大洋

Excerpt of GRAND OCEAN RETAIL GROUP LIMITED

2024 Annual General Shareholder's Meeting Minutes

Date and Time：June 17, 2024 9:00 AM

Location：No. 231 Jiangou S. Rd, Sec 2, Taipei, Taiwan

Shares Presented or Represented：

Total shares issued：195,531,000 shares

Shares Presented or Represented：128,859,871 shares

Percentage of Shares Presented or Represented：65.9%

Chairman：Kuo Jen Hao   Secretary：Shiu Jin Yi

I. Chairman's Address: Omitted.

II. Report Items

(I) 2023 Business Report : Annex I.

(II) 2023 Audit Committee Annual Financial Statement : Annex II.

(III) Report of the Company accumulated deficit on reaching one-half of paid-capital.

III. Recognition Items

(I) 2023 Business Report and Consolidated Financial Statements

Description:

I. The board has passed the resolution of the 2023 consolidated financial statements, and authorizes the KPMG Taiwan accountants Zhang Shuying as well as Pan Jun Ming, to perform the audit, having been fulfilled. Consequently, the consolidated statements will be submitted to the audit committee along with the business report for further check, and the written check report is to be documented.

II. For the business report, please refer to Annex I; for the audit report, consolidated income statement, consolidated statement of changes in shareholders' equity, as well as consolidated statement of cash flows, please refer to Annex III.

III. Please be informed for recognition.

Resolution:

After voting, the total voting rights of the shareholders present in this case were 128,635,871, 123,384,503 in favor, accounting for 95.91% of the total voting rights (including 112,175,503 in electronic means); 351,822 in opposition (including 351,822 in electronic means) ; invalidity rights: 0; abstentions/non-voting rights: 4,899,546 rights (including electronic voting abstentions: 584,546 rights), and this case was recognized as the case.

(II) 2023 Loss Recovery Statement

Description:

I. Net loss after tax of the company in 2023 is NT$ 2,083,996,007, which is proposed offsetting of losses with special surplus reserve, statutory surplus reserves and capital reserves, . The Loss Recovery Statement is as follows:

GRAND OCEAN RETAIL GROUP LIMITED

2023 Loss Recovery Statement

Currency: NTD

Retained earnings at the beginning of the period	**0**
Deduction : Net loss after tax for the period	(2,083,996,007)
Addition : Reverse special surplus reserve	-
Deficit at the end of the7 period	**(2,083,996,007)**
Deferred items	
Offsetting losses with special surplus reserves	596,629,999
Offsetting losses with statutory surplus reserves	580,244,442
Offsetting losses with capital reserves	907,121,566
Retained earnings at the end of the period (Appropriated)	**0**

Chairman: GUO RENHAO Manager: HUANG QINGHAI Accounting Supervisor: LI CHAO

II. Please be informed for recognition.

Resolution:

After voting, the total voting rights of the shareholders present in this case were 128,635,871, 123,383,503 in favor, accounting for 95.91% of the total voting rights (including 112,174,503 in electronic means); 353,822 in opposition (including 353,822 in electronic means) ; invalidity rights: 0; abstentions/non-voting rights: 4,898,546 rights (including electronic voting abstentions: 583,546 rights), and this case was recognized as the case.

IV. Topic Discussions

(I) Amendment to Certain Articles of the "Procedural for Endorsements and Guarantees"

Description:

I. In compliance with considering practical operations for the company, a proposal is made here to amend the certain articles of "Procedural for Endorsements and Guarantees" of the company".

II. The reason for the revision is that due to the impact of the COVID-19 epidemic, the company has suffered continuous losses since 2020, which has a great impact on the company's consolidated net worth, resulting in the company's endorsement guarantee exceeding the limit. At present, the endorsements and guarantees of the company and its subsidiaries are used for financing from banks. This situation arises due to operational turnover and it is currently impossible to reduce this situation. Therefore, it is necessary and reasonable to modify the upper limit of the endorsement guarantee amount.

III. please refer to Annex IV for comparison table of the articles.

Resolution:

After voting, the total voting rights of the shareholders present in this case were 128,635,871, 123,021,436 in favor, accounting for 95.63% of the total voting rights (including 111,812,436 in electronic means); 715,889 in opposition (including 715,889 in electronic means) ; invalidity rights: 0; abstentions/non-voting rights: 4,898,546 rights (including electronic voting abstentions: 583,546 rights). The case was passed as per the case.

V. Other Proposals:

(I) Proposal to remove the non-compete restriction on elected directors

Description:

I. According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall in the Board as explain to the Shareholders Meeting the essential content of such an act and secure approval.

II. When directors of our Company serve in the management of, invest in, or operate other companies with business scopes identical or similar to that of our company, it is necessary to seek permission from the shareholders' meeting to lift the restriction on competition prohibition for our Company's directors and their representatives, in accordance with th law.Please be informed for discussion.

