ 83,864	93,620
Adjustment for prior period	(752)	(1,284)
	83,112	92,336

		For the years ended December 31	
		2023	2022
Deferred Tax Expense			
Origination and reversal of temporary differences		139,285	126,696
Income Tax Expenses from continuing operations	$	222,397	219,032

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

		For the years ended December 31	
		2023	2022
Loss excluding income tax	$	(1,861,600)	(613,815)
Income Tax Calculated by Domestic Tax Rate of Consolidated Company		(465,400)	(153,453)
Effective Influence of Tax Rate by Foreign Jurisdiction		121,744	30,423
Expenses Not Able to Be Offset		6,861	9,480
Investment Losses		1,849	(9)
Unrecognized Taxing Losses of Prior Period of Recognition		278,357	230,927
Current Taxing Losses on Unrecognized Deferred Tax Assets		264,816	52,985
Prior Period Underestimation (or overestimation)		(752)	(1,284)
Losses Deduction		55,439	42,866
Others		(40,517)	7,097
Income Tax Expense	$	222,397	219,032

B. Deferred Tax Assets

(A) Unrecognized deferred tax assets

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

		December 31, 2023	December 31, 2022
The carry forward of unused tax losses	$	352,594	88,050
Taxation losses		946,084	792,234
	$	1,298,678	880,284

Taxation losses are based on the income tax laws of subsidiaries in China. After being approved by the tax collection agency, the losses in the previous five years can be deducted from the net profits of the current year, and then the income tax will be assessed. These items are not recognized as deferred income tax assets because it is not probable that the combined company will have sufficient taxable income in the future to use the temporary difference.

(B) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022, were as follows:

Deferred Tax Assets:

	Tax losses deduction and other	Rental expenses	Total
Balance at January 1, 2023 (revised)	$ 121,857	2,663,664	2,785,521
Recognized in profit or loss	(67,520)	90,547	23,027
Foreign currency translation differences for foreign operations	(664)	(45,344)	(46,008)
Balance at December 31, 2023	$ 53,673	2,708,867	2,762,540
Balance at January 1, 2022	$ 182,884	679,022	861,906
Effect of retrospective application	-	2,363,273	2,363,273
Balance at January 1, 2022 (revised)	182,884	3,042,295	3,225,179
Recognized in profit or loss	(64,311)	(429,128)	(493,439)
Foreign currency translation differences for foreign operations	3,284	50,497	53,781
Balance at December 31, 2022 (revised)	$ 121,857	2,663,664	2,785,521

Deferred Tax Liabilities:

	Retained Earnings	Tax losses deduction	Total
Balance as of January 1, 2023 (revised)	$ 56,288	2,035,972	2,092,260
Recognized in profit or loss	(40,517)	202,829	162,312
Influenced by Fluctuation of Exchange Rates	612	(37,287)	(36,675)
Balance as of December 31, 2023	$ 16,383	2,201,514	2,217,897
Balance as of January 1, 2022	$ 50,733	-	50,733
Effect of retrospective application	-	2,363,273	2,363,273
Balance at January 1, 2022 (revised)	50,733	2,363,273	2,414,006
Recognized in profit or loss	-	(366,743)	(366,743)
Influenced by Fluctuation of Exchange Rates	5,555	39,442	44,997
Balance at December 31, 2022 (revised)	$ 56,288	2,035,972	2,092,260

Starting from January 1, 2023, the consolidated company applies the amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction." As per Note 3(1), the rent expenses of the subsidiary company in mainland China will no longer be exempt from recognition. Instead, an equal amount of deferred tax assets and deferred tax liabilities should be recognized.

(C) As of December 31, 2023, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Deficit Year		Deficit without Deduction	Last Year with Deduction
2019	$	543,986	2024
2020		1,160,256	2025
2021		646,056	2026
2022		557,206	2027
2023		1,091,524	2028
	$	3,999,028	

C. Income tax verification situation

The mainland subsidiary's income tax settlement declaration case has been reported to the local tax agency until the 2022.

(15) Capital and Other Equity

As of December 31, 2023 and 2022, the number of authorized ordinary shares were both 5,000,000 thousand shares, with par value of $10 per share. The total value of authorized ordinary shares was amounted to both $500,000 thousand. Also, the number of issued and outstanding shares were both 195,531 thousand shares. All issued shares were paid up upon issuance.

A. Capital surplus

The components of the capital surplus were as follows:

		December 31, 2023	December 31, 2022
Premium on Issued Shares	$	5,041,030	5,041,030
Treasury Stock Trading		25,333	25,333
Exercising the right of imputation		9,122	9,122
	$	5,075,485	5,075,485

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.

(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 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. Furthermore, on June 23, 2022, the shareholders' general meeting resolved the appropriation of a special reserve in the amount of NT$36,014 thousand.

(C) Earnings distribution

On June 15, 2023, and June 23, 2022, the shareholders' general meeting resolved the loss appropriation proposal in 2022 and 2021, respectively.

C. Treasury stock

The details for transferring treasury shares to employees:

	(In thousands of shares)	
	For the years ended December 31	
	2023	2022
Outstanding at January 1	$ 8,682	9,007
Quantity sold in this period	(973)	(325)
Outstanding at December 31	$ 7,709	8,682

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of December 31, 2023 and 2022, these prepaid salaries amounting to NT$122,915 thousand and NT$139,588 thousand were recognized under other non-current assets – other. Considering the increasingly difficult environment of the department store, in order to retain talents and maintain the stability of the team, and due to the impact of the new crown virus. On August 30, 2022, the board of directors decided to defer the salary advance payment of employees until 2025.

D. Other Equity (net income after tax)

	Exchange Difference on Translation of Foreign Operations
Balance at January 1, 2023	$ (952,421)
Exchange difference on translation of net assets of foreign operations	(98,275)
Share of translation differences of affiliated companies using the equity method	(176)
Balance at December 31, 2023	$ (1,050,872)
Balance at January 1, 2022	$ (992,592)
Exchange difference on translation of net assets of foreign operations	39,879
Share of translation differences of affiliated companies using the equity method	292
Balance at December 31, 2022	$ (952,421)

(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 years ended December 31	
	2023	2022
Basic Earnings (Loss) per Share		
Net Profit Attributed to Shareholder of Common Stock of Company	$ (2,083,997)	(832,847)

Weighted average number of common shares outstanding	195,531	195,531
Basic Earnings (Loss) per Share (NTD)	$ (10.66)	(4.26)

The Company did not disclose the diluted loss per share for the years ended December 31, 2023 and 2022, as there were losses before tax. Additionally, there were no potential ordinary shares of employee remuneration that could have diluted the loss per share.

(17) Revenue from Contracts with Customers

A. Details of Revenue

	For the years ended December 31	
	2023	**2022**
Main Regional Markets:		
China	$ 3,820,133	4,150,142
Main Product/Service:		
Commissions revenue (Retail revenue – concessionaire sales)	$ 1,221,361	1,224,769
Commodity sales (Retail revenue – direct sales)	705,830	825,508
Lease revenue (Note)	1,013,233	1,115,858
Service revenue and others	879,709	984,007
	$ 3,820,133	4,150,142

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 years ended December 31, 2023 and 2022, no employee compensation and directors' remuneration were estimated and accrued.

In 2021, the company had accounted for NT$787 thousand, respectively, as the rewards for employees, as well as accounting for NT$0 thousand, respectively, as the rewards for board members. On March 31, 2022, by board resolutions, the company had accounted for NT$788 thousand, respectively, as the rewards for employees, as well as accounting for NT$0 thousand, respectively, as the rewards for board members, where the differences between actual distribution and estimation, and they will be treated as the changes in accounting estimates and recognized as the profit or loss of 2022. All the relational information can be referred in the Market Observation Post System.

(19) Non-operating Income and Expenses

A. Interest Income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Interest of Back Deposit	$ 27,646	21,251
Open-end Funds	978	999
Other	(1,026)	3,784
Total	$ 27,598	26,034

B. Other Income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Dividend income	$ -	2,788
Government grants income	15,020	7,288
Total	$ 15,020	10,076

C. Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	$ (783)	(5)
Gain on disposal of investment	5,113	-
Foreign exchange gain (losses)	(3,965)	(12,847)
Net gain (loss) on financial assets at fair value through profit or loss	9,189	13,490
Impairment loss on property, plant and equipment	(641,608)	(155,590)
Impairment loss on right-of-use assets	(120,218)	-
Impairment loss on intangible assets	(306,673)	(205)
Compensation losses on store closures	(31,752)	(46,878)
Compensation losses on lawsuit	(344,050)	(149,331)
Gain on lease modification	495,197	353,564
Overdue payments transferred to income	7,236	99,096
Other Gains and Losses (such as fees and charges of credit card, etc.)	103,527	84,469
Other gains and losses, Net	$ (828,787)	185,763

D. Finance costs

The details of finance costs were as follows:

		For the years ended December 31	
		2023	2022
Interest Expense	$	207,554	158,214
Interest on Lease liabilities		479,092	540,952
Other Financial Expenses		2,037	5,222
Total	$	688,683	704,388

(20) Financial Instruments

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

(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).

The movement in the allowance for impairment for other receivables for the years ended December 31, 2023 and 2022, were as follows:

		For the years ended December 31	
		2023	2022
Balance at January 1	$	200,544	50,765
Impairment losses recognized		131,608	149,949
Influenced by Fluctuation of Exchange Rates		(5,868)	(170)
Balance at December 31	$	326,284	200,544

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
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
December 31, 2022						
Non-derivative Financial Liabilities						
Floating Rate Instruments	$	1,688,500	1,837,845	929,597	908,248	-
Fixed Rate Instruments		1,892,095	1,981,269	1,610,732	370,537	-
Non-interest-bearing		2,421,284	2,421,284	1,842,416	-	578,868
Lease liabilities		9,983,104	13,508,914	1,402,168	4,570,026	7,536,720
	$	15,984,983	19,749,312	5,784,913	5,848,811	8,115,588

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	
		December 31, 2023	December 31, 2022
Fixed interest rate			
Financial Asset	$	924,522	362,522
Financial Liability		(12,077,063)	(11,875,199)
	$	(11,152,541)	(11,512,677)
Variable interest rate			
Financial Asset	$	1,013,123	1,308,556
Financial Liability		(1,934,730)	(1,688,500)
	$	(921,607)	(379,944)

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 loss before tax for the years ended December 31, 2023 and 2022, would increase or decrease by NT$4,608 thousand and NT$1,900 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 years ended December 31			
	2023		2022	
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	$ -	584	-	3,402
5% Decrease	$ -	(584)	-	(3,402)

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:

	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

	December 31, 2022				
		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	$ 68,033	68,033	-	-	68,033

(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 years ended December 31, 2023 and 2022, fair value of the financial assets as well as liabilities at each level did not transfer at all.

(21) Financial risk management

A. Overview

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

(A) Credit risk

(B) Liquidity risk

(C) Market risk

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

B. Structure of risk management

The board and audit committee will be fully responsible to establish and supervise the risk management structure of the consolidated company.

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

C. Credit risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations.

(A) Trade and other receivables

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

(B) Other Receivables

The consolidated company is to track the current financial status of the trading partner sustainably, as well as measure the possibility to recover the accounts receivable periodically. Also, provision of the collateral or guarantee will be requested, if necessary, therefore an expectation can be made that there will be no material credit risks.

(C) Investment

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

(D) Guarantee

Policies of the consolidated company can merely provide the financial guarantee for the ownership of the subsidiaries. As of December 31, 2023 and 2022, the consolidated company had not provided any endorsement and guarantee to the outside.

D. 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.

Because the consolidated company has the characteristics of retail business, cash flows coming from the operating activities are plenty sufficient. Generally, the consolidated company makes sure it will have enough cash to expend for the operating expense requirements in the next 60 days to 90 days, yet this is an expectation excluding the potential influence of the extreme conditions which cannot be reasonably predicted, for example: natural disaster. In addition, unused credit lines of the loans as of December 31, 2023 and 2022, of the consolidated company were NT$917,865 thousand and NT$995,558 thousand respectively.

E. Market Risk

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

(A) Currency risk

Functional currency is as the same as the invoicing currency for sales and purchase for the consolidated company. Functional currency and invoicing currency of the subsidiaries in China and are both RMB, hence there is no exchange rate risks.

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

As for other monetary assets or liabilities denominated by a foreign currency, the consolidated company will purchase or sell this foreign currency according to the real-time exchange rate to ensure that the next risk exposure can be maintained within the acceptable levels.

(B) Interest Rate Risk

Cash flow risk incurs because of that the consolidated company borrows the funds with a floating interest rate, and according to the floating interest rate a part of this risk will be offset by the cash and cash equivalents as well as the financing products with a higher yield rate.

(C) Other market price risk

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

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

(22) Capital management

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

The Group's evaluate the value of related assets and variation of risk, in order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or stock repurchase.

The consolidated company supervises the capital structure through debt-to-capital ratios as well as cash flows. The debt-to-capital ratios as of December 31, 2023 and 2022, were as follows:

		December 31, 2023	December 31, 2022
Total Liabilities	$	19,163,603	18,125,900
Deduction: Cash and Cash Equivalents		(1,020,335)	(1,639,484)
Net Liabilities	$	18,143,268	16,486,416
Total Equity	$	5,072,799	7,255,247
Total Capital	$	23,216,067	23,741,663
Debt to capital Ratio		78.15%	69.44%

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

The Group's investing and financing activities on non-cash transactions for the years ended December 31, 2023 and 2022, were as follows:

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

			Non-cash changes		
	January 1, 2023	Cash Flows	Foreign exchange movement	Other	December 31, 2023
Short-term borrowings	$ 1,816,945	523,140	(28,671)	-	2,311,414
Long-term borrowings	1,625,500	(448,367)	(1,089)	-	1,176,044
Guarantee deposits	578,868	1,577	(9,498)	-	570,947
				(Note 1)	
Lease liabilities	9,983,104	(876,424)	(171,856)	1,313,121	10,247,945
Total liabilities from financing activities	$ 14,004,417	(800,074)	(211,114)	1,313,121	14,306,350

			Non-cash changes		
	January 1, 2022	Cash Flows	Foreign exchange movement	Other	December 31, 2022
Short-term borrowings	$ 2,540,031	(837,198)	114,112	-	1,816,945
Long-term borrowings	1,431,175	98,215	96,110	-	1,625,500
Guarantee deposits	670,699	(103,018)	11,187	-	578,868
				(Note 2)	
Lease liabilities	11,600,131	(870,243)	193,668	(940,452)	9,983,104
Total liabilities from financing activities	$ 16,242,036	(1,712,244)	415,077	(940,452)	14,004,417

Note 1: Reduction of NT$1,125,570 thousand due to lease modification, and increase of NT$2,438,691 thousand in the current period.

Note 2: Reduction of NT$878,806 thousand due to lease modification, reduction in operating expenses of NT$101,425 thousand resulting from rental concessions adjustments, and increase of NT$39,779 thousand in the current period.

7. **Related-party transactions:**

(1) Parent Company and Final Controller

First Steamship Co., Ltd. is the parent company of the consolidated company as well as the final controller over the group, who possesses 58.62% common shares outstanding of the company. First Steamship Co., Ltd. has prepared the consolidated financial statements for the public.

(2) 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
Mariner Finance Ltd	Same Final Parent Company as the Consolidated Company
Shanghai Tian An Center Building Co., Ltd.	Manager of the consolidated company is the board member of this company.
Nanjing Heaven Capital Industrial Co., Ltd.	A substantial related party
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	A substantial related party
Shanghai Allied Cement Holdings Limited	A substantial related party
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	A substantial related party
Tian An (Shanghai) Investment Co., Ltd.	A substantial related party
Nanjing Tianan Gangli Property Management Co., Ltd.	A substantial related party
Gangli Property Management (Shanghai) Co., Ltd.	A substantial related party
Shanghai Qianshu Property Management Co., Ltd.	A substantial related party
Nanjing Grand Ocean Dongfadao Catering Co., Ltd. (Note)	An associate

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

(3) Significant transactions with related parties

A. Prepayments

	December 31, 2023	December 31, 2022
Parent Company	$ 68	68
Other related parties-Nanjing Tiandu Industry Co., Ltd. (Note)	-	160,877
Other related parties-Shanghai Qianshu Property	4,773	7,601
	$ 4,841	168,546

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

	December 31, 2023	December 31, 2022
Other related parties	$ 1,914	3,503

C. Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Other payables	An associate	$ -	1,411
Other payables	Other related parties	11,142	832
		$ 11,142	2,243

D. Borrow from a related parties

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

	December 31, 2023	December 31, 2022
Parent Company	$ 276,390	138,150

The Group's borrowings from related parties are calculated at an annual interest rate of 7.65% and 6.8%, respectively. For the years ended December 31, 2023 and 2022, the recognized interest expenses were NT$12,885 thousand and NT$6,096 thousand, respectively.

E. Lease

(A) Liabilities lease

		Lease liabilities	
Relationship	Purpose	December 31, 2023	December 31, 2022
Other related parties	Office building	$ 2,026	11,675
Other related parties- Shanghai Kaixuanmen	Department store	4,272,732	4,408,145
Other related parties- Nanjing Tiandu	Department store	926,731	-
Other related parties	Energy-saving renovation engineering equipment	10,874	34,101

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 years ended December 31	
Relationship	Purpose	2023	2022
Other related parties	Office building	$ 301	465
Other related parties- Shanghai Kaixuanmen	Department store	204,574	206,755
Other related parties- Nanjing Tiandu	Department store	40,972	445
Other related parties	Energy-saving renovation engineering equipment	1,276	1,841
		$ 247,123	209,506

(B) Operating lease

		Rent expense	
		For the years ended December 31	
Relationship	Account	2023	2022
Parent Company	Office building	$ 820	1,160

(Note)			
Other related parties (Note)	Office building	149	215
		$ 969	1,375

Relationship	Account	Payments that are not included in the measurement of the lease liabilities For the years ended December 31 2023	2022
Other related parties- Nanjing Tiandu	Department store	$ -	51,400

Relationship	Account	Property management fee For the years ended December 31 2023	2022
Other related parties	Office building and department store	$ 3,800	3,811

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	December 31, 2023	December 31, 2022
Other financial assets - non-current	Parent Company	$ 148	148
Other financial assets - non-current	Other related parties - Shanghai Kaixuanmen	74,106	66,120
Other financial assets - non-current	Other related parties - Nanjing Tiandu	8,672	8,816
Other financial assets - non-current	Other related parties	3,217	3,270
		$ 86,143	78,354

F. Others

The Group provided management consulting services and signed service contracts with other related parties. For the years ended December 31, 2023 and 2022, the revenue from consulting services was NT$1,040 thousand and NT$10,456 thousand, respectively.

(4) Key management personnel compensation

A. Key management personnel compensation comprised:

	For the years ended December 31	
	2023	2022
Short term employee benefits	$ 25,571	21,325

B. The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2023 and 2022, those prepaid salaries amounting to NT$39,438 thousand (CNY 9,096 thousand) and NT$40,074 thousand (CNY 9,091 thousand), respectively, were recorded as non-current assets - other.

8. **Pledged assets:**

The carrying amount of pledged assets were as follows:

Pledged asset	Object	December 31, 2023	December 31, 2022
Property, Plants and Equipment (Note)	Bank Loans	$ 4,745,020	5,423,238
Other financial assets			
Restricted Deposit	Bank depository funds	15,435	27,117
Restricted Deposit	Lease dispute freeze deposit	31,313	13,621
Restricted Deposit	Bank loans	877,774	-
		$ 5,669,542	5,463,976

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., engaged in negotiations with the lessor, Chongqing Zhengsheng Real Estate Ltd. (hereinafter referred to as "Chongqing Zhengsheng"), to reduce the rent and shorten the lease term due to underperforming operations and higher rent compared to the market in the vicinity. Additionally, due to the impact of the COVID-19 pandemic in 2020, negotiations failed to reach an agreement with the lessor for rent relief. However, Chongqing Zhengsheng filed a lawsuit against the Group in November 2020, claiming that the Group should pay rent for the area exceeded the agreed upon in the contract, as well as rental arrears from previous years. The Group has provisioned rent of NT$50,974 thousand (CNY 11,564

thousand) in accordance with the original lease contract provisions and the force majeure time limit stipulated by the government, recorded under lease liabilities. Additionally, the Group also filed a counterclaim in this case, seeking a reduction in rent. On June 26, 2023, the court ruled in the second instance that the Group lost the case, and the Group should pay the payment of arrears and rent for the extended area used by the Group, as well as accumulated rental from previous years for NT$18,076 thousand (CNY 4,087 thousand), were recorded as operating expenses and current lease liabilities. The Group also should recognize penalty fee and expenses about lawsuit NT$12,167 thousand (CNY 2,751 thousand), were recorded as operating expenses and other gains and losses. As of December 31, 2023, unpaid penalty fees and lawsuit-related expenses amounted to NT$1,088 thousand (CNY 251 thousand), recorded as other payable.

(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$125,102 thousand (CNY 28,285 thousand) according to the lease agreement. The Group offsets this amount by the performance bond of NT$28,183 thousand (CNY 6,500 thousand) and makes a provision of NT$117,759 thousand (CNY 27,159 thousand), recorded under other accounts payable.

B. The demand requires the Group to pay overdue rents and penalties accumulated until the date of site clearance from previous years, totaling NT$112,997 thousand (CNY 25,548 thousand). The Group has made a provision and recorded it under lease liabilities. The matter is currently under court review.

C. The demand requires the Group to pay rent, penalties, and occupation fees for the premises occupied by Huanyang Cinema from the date of site clearance to the date of litigation, totaling NT$20,425 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.

D. The demand requests the Group to refund the previously granted reduction in rent, penalties, and related litigation expenses, totaling NT$36,285 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.

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$9,621 thousand (CNY 2,219 thousand), recorded under other financial assets - current, and the equity of the subsidiary Nanjing Grand Ocean Classic Commerce Co., Ltd. amounting to NT$216,796 thousand (CNY 50,000 thousand).

Based on the assessment conducted by the Group, provisions have been made for overdue rents from previous years and related compensation for the early termination of leases. The Group believes that Chongqing Zhengsheng's remaining claims are unfounded, and therefore, there should be no obligation for compensation. The matter is currently under court review.

(4) The real estate property right transfer registration of Shiyan International Financial Center project from the first floor to the ninth floor above ground that the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. purchased from Hubei Grand Ocean Huayu Investment Co., Ltd.(hereinafter referred to as "Hubei Huayu")had not been completed in accordance with the agreement of commercial property contract; therefore, the Group filed a lawsuit on September 6, 2021. In accordance with the PRC law, the Group has adequate protection for the property; hence, no losses will be incurred by the Group regarding the matter. On May 12, 2022, the court ruled in the second instance that the Group won the case, and Hubei Huayu had registered the property rights of the real estate with the Group.

On the other hand, Hubei Huayu filed a lawsuit against Grand Ocean Classic Commercial Group Ltd. and Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. On September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY 93 million for the damage. On July 28, 2022, the court ruled in the first instance that the merged company won the case, but Hubei Huayu refused to accept the court's judgment and appointed a lawyer to file an appeal, which is still in court. After the assessment of the right to make a claim occurred in 2017 exceeded the 3-year limitation period for the protection of civil rights according to the law. In addition, the Group has paid on schedule according to the subsequent equity capital reduction agreement signed by both parties. Therefore, it is determined that the Group have no obligation to pay any compensation.

(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 recorded under lease liabilities, and an early termination penalty of NT$197,314 thousand (CNY 45,507 thousand), recorded as other payable. Additionally, Wuhan Trade requested that the performance bond of NT$22,115 thousand (CNY 5,000 thousand) not be refunded. The Group has already recognized this as bad debt expense, recorded under other gains and losses.

B. Wuhan Trade sought compensation for rental losses due to the premises being vacant after the early termination of the lease, amounting to NT$33,548 thousand (CNY 7,585 thousand). However, the Group considers this claim to be redundant as it duplicates the claim for the early termination penalty.

C. Wuhan Trade demanded the return of rent reductions and penalties granted in previous years, totaling NT$84,787 thousand (CNY 19,170 thousand). The Group has provisioned NT$81,420 thousand (CNY 18,778 thousand) for this, recorded as other payable.

D. Wuhan Trade requested reimbursement of rent for a five-month rent-free period from previous years, totaling NT$21,190 thousand (CNY 4,791 thousand). However, as the original lease contract did not include provisions for such compensation upon termination, the Group believes Wuhan Trade's claim to be unfounded.

E. Wuhan Trade sought reimbursement of expenses related to the demolition of the fifth-floor cinema and associated legal fees, totaling NT$10,358 thousand (CNY 2,342 thousand). However, the Group had already terminated the lease agreement with the cinema and stipulated in the termination agreement that if the cinema failed to sign a new lease with the new owner, it would be responsible for the demolition costs. Therefore, the Group believes it has no obligation to compensate Wuhan Trade.

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$3,725 thousand (CNY 859 thousand), recorded as other financial assets - current.

After assessment, the Group concluded that it had already provisioned for overdue rent, previous year's rent reductions, and early termination compensation. It deems Wuhan Trade's remaining claims to be unfounded, and thus believes it has no obligation for further compensation. The matter is currently under 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$26,984 thousand (CNY 6,101 thousand). The Group has provisioned NT$25,898 thousand (CNY 5,973 thousand) for this, recorded as other payable. The matter is currently awaiting court review.

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:

	For the years December 31					
Function	**2023**			**2022**		
Item	**Operating Cost**	**Operating expense**	**Total**	**Operating Cost**	**Operating expense**	**Total**
Employee benefits						
Salary	-	457,078	457,078	-	481,709	481,709
Health and labor insurance	-	519	519	-	634	634
Pension	-	56,418	56,418	-	59,645	59,645
Others	-	120,099	120,099	-	107,015	107,015
Depreciation	-	1,548,213	1,548,213	-	1,636,110	1,636,110
Depletion	-	-	-	-	-	-
Amortization	-	3,172	3,172	-	4,019	4,019

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 P63.

B. Guarantees and endorsements for other parties: Appendix 2, please refer to the chinese version consolidated financial statements P64.

C. Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3, please refer to the chinese version consolidated financial statements P65.

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 P66.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Appendix 5, please refer to the chinese version consolidated financial statements P67.

(2) Information on investees: Appendix 6, please refer to the chinese version consolidated financial statements P68.

(3) Information on investment in mainland China: Appendix 7, please refer to the chinese version consolidated financial statements P69~70.

(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 years ended December 31, 2023 and 2022, 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.

V Financial statements for the parent company only for the most recent fiscal year audited by the CPA: Not applicable.

VI The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report: None.

Seven . Review and Analysis of Financial Status and Performance, as well as Risks

I *Financial Situations*

Currency: NTD (thousand)

Item	2022	2023	Increase, Decrease and Variation	
			Amount	Variation Ratio
Current Assets	2,830,302	2,146,578	(683,724)	(24.16)%
Property, Plant and Equipment	6,324,548	5,333,310	(991,238)	(15.67)%
Intangible Assets	1,918,886	1,590,718	328,168	17.10%
Other Assets	14,307,411	15,165,796	858,385	6.00%
Total Assets	25,381,147	24,236,402	(1,144,745)	(0.05)%
Current Liabilities	5,202,977	6,194,473	991,496	19.06%
Non-current Liabilities	12,922,923	12,969,130	46,207	0.36%
Total Liabilities	18,125,900	19,163,603	1,037,703	5.72%
Owner’s Equity	7,255,247	5,072,799	(2,182,448)	(30.08)%
Share Capital	1,955,310	1,955,310	-	-
Additional Paid-in Capital	5,075,485	5,075,485	-	-
Retained Earnings	1,176,873	(907,124)	(2,083,997)	(177.08)%
Other Equity	(952,421)	(1,050,872)	(98,451)	(10.34)%
Treasury Stock	-	-	-	-
Non-controlling Interest	-	-	-	-
Total Equity	7,255,247	5,072,799	(2,182,448)	(30.08)%

For those who have changed more than 20% in consecutive two periods, the explanation is as follows:

1. Current Assets: The company’s store traffic has been affected by the broader economic environment in China, leading to a decline in performance and a subsequent decrease in cash levels.
2. Owner’s Equity: Due to the impact of the broader economic environment in China, the Company remains in a loss position this period. Additionally, the impairment of owned properties and trademark rights has resulted in significant losses for this period, severely impacting owners' equity.
3. Retained Earnings：Same as point 2.
4. Total Equity：Same as point 2.

II Financial Performance

1. Analysis Table of Management Outcomes

Currency: NTD (thousand)

Item	2022	2023	Increase, Decrease and Variation	
			Amount	Variation Ratio
Operation Revenues	4,150,142	3,820,133	(330,009)	(7.95)%
Gross Profit	3,392,316	3,178,815	(213,501)	(6.29)%
Operation Profit or Loss	27,939	(240,066)	(268,005)	(959.25)%
Non-operation Income and Expense	(641,754)	(1,621,534)	(979,780)	152.67%
Earnings before Tax	(613,815)	(1,860,600)	(1,246,785)	203.12%
Current Net Profit of Continued Operating Unit	(832,847)	(2,083,997)	(1,251,150)	150.23%
Losses on Discontinued Unit	-	-	-	-
Current Net Income (Loss)	(832,847)	(2,083,997)	(1,251,150)	150.23%
Current Other Comprehensive Profit or Loss (Net Amount after Tax)	40,171	(98,451)	(138,622)	(345.08)%
Current Total Comprehensive Income	(792,676)	(2,182,448)	(1,389,772)	175.33%
Net Profit Attributed to Owner of Parent Company	(832,847)	(2,083,997)	(1,251,150)	150.23%
Net Profit Belongs to Non-controlling Interests	-	-	-	-
Total Amount of Comprehensive Income Attributed to Owner of Parent Company	(792,676)	(2,182,448)	(1,389,772)	175.33%
Total Amount of Comprehensive Income Belongs to Non-controlling Interests	-	-	-	-
Earnings per Share	(4.26)	(10.66)	(6.40)	150.23%

For those who have changed more than 20% in consecutive two periods, the explanation is as follows:

1. Operation Profit or Loss：Due to the impact of the overall environment in China, consumer desire to shop at physical stores has decreased. This has led to a decline in sales, while operating expenses have not decreased proportionally, resulting in a significant reduction in operating profit.
2. Non-operation Income and Expense：Primarily due to the impairment of owned properties and trademark rights.
3. Earnings before Tax：Same as item 1 and 2.
4. Current Net Profit of Continued Operating Unit：Same as item 1 and 2.
5. Current Net Income (Loss)：Same as item 1 and 2.
6. Current Other Comprehensive Profit or Loss (Net Amount after Tax)：Same as item 1 and 2.
7. Current Total Comprehensive Income：Same as item 1 and 2.
8. Net Profit Belongs to Non-controlling Interests：Same as item 1 and 2.
9. Total Amount of Comprehensive Income Attributed to Owner of Parent Company：Same as item 1 and 2.
10. Earning per share: Same as item 1 and 2.

2. Expected Sales Volume and the Basis Thereof

The Company belongs to department store industry, therefore sales volume cannot be expected.

3. Possible Influence and Countermeasure of Future Financial Status of the Company

The establishment of the Company's future operational objectives is mainly based on past operating performance and consumer preferences. As target of the industry is the end consumer, the Company shall pay attention to any fluctuation in market of consumption at any time, and achieve sales improvement and profitability. At present, the Company's financial situation is still good.

III Cash Flow

(I) Analysis on Variation of Cash Flow Last Year

Currency: NTD (thousand) ; %

Year / Item	2022	2023	Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
Operating Activities	(281,224)	1,251,054	1,532,278	(544.86)%
Investing Activities	(66,166)	(1,197,262)	(1,131,096)	1,709.48%
Financing Activities	(1,613,599)	(659,822)	953,777	(59.11)%

Analysis and Explanation on Variation of Increase/Decrease Ratio:

1. Operating Activities: In 2023, the Company incurred a higher impairment loss due to the write-down of owned properties and trademark rights. However, this impairment loss did not affect the actual cash flow.
2. Investing Activities: The primary reason was the restricted deposits generated from bank borrowings.
3. Financing Activities: The main reason was the higher repayment of short-term borrowings compared to the previous year.

(II) Improvement plan on insufficient currency: NA.

(III) Analysis on Cash Currency within Next Year:

Currency: NTD (thousand)

Initial Cash Balance (1)	Cash Flow from Operating Activities throughout the Whole Year (2)	Net Cash Flow from Investment and Financing Activities throughout the Whole Year (3)	Cash Surplus (insufficient) Amount (1) + (2) + (3)	Estimated Cash Shortage Remedy	
				Investment Plan	Financing Plan
1,020,335	1,428,938	(1,398,328)	1,050,945	—	—

Analysis on Variation of Cash Flow:

Operating Activities: This is mainly derived from cash inflows generated from operations.

Investing Activities: The main use is for capital expenditures related to store adjustments.

Financing Activities: The main purpose is to repay the loans.

The company's cash balance for 2023 is NTD 1,020,335 thousand, and it is expected to generate a net cash inflow of approximately NTD 1,428,938 thousand from operating activities in the next year. The main cash outflows in the next year are expected to be for store renovations and repayment of bank loans.

Remedial measures and liquidity analysis for expected cash shortfalls:Not Applicable。

IV Influence on Financial Business from Material Capital Expenditures Last Year: None.

V Reinvestment Policies Last Year, Main Reasons of Profit or Loss Thereof, Improvement Pan, as well as Investment Plan within Next Year

(I) Reinvestment Policies of the Company

The Company's investment policy is implemented in accordance with the internal control system “Investment Cycle” and “Procedures of Acquisition or Disposal of Assets”. The main objectives of the investment project are to actively seek other suitable strategies for investment opportunities related to the basic business of the department store. As well as expansion of the department store market map to increase the Company's revenues, and create the profits.

(II) Main Reasons of the Profit or Loss by Reinvestment Last Year, and the Improvement Plan Thereof

Currency: NTD (thousand)

Company Invested	Shareholding Ratio (%)	Recognized Profit or Loss due to Investment Last Year	Main Reasons of Profit or Loss	Improvement Plan
GRAND CITI LTD.	100	(1,561,197)	Due to the losses incurred by the equity investments in subsidiary companies.	None
Sandmartin International Holding Limited	3.59	(13,192)	Heavy burden of interest expenses, increased supply chain costs, and higher depreciation expenses related to the initial stage of fiber optic network operations in Nepal.	Engage in factory renovations with the developer to increase the value and revenue from real estate. Actively pursue new clients to regulate supply chain costs based on order volume, aiming for profit growth once the supply chain alleviates. Push forward with the fiber network business in Nepal targeting fiber-optic users.
Grand Ocean Classic Commercial Group Co., Ltd	100	(1,637,535)	The Company is still experiencing losses due to the impact of the broader economic environment in China and has recognized impairment losses on owned properties and trademark rights.	None
Nanjing Grand Ocean Classic Commerce Limited	100	(130,536)	The Company is affected by the broader economic environment in China, impacting consumer shopping preferences and brand lineup, amidst increased competition from surrounding industry peers.	Actively upgrading and adjusting brand portfolio and business formats, and actively seeking investment.
Fuzhou Grand Ocean Commerce Limited	100	(729,692)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup, amidst increased competition from surrounding industry peers.	Actively recruiting businesses, adjusting brand structure, and striving to achieve overall business operations as soon as possible.
Quanzhou Grand Ocean Commerce Limited	100	(449,089)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup, and has recognized impairment losses on owned properties.	To address the weakened attractiveness of traditional retail formats due to the impact of the pandemic on customer traffic and brand portfolio, the company aims to expand experience-based formats, reduce retail space, and increase dining and experiential formats, with the goal of quickly achieving overall business integration.
Wuhan Grand Ocean Classic Commercial Development Limited	100	(736,304)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup, and has recognized impairment losses on owned properties.	Adjustment of counters, upgrading of brands, active recruitment, and adding business formats to cater to younger customers.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	100	(316,004)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup, and has recognized impairment losses on owned properties.	Upgrade and optimize the brand portfolio by introducing high-end cosmetics brands, creating a shopping environment that appeals to young and trendy consumers.
Wuhan Hanyang Grand Ocean Classic Commercial Limited	100	(123,128)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup, and has recognized losses from store closures.	Out of business.

Company Invested	Shareholding Ratio (%)	Recognized Profit or Loss due to Investment Last Year	Main Reasons of Profit or Loss	Improvement Plan
Fuzhou Grand Ocean Classic Commerce Limited	100	(112,112)	Some luxury brands did not renew their contracts, which had a significant impact on business performance, along with the impact of the opening of Wanhua Mall.	Replan the brand lineup, plan the floor format composition, and actively attract investment.
Chongqing Optics Valley Grand Ocean Commercial Development Limited	100	(68,268)	The impact of the pandemic has affected customer traffic and brand portfolio, and high rent poses a heavy burden.	Out of business.
Hengyang Grand Ocean Commercial Development Limited	100	(101,654)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup.	Active recruitment of tenants and adjustment of brand portfolio.
Yichang Grand Ocean Commerce Limited	100	161,944	Good operating condition.	Optimize and upgrade the brand portfolio, cater to the younger customer base, and create a gathering place for young customers.
Hefei Grand Ocean Classic Commercial Development Limited	100	(111)	The main business items are pending.	Planning to transform and operate the group's online shopping business.
Shiyan Optics Valley Grand Ocean Commercial Limited	100	43,168	Good operating condition.	Active adjustment of brands, introducing new brands while maintaining stable operation of existing brands. Combining online and offline sales to attract customers to the physical store.
Shanghai Jingxuan Business Administration Limited	100	(81,591)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup.	Reduce the proportion of retail and expand the food and beverage experiential format, actively seek new businesses.
Fuzhou Jiaruixing Business Administration Limited	100	(19,077)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup.	Expanding the business categories in the commercial block, diversifying the business formats, creating a trendy gathering place for the young generation of Z era, introducing supporting and experiential projects.
Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd	100	(187,915)	The Company is affected by the broader economic environment in China, influencing consumer shopping preferences and brand lineup.	Continuing to introduce high-quality curated art events to establish a more stable customer flow. Supporting the retail industry, actively seeking investment, and expanding business formats. As the mall enters a mature stage, it will create more sources of income beyond rent, such as exhibition revenue and merchant management service revenue. Further controlling operational costs.
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	49	(3,843)	The Company is affected by the broader economic environment in China, impacting customer flow.	Sold in September 2023.

(III) Investment Plan within Next Year:

Plan for store renovation: A budget of RMB 86 million is planned to be allocated for store renovation and refurbishment in 2024.

VI Risk Management

(I) Influence of Interest, Exchange Rate Fluctuation, Inflation toward the Company and the Countermeasure in the Future

1 Interest

The Group is exposed under the interest rate risk due to the loan of funds by a variable interest rate. Part of the risk is offset by cash and cash equivalence held at variable interest rates, as well as the higher-yielding wealth management products. As the Company is a retailer, the cash flow from its operating activities is sufficient and there is no cash flow risk.

In 2018, the company has effectively reduced the foreign currency liabilities and appropriately increased RMB liabilities. The Company's operating entities are in China, in addition to the natural hedging, the RMB liabilities can also be deducted from the income tax of an enterprise, with a tax shield effect.

2 Exchange Rate

The principal place of operation of the Company is located in Mainland China. The sales outlets of the department stores in each region are the general consumers in Mainland China. The functional currency is the same as the currency denominated in the sales and purchase transactions. The functional currency of the mainland subsidiaries and The currency of the valuation is all in RMB, so there is no exchange rate risk.

In 2018, the Company has effectively reduced the foreign currency liabilities and appropriately increased RMB liabilities, reaching the natural hedging of currency of borrowing and cash currency generated by operations, which will continue to reduce foreign currency liabilities and reduce exchange rate risk.

3 Inflation

As the company is a department store retailer, although inflation affects our consumers, whereas the China economy continues to grow and the income level of the people continues to rise, thus generating higher consumer demand and consumption power for the popular department store products shall be provided by the Company. Also, the Company is to adjust the department store product mix at any time in response to changes in consumption environments. Therefore, it has not had an immediate and significant impact due to the above-mentioned inflation crisis, and the Company maintains awareness of the global political and economic changes, market price fluctuations of end products, and good interaction between suppliers and customers. While maneuvering the procurement and marketing strategies, effective responding to the impact of inflation is also performed so that the Company will not have a significant impact.

(II) Main Reasons of Profit or Loss for High-risk and High-leverage Investment, Capital Loans to Others, Policies of Endorsement/Guarantee and Derivative Commodity Trading, as well as the Future Countermeasure

The Company has established methods such as “Procedures of Acquisition or Disposal of Assets”, “Procedures for Trading Derivative Commodities”, “Management of Endorsement and Guarantee” and “Operating Procedures of Loan to Others” to be as the relevance for concerning work of the Company and its subsidiaries.

The Company's policy is not to engage in derivative commodity transactions of a transaction nature.

Due to the needs of capital for the Group operations, the Company has funds loan and endorsements/guarantees; and the Company's handling of loans and external endorsements/guarantees are based on the Company's “Operating Procedures of Loan to Others” and “Management of Endorsement and Guarantee”, and will be still handled in the future in accordance with the ‘Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies’ promulgated by the Taiwan competent authorities, and the internal control operation regulations and methods of the Company .

(III) Future R&D Projects and the Expenses Input Thereof

The Group is a department store retailer, and there is no R&D and manufacturing of its own products. Therefore, there are no plans nor expenses for R&D. But, as far as the industry characteristics. The development and training of management personnel and the improvement of talent quality. Intensified competition in the department store industry. We will strengthen on human source and manpower development. Through education and training mechanisms. Providing systematic and professional service quality training courses for rising the efficiency of staff human source development.

(IV) Impact on Changes of Material Policies Domestic and Foreign and Laws on the Financial Status of the Company and the Countermeasure Thereof

The country of registration of the Company is the Cayman Islands and the main operating country is in mainland China. The Cayman Islands is dominated by financial services, while mainland China is one of the world's major economic systems, which its economic development and political environment remain stable. The products sold by the company belong to consumer goods, not licensed or restricted industries. The implementation of the Company's various businesses are treated in accordance with the material domestic and foreign policies and laws, and the Company shall pay attention to the development trends and changes amongst these policies and laws, and respond to any change in the market environments and take appropriate countermeasures immediately. In addition, due to the implementation of the Economic Substantive Law of the Cayman Islands in 2019, The company has no legal issues.

In addition, Hong Kong has always been one of the most popular cities for international investors, as its long-term operational advantage is based on a stable political environment, management policy convenient for commerce, laws of integrity and independent judicial system, also the spirit of free market, and fluent information. After returning to China in 1997, Hong Kong still maintains a high degree of autonomy and enjoys its own executive and legislative power. Its basic factors and advantages as an international business center continue to be maintained. It includes a clean administrative system and judicial independence. Furthermore, the Hong Kong dollar is independent from the RMB currency system. Freely convertible, with some fair competition environments, and no restriction on foreign investment. Capital, talent, goods and information can flow freely in Hong Kong. However, Hong Kong is now a special administrative region of China, and its political and economic development direction and risks will be affected by China's policy.

(V) Influence on Financial Status of the Company by Technology Change (including information security risks) and Industry Variance and the Countermeasure Thereof

Today’s physical business is still the same physical business, but the market environment has changed. In the past, we cared about to which area has more traffic and where users have more consumption potential. But now, consumption is boundary-free, how to use better experience and better service to retain consumers and meet consumers’ in-depth needs is the key to obtain the added value. When consumers born in the 80s, 90s and even 2000s are used to the online life, the offline consumption must reflect the uniqueness and cares one level deeper to attract them. This requires higher capability for the story creation and scenario presentation of shopping centers. In recent years, we have actually witnessed the “power of scenarios” in business. The scenario creation has brought topics, traffic, and spontaneous communication to business...so that whoever comes here have an immersive sense of substitution, and all of these are finally transformed into the value increment of projects that becomes the real purchasing power and consumption power. The scenario power empowered by technologies has the competitive advantage more durable. In the era of experiential and immersive consumption, the attractiveness of traditional mainstream stores declines, and immersive experience is becoming the commercial “guests of honor” due to advantages such as their strong ability to attract customers and drive them. The immersive experience empowered by technologies, relying on its own strong technological effect, is becoming the engine of customer traffic for many offline businesses, attracting customer traffic and gathering popularity. While the online platform is not a core sales scenario of shopping malls and department stores, the sales volume is the ultimate closed-loop data. By expanding the two channels of online business + offline business, the sales data also show the effect of 1+1=2.

The Company has been committed to a full range of system integration, for the corresponding adjustment of the competitive environment faced by each store, towards the mall shopping center, in order to consolidate and expand the local market share, as well as establish product differentiation, and further introduce the business pattern and brands pursuant to the consumer habits. At the beginning of 2017, the company actively cooperated with China e-commerce companies and other industries. At present, all the stores of the Group have realized the support of QQ wallet, WeChat payment, Alipay, ApplePay, Quick Pass, JD Wallet and other mainstream electronic mobile payment fully in China. On the other hand, the Group has successfully cooperated with the companies such as JD, Meituan, Baiwang, Weimeng to expand the business and develop WeChat E-membership Cards and electronic invoices. By expanding the Company’s visibility and influence among young people, it advances toward the data department store, and expands the new smart consumer fashion market. In 2020, the “Boundary-Free Retail Sales Department” was established to integrate the Group’s online and offline channels. During the process of the Group’s digital transformation, the membership system was upgraded, and the data analysis app was launched to further enhance the intellectualization construction for incorporating omnichannel and all platforms to improve the shopping experience of members. Online sales has accounted for more than 19% of the current operating revenue, a satisfactory performance of online business. The Boundary-Free Sales Department was upgraded to the Company’s micro-mall in 2023, for better enabling the consumers to shop conveniently, and the market analysis and evaluation by the Company. The above is the impact of technological changes and industrial changes on the financial business of the group.

In terms of information security risks and computer-related information security protection measures, the Group has established comprehensive information security protection mechanism. However, it cannot guarantee the complete prevention from third-party attacks to crash critical corporate system. When a severe attack occurs, the system may not be operational, which will lead to operational interruptions. Therefore, rapid system recovery is of the utmost importance. Apart from keeping investments in information security devices and software, the Company also continually strengthens system recovery mechanism. These measures include maintaining the continuous operation of the information system, preventing hackers and various viruses from invading and destroying, preventing unauthorized or using data and systems, regularly performing information security audits, ensuring the implementation of information security, personnel management and information security education and training, etc.

(VI) Influence in Enterprise Crisis Management by Change of Enterprise Image and the Countermeasure Thereof

The Company's business objectives are based on the principles of stability and honesty. The Company's image is good, and therefore it continues to introduce more outstanding talents into the services, thickening the strength of our management team, and then return the operating outcomes to the public, responding our CSR policies. As of now, there is no change of enterprise image to cause the crisis.

(VII) Expected Benefits, Possible Risks and Countermeasures for Consolidation

Last year, and as of the date of publication of Annual Report, there is no consolidation plan by the Company.

(VIII) Expected Benefits, Possible Risks and Countermeasures for Expansion of Plant

The Company is a department store retailer but not a manufacturer, hence there is no need to expand the plants. In addition, the plans for the expansion of department stores are subject to detailed assessment and planning by relevant units, and the expected benefits and possible risks are fully assessed by the financial module. After the establishment of the new business base, the relevant units will pay close attention to the changes and operating conditions of the industry, proposing appropriate response measures for possible risks.

(IX) Risks and Countermeasures for the Concentration of Incoming Goods or Sales

The Company belongs to the department store retail industry. The sales of goods are diversified, and there is no centralized purchase or sale of goods to a single manufacturer or customer. Therefore, there is no risk of concentration of goods or sales.

(X) Regarding the Directors or shareholders holding more than 10% of the shares, the impact, risk and countermeasure of a large number of shares transferred or replaced on the company: None.

(XI) Impact, Risks and Countermeasures of Changes in Management Rights on the Company

Last year, and as of the date of publication of Annual Report, the Company has no changes in the management rights, and the Company has strengthened various corporate governance measures and established the Independent Directors with a view to enhancing the protection of the overall shareholders' equity.

(XII) Litigation or Non-litigation Events

1 Last two years, and as of the date of publication of Annual Report, any event of litigation, non-litigation or administrative litigation that has been determined or currently in the system, where the results may have a significant impact on shareholders' equity or securities prices, and should be disclosed of the facts, amount of the subject matter, commencement date of the lawsuit, parties involved in the proceedings and the current situation thereof:

(1) Grand Ocean Classic Commercial Group Co., Ltd, Chongqing Optics Valley Grand Ocean Commercial Development Limited and Chongqing Zhengsheng Real Estate Co., Ltd. real estate lease contract dispute:

Because Dayang unilaterally closed its store and withdrew from the Chongqing market, the Chongqing store owner "Chongqing Zhengsheng Real Estate Co., Ltd." filed a lease contract dispute lawsuit with the Chongqing Fifth Intermediate People's Court, naming the Chongqing store and Dayang Group as co-defendants. The lawsuit requested : 1. Order to terminate the lease contract and related supplementary agreements signed between the owner and Dayang Group and the Chongqing store; 2. Order the Chongqing store to pay the overdue rent (tentatively RMB 24,161,640.42 until January 10, 2023) and overdue rent. Liquidated damages; 3. Order the Chongqing store to pay the rent of the outdoor area (tentatively RMB 18,183.99 until January 10, 2023) and liquidated damages for overdue payment; 4. Order the Chongqing store to pay the "Dadi Cinema" portion of the fifth floor (5,143.33 square meters) of house rent (from January 11, 2023 to the date of contract termination confirmed by the court) and liquidated damages for overdue payment, the Chongqing store was ordered to bear the venue restoration costs; 5. The Chongqing store was ordered to pay the deferred payment The rent will be paid back incrementally and the rent that should be paid back in case of breach of contract; 6. The Chongqing store was ordered to bear liquidated damages for contract termination (temporarily totaled RMB 28,284,511.95).

Because the owner has filed an application for judicial appraisal of the demolition costs of part of the cinema site, the case is still in the judicial evaluation stage. The court will organize a formal hearing after the evaluation results are issued.

Chongqing Store and Dayang Group have entrusted attorneys to actively respond to the lawsuit, and Chongqing Store and Dayang Group have set aside sufficient expenses in their accounts for the subject matter of the lawsuit.

(2) Disputes between Grand Ocean Classic Commercial Group Co., Ltd., Wuhan Hanyang Grand Ocean Classic Commercial Co., Ltd. and Wuhan Commerce and Trade State-owned Holding Group Co., Ltd.:

Because Dayang unilaterally closed its store and withdrew from the Chongqing market, the Chongqing store owner "Chongqing Zhengsheng Real

Because Dayang unilaterally closed its store and withdrew from the Wangjiawan business district in Wuhan, the owner of the Hanyang store, "Wuhan Commerce State-owned Holding Group Co., Ltd." filed a lease contract dispute lawsuit with the Hanyang District People's Court of Wuhan City, naming the Hanyang store and Dayang Group as co-defendants. , the plaintiff's updated litigation claims in January 2024: 1. Order to terminate the lease contract and related supplementary agreements signed between the owner and Hanyang Store; 2. Order Hanyang Store to pay liquidated damages of RMB 45,507,036 for illegal termination of the contract; 3. Order Hanyang Store shall return the rent difference of RMB 18,341,070 that has been reduced or reduced in the previous period and overdue liquidated damages; 4. Order the plaintiff not to return the security deposit of RMB 5 million; 5. Order Hanyang Store to bear the owner's rental vacancy loss of RMB 7,584,506; 6. Order Hanyang Store to pay The rent in September 2023 was 3,792,253 yuan; 7. The court ordered the plaintiff to pay the rent for the five-month rent-free period, which was calculated as RMB 4,790,814.6 after discounting the unpaid rent; 8. The court ordered Dayang Group to bear joint liability for the compensation of the Hanyang store .

The case has been heard in the first instance and is awaiting a court decision. Hanyang Store and Dayang Group have appointed attorneys to actively respond to the lawsuit, and Hanyang Store and Dayang Group have set aside sufficient expenses in their accounts for the subject matter of the litigation.

(3) Dispute over the lease contract between Wuhan Hanyang Grand Ocean Classic Commercial Co., Ltd. and Wuhan Laopai Catering Management Co., Ltd. (arbitration case):

Because Wuhan Hanyang Grand Ocean Classic Commercial Co., Ltd. unilaterally closed its store, resulting in the failure to continue to perform the lease contract for the "Haidilao" brand of the Hanyang store, Wuhan Laopai Catering Management Co., Ltd., the operator of the Haidilao brand, filed a lawsuit with the Beijing Arbitration Commission in accordance with the contract. Arbitration application. The content of the arbitration request is: 1. Application to confirm that the lease contract between Wuhan Laopai and Hanyang store will be terminated on September 15, 2023: 2. Request that Hanyang store return a performance deposit of RMB 100,000; 3. Hanyang store compensate for liquidated damages and decoration The total losses and legal fees were RMB 6,001,828.15.

The arbitration tribunal has not yet conducted a substantive hearing. Hanyang Store has entrusted an attorney to actively respond to the lawsuit and try to minimize the company's losses. At present, Hanyang Store has set aside sufficient fees for the relevant subject matter of the arbitration case.

(XIII) Other Material Risks and the Countermeasure Thereof

1 Protection of Shareholder Equity

There are many different regulations between the Cayman Islands Company Law and the ROC Company Act. Although the Company has amended the Articles of Incorporation in accordance with the "Checklist for the protection of shareholders' rights and interests in the country where the foreign issuer is registered" as stipulated by the Taiwan Stock Exchange Co., Ltd. Whereas there are many diversities of the local laws and regulations for the company operation in the two countries. Investors cannot guarantee the point of view by via the legal rights of the local companies in Taiwan, and the same application to the Cayman Islands is ditto.

2 Distribution of Cash Dividends and Tax

The Company is a holding company established in the Cayman Islands, where its mainly profit comes from the operations of its subsidiaries. Distribution of dividends of the Company will be affected by the operation status of the subsidiaries, policies of cash dividends and retained earnings. While distribution of dividends of the subsidiaries is subject to dividend distribution of local government, taxation and exchange rate regulations or other restrictions.

VII Other Material Items: None.

Eight. Special Notation

I Concerning Information of Associates

(I) Organization Chart of Associates (as of Dec 31, 2023)

Group Structure（Page 12）

The industries covered by the business operated by the affiliates overall, and the mutual dealings and division of work among such affiliates:

1 The operating business includes department store wholesale, commercial investment, Internet sales, management and consulting, commercial complex management services, shopping mall leasing, property management...etc.

2 The mutual dealings and division of work among such affiliates mainly lies in the fact that through the department store business sales of each store, the resources of each store, including counter manufacturers, can be introduced and shared, creating the company's greatest synergy.

(II) Basic Information of Associates

Dec 31, 2023；Currency: NTD (thousand)

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
Grand Citi Limited	2007.10.26	15/F.,BOC Group Life Assurance Tower, 136 Des Voeux Road Central , Central, Hong Kong	HKD 1,040,000	Investment Holding Company
Sandmartin International Holding Limited	2004.01.27	Room 516, 5/F, Peninsula Centre, 67 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	HKD 492,161	Manufacturing of Satellite TV Equipment and Devices, as well as Trading of Other Electronic Products
Grand Ocean Classic Commercial Group Co., Ltd	2002.05.21	No. 1 of Leye Street, Xigang District, Dalian City	RMB 850,000	Department Store Retail, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease
Grand Ocean Classic Commercial Group Co., Ltd Shanghai Nanjing West Road Branch	2006.12.07	Room 04-06, 27F of No. 338, West Nanjing Road, Huangpu District, Shanghai City	-	Department Store Retail, Internet Sales, Management and Consulting
Nanjing Grand Ocean Classic Commerce Limited	2002.08.15	No. 122 of South Zhongshan Road, Baixia District, Nanjing City, Jiangsu Province, China	RMB 50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease, Property Management
Nanjing Grand Ocean Classic Commerce Limited Jiangbei Branch	2010.12.13	Building C1 of Huadong Mall, No.48 of North Daqiao Road, Jiangbei New District, Nanjing City, Jiangsu Province, China	-	Department Store Retail, Commercial Investment, Catering Services, Food Business, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease, Property Management

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
Fuzhou Grand Ocean Commerce Limited	2002.06.21	No.133 of North Bayiqi Road, Gulou District, Fuzhou City, Fujian Province, China	RMB 70,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Non-Residential Real Estate Lease, Property Management
Quanzhou Grand Ocean Commerce Limited	2003.01.02	Fuhua Business Center, Wenling Road, Fengze District, Quanzhou City, Fujian Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Management and Consulting, Commercial Complex Management services, Non-Residential Real Estate Lease, Property Management
Wuhan Grand Ocean Classic Commercial Development Limited	2004.09.27	No.756 of Zhongshan Avenue, Jianghan District, Wuhan City, Hubei Province, China	RMB 50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Wuhan Optics Valley Grand Ocean Commercial Development Limited	2007.07.05	Room 101, Zone 1, No. 3 of Optics Valley Street, Optics Valley World, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Wuhan Hanyang Grand Ocean Classic Commercial Limited	2008.07.09	No. 36 of Longyang Avenue, Hanyang District, Wuhan City, Hubei Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Fuzhou Grand Ocean Classic Commerce Limited	2006.11.28	No. 268 of North Bayiqi Road, Gulou District, Fuzhou City, Fujian Province, China	RMB 50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Non-Residential real Estate Lease, Property Management
Chongqing Optics Valley Grand Ocean Commercial Development Limited (undergoing	2008.03.10	No. 25-18 and No. 25-19, Building 4, 68 Yangzheng Street, Jiulongpo District, Chongqing, China.	RMB 170,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
liquidation process)				
Hengyang Grand Ocean Commercial Development Limited	2009.08.03	No.121 of Jiefang Road, Yanfeng District, Hengyang City, Hunan Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Real Estate Lease, Property Management
Yichang Grand Ocean Commerce Limited	2010.09.19	No.56 of Yiling Avenue, Yichang City, Hubei Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Hefei Grand Ocean Classic Commercial Development Limited	2011.06.24	Tower C, No.189 of West Changjiang Road, Shushan District, Hefei City, Anhui Province, China	RMB 20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Shiyan Optics Valley Grand Ocean Commercial Limited	2017.07.18	Room 5-1, No.1 of Middle Chaoyang Road, Maojian District, Shiyan City	RMB 20,000	Department Store Retail, Commercial Investment, Internet sales, Management and Consulting, Commercial Complex Management Services, Housing Lease, Property Management
Shanghai Jingxuan Business Administration Limited	2017.11.24	Room 03, 27F, No.338 of West Nanjing Road, Huangpu District,Shanghai City	RMB 10,000	Enterprise Management, E-commerce
Fuzhou Jiaruixing Business Administration Limited	2017.11.14	Floor B1, Dongjiekou Underground Commercial Street, 88 Bayiqi North Road, South Street, Gulou District, Fuzhou	RMB 5,000	Department Store Retail, Non-Residential Real Estate Lease, Property Management, Merchandising and Consulting, Internet Sales
Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd	2018.09.20	Room L4F-28, No. 600 Moganshan Road, Putuo District, Shangha	RMB 50,000	Business management and consulting, non-residential real estate leasing, property management, commodity sales, Internet sales
Wuhan Grand Ocean Classic Commercial Development Co., Ltd Xunlimen Branch	2023.08.24	No. 1381 Jiefang Avenue, Jianghan District, Wuhan City, Hubei Province, China	-	Department Store Retail, Commercial Investment, Internet sales, Management and Consulting, Commercial Complex Management Services, Housing Lease, Property Management

(III) Personal Information of Directors, Supervisors and GMs of Each Associate

Company Name	Title	Name or Representative	Number of Shares	
			Shares	%
Grand Citi Limited	Director	Kuo Jen Hao	Non-shareholding system	100.00%
	Director	Ng Qing Hai		
	Director	Lee Seng Chay		
Grand Ocean Classic Commercial Group Co., Ltd	Chairman	Ng Qing Hai	Non-shareholding system	100.00%
	Director	Lee Seng Chay		
	Director	Zhang Jin Guo		
	Supervisor	Lu Fang		
	General manager	Ng Qing Hai		
Nanjing Grand Ocean Classic Commerce Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Fuzhou Grand Ocean Commerce Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Quanzhou Grand Ocean Commerce Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Wuhan Grand Ocean Classic Commercial Development Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Wuhan Hanyang Grand Ocean Classic Commercial Limited	Executive Director	Gan Fan	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Fuzhou Grand Ocean Classic Commerce Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Chongqing Optics Valley Grand Ocean Commercial Development Limited	Executive Director	Gan Fan	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Hengyang Grand Ocean Commercial Development Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	Executive Director	Tian Xin		
Yichang Grand Ocean Commerce Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Hefei Grand Ocean Classic Commercial Development Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		

Company Name	Title	Name or Representative	Number of Shares	
			Shares	%
Shiyan Optics Valley Grand Ocean Commercial Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Yuan Hanying		
Shanghai Jingxuan Business Administration Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Li Min Fang		
	General manager	Chuang Chow Shown		
Fuzhou Jiaruixing Business Administration Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Zhang Jing		
	General manager	Huang Jing Sheng		
Sandmartin International Holding Limited	Chairman and Independent Non-Executive Director	Kuo Jen Hao	17,678,902	3.59%
	Executive Director	Hong Cong Jin		
	Executive Director	Chen Wei Jun		
	Independent non-executive director	Lu Ming Xuan		
	Independent non-executive director	Chen Wei Hui		
	Independent non-executive director	Wu Jia Ming		

(IV) Operation Situations of Each Associate

Dec 31, 2023 ; Currency: NTD (thousand)

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operation Revenues	Operating Income (Loss)	Current Income or Loss	Earnings per Share (NTD)
Grand Citi Limited	4,091,360	8,205,837	16,692	8,189,142	0	(2,039)	(1,612,159)	(1.55) (Note1)
Grand Ocean Classic Commercial Group Co., Ltd	3,685,530	10,807,290	4,151,598	6,655,692	3,820,133	(204,726)	(1,637,535)	Not applicable
Nanjing Grand Ocean Classic Commerce Limited	216,796	4,614,478	2,751,435	1,863,043	801,996	(110,027)	(130,536)	Not applicable
Fuzhou Grand Ocean Commerce Limited	303,514	2,436,311	419,717	2,016,594	62,448	(61,239)	(729,692)	Not applicable
Quanzhou Grand Ocean Commerce Limited	86,718	1,598,217	1,482,766	115,451	31,238	(45,801)	(449,089)	Not applicable
Wuhan Grand Ocean Classic Commercial Development Limited	216,796	5,158,041	3,558,195	1,599,846	768,262	49,951	(736,304)	Not applicable
Wuhan Optics Valley Grand Ocean Commercial Development Limited	86,718	3,452,692	2,108,186	1,344,506	647,961	127,469	(316,004)	Not applicable
Wuhan Hanyang Grand Ocean Classic Commercial Limited	303,514	62,056	372,924	(310,868)	116,885	(34,034)	(123,128)	Not applicable
Fuzhou Grand Ocean Classic Commerce Limited	216,796	1,704,044	1,546,974	157,070	168,085	(96,971)	(112,112)	Not applicable
Chongqing Optics Valley Grand Ocean Commercial Development Limited	737,106	104,410	639,917	(535,507)	(702)	(55,382)	(68,268)	Not applicable
Hengyang Grand Ocean Commercial Development Limited	86,718	165,347	428,734	(263,387)	29,707	(78,431)	(101,654)	Not applicable
Yichang Grand Ocean Commerce Limited	86,718	2,095,307	1,842,104	253,203	474,667	256,923	161,944	Not applicable
Shanghai Jingxuan Business Administration Limited	43,359	34,004	0	34,004	0	(126)	(111)	Not applicable
Hefei Grand Ocean Classic Commercial Development Limited	86,718	1,600,631	1,394,885	205,746	288,132	96,499	43,168	Not applicable
Shiyan Optics Valley Grand Ocean Commercial Limited	86,718	161,077	372,387	(211,310)	61,246	(51,208)	(81,591)	Not applicable
Fuzhou Jiaruixing Business Administration Limited	21,680	360,675	579,271	(218,596)	55,245	(23,673)	(19,077)	Not applicable
Shanghai Grand Ocean 1,000 Trees Commercial Management Co., Ltd	216,796	5,296,474	5,644,343	(347,869)	413,146	(25,616)	(187,915)	Not applicable
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	4,336	26,517	(177)	26,694	3,030	(2,971)	(3,843)	Not applicable

Note 1: The Company owns 1,040,000,000 shares of Grand Citi Ltd., HK$1 per share.

II Last year, and as of the date of publication of Annual Report, treatment of the private placement of securities: None.

III Last year, and as of the date of publication of Annual Report, acquisition or disposal of the stocks of the Company by its subsidiaries: None.

IV Other Necessary Supplementary Descriptions

Due to the slight inconsistency between the Caiman Islands Act and the ROC Act, the "Check Sheet for the Protection of Shareholders Rights and Interests of Foreign Issuers" (hereinafter referred to as "PSR") amended by the Taiwan Stock Exchange on Jan 9, 2023 is not applicable to the Company. The following list explains the differences between the Articles of the Company and the protection matters of shareholders rights as stipulated by the Cayman Islands Act and the Articles of the Company, respectively.

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
If the shareholders continue to hold more than one year and hold more than 3% of the total	No relevant local competent authorities in the Cayman Islands are to be authorized to	According to the contents of TWSE Letter Shang No.0991701319 issued by the

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
number of issued shares, they may request the board of directors to convene a temporary meeting of shareholders; when the directors are not convened, the shareholders may report to the competent authority for permission to convene themselves.	coordinate the Shareholders Meeting.	Taiwan Stock Exchange Corporation on April 13, 2010, that there is not any reference or description of "shareholder must submit for ratification from competent authorities" regarding the convention of shareholders meeting by minority shareholders in Article 28 and 29, shareholders have to coordinate the meeting on their own when a notice is released that the Board will not coordinate the meeting thereof.
Shareholders who exercise their voting rights in writing or electronically are deemed to attend the Shareholders Meeting in person.	Whereas according to the Cayman Islands Act, written voting or electronic voting by a shareholder cannot be considered as attending in person. Therefore, attorneys of the Cayman Islands suggest that under this circumstance, it should be deemed to authorize the chairman of Shareholders Meeting to execute the voting right, whereas the authorization to the chairman of Shareholders Meeting is not subject to the limitation of where 3% of the representative rights cannot be exceeded.	Articles 55, 57, and 58 of the Articles of Incorporation: When the shareholders exercise their voting rights in writing or in electronics with the consent through the Board, they shall be deemed to have acted as the representative designated of the chairman of Shareholders Meeting, where the voting rights by the shares thereof shall be exercised based on the instructions indicated in the written or electronic files. Representative rights thereupon acquired by the chairman of Shareholders Meeting will not be subject to the limitation that the voting rights by representative should not exceed 3% of the voting rights by the total shares of the Company. The shareholders still have to appoint other persons to attend the Shareholders Meeting as his/her representative, which is deemed to revoke its appointment to the chairman of Shareholders Meeting as a representative thereof.
Regarding the regulations in "Regulations Governing the Use of Proxies for Attendance	The Cayman Islands Act does not require the relevant provisions of the power of	According to concepts in TWSE Letter Shang No.0991701319 issued by the

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
at Shareholder Meetings of Public Companies," for example, qualification of the power of attorney, number of shares by representative which are not restricted, method of solicitation, announcement of the solicitation, contents, and related restrictions, etc.	attorney and, based on the recommendations from the layers of Cayman Islands, considering the consistency, integrity and clarity of the Articles of Incorporation of the Company, 'Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' is to be conducted and applied. The regulations define the way in which the power of attorney will be used after listing in Taiwan in the future, and this amendment is not in violation of the Cayman Islands Act.	Taiwan Stock Exchange Corporation on April 13, 2010, Article 59 of the Articles of Incorporation supersedes the detailed provisions on the use of power of attorney in the protection of shareholders rights and interests in the general terms: "Under the prerequisite of the scope of the applicable laws, as well as in compliance with the provisions of the Articles of Incorporation and the Company Act, the designated representative of the shareholder will attend the Shareholders Meeting. Any relevant provision of the 'Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies' shall also be applicable. ."
Definition of "Special Resolution": Shareholders representing more than two-thirds of the total number of issued shares shall be present, and will have the special resolution ratified by at least half of the attending shareholders. If the total number of shares of the attending shareholders is less than the amount described in the preceding paragraph, the representatives must attend the meeting on behalf of the shareholders who own more than 50% of the total issued shares, and to ratify the special resolution through at least two-thirds of the voting rights by the attending shareholders.	The special resolution defined by the Cayman Islands Act is a resolution made by the shareholders who have voted "consent for at least two-thirds of the total number" of shareholders. Protection matters regarding the shareholder's rights stipulated as "more than two-thirds of the total number of issued shares of shareholders attendance, and at least half of the voting rights representing the attending shareholders are of consent" where only the part of "at least half of the voting rights representing the attending shareholders are of consent" in the preceding paragraph does not comply with the definition of special resolution due to the Cayman Islands Act.	According to concepts in TWSE Letter Shang No.0991701319 issued by the Taiwan Stock Exchange Corporation on April 13, 2010, as well as the comments from the attorneys of Cayman Islands, definition of the proportion of special resolution stipulated in Article 1 of the Articles of the Company is to be amended, and only to adopt the latter segment of descriptions "more than half of the shareholders attending, and a special resolution is to be ratified by at least two-thirds of the voting rights by the attending shareholders" from the special resolution listed in the protection matters of shareholder equity.

Night. Last year, and as of the date of publication of Annual Report, any material influence upon the shareholders equity or securities price defined in Article 36.3.2 in the Securities Exchange Act: None.

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