III. The explanation for the removal of the directors' concurrent positions is as follows：

Title	Company Name
Director：KUO,JEN HAO	Wiselink Co.,Ltd. Director

Resolution:

After voting, the total voting rights of the shareholders present in this case were 128,635,871, 123,343,940 in favor, accounting for 95.88% of the total voting rights (including 112,134,940 in electronic means); 374,365 in opposition (including 374,365 in electronic means) ; invalidity rights: 0; abstentions/non-voting rights: 4,917,566 rights (including electronic voting abstentions: 602,566 rights). The case was passed as per the case.

VI. A.O.B. Shareholders' questions and voice content and the company's reply:

Shareholders account numbers 19610、24409、15094 and 12770 jointly raise a question:

（1） Why can't Quanzhou Fengsheng Group get its money back?.

Company's Response: Real estate in China is not very good now, but the Quanzhou Municipal Government has intervened. The company is working with the Quanzhou Municipal Government to find a way to get the funds back, but it may be that after receiving the house, we will wait until the project is completed.

（2） 1000 Trees Store operation and second phase status? 1000 Trees Store are surrounded by the Suzhou River. When will the second phase be opened? There will be a Lily Bridge between the second phase and Shanghai Station. When will this bridge be built and bring in crowds? 1000 Trees Store is still losing money. When will it start breaking even or making a profit? There are four historical buildings in the first phase of 1000 Trees Store. Will they be handed over to Grand Ocean for operation or will they be operated by the owners of 1000 Trees Store themselves?

Company's Response: The second phase of 1000 Trees Store has reached a cooperation intention with the owner Tianan. The second phase will make up for the shortcomings of the first phase. The second phase has a cinema and large shops, which is suitable for anchor stores. The parking lot of the second phase combined with the first phase will be more beneficial to the operation of the first phase. Advantageously, the second phase has hundreds of thousands of square meters of office buildings and a super five-star hotel, which brings its own daily passenger flow and consumption, and they are high-end customers. I believe that the second phase of 1000 Trees Store will have great support for the first phase after it is put into use. After three years of testing, 1000 Trees Store Phase I has gradually grasped the market context and strengthened children's facilities. The recently opened escape room has received very good response. There are also fitness, children's dance, children's training, sports, urban pulleys, etc. to meet the needs, so 1000 Trees Store is worth looking forward to at the moment.

The second phase of 1000 Trees Store is planned to be delivered to Grand Ocean by the end of 2025 and in the first half of 2026. Dayang is already preparing for investment promotion, and the progress is relatively satisfactory. The Lily Bridge government has publicized approval and exploration, and believes it can be completed in 2025. This bridge is a pedestrian bridge. A large number of residents on the north bank can walk from the opposite bank to 1000 Trees Store on the south bank, shortening the distance. 1000 Trees Store is currently negotiating with world-famous bookstores. I believe there will be some results soon to make up for the shortcomings of the original business format. Among the four historical buildings currently being discussed with the owners, one is in the lobby of a five-star hotel and is jointly operated by Grand Ocean and Tianan. The two parties also have a certain consensus on the business formats of the other three buildings. Grand Ocean will attract investment by then, and they will include high-end restaurants, art galleries, etc. , there have been certain preparations, but the agreement has not yet been signed.

（3） Nanguo Center Outlook?

Company's Response: Grand Ocean Center is a powerful alliance with China Power Construction Group, which ranks 100 among the world's top 500 companies, due to cultural recognition and complementary advantages of both parties. Nanguo Center is located in the core business district of Wuhan. Now the investment is relatively smooth. We will take over on September 1, 2023 , has been pre-opened and plans to officially open before the fourth quarter of this year. It has cinemas, Hema supermarkets, bars, fitness, children's projects, gold jewelry, sports, etc. It has a very positive impact on the market, and the government also provides special support. Nanguo center's outlook is very optimistic about this project, because the conditions offered at that time were relatively low, which was favorable to Grand Ocean, and they were all well-decorated. I believe it is Grand Ocean 's hope for the future.

（4） Yichang CBD Outlook?

Company's Response: The first phase of Yichang CBD is the most popular department store in Yichang in cooperation with

Grand Ocean. The third phase of CBD has the same owner. The owner has a special liking for Grand Ocean. The formal agreement has not yet been signed, but the intention is there. Once signed, it will be reported to shareholders in a timely manner. As for the specific details, the negotiations between the two parties were relatively smooth in all aspects.

（5） A loss of RMB 700 million was made on real estate. Is there any asset revaluation? Assets will be depleted in 20 years, which feels unreasonable?

Company's Response: This is a loss based on accounting standards because the post-epidemic recovery is not as good as expected. Although the properties were bought a long time ago, these properties have some problems. For example, the small owners on the 1st to 3rd floors of Fuzhou Store will actually affect the value. More importantly, the recovery after the epidemic is not as expected, which is also very important. The reason is that the economic situation in mainland China is indeed not very good now.

（6） Have the following measures been taken into account when operating unfavorably? Selling the entire company? Introducing strategic investors? Selling owned assets? Does Tianan Group have any intention on the above three points?

Company's Response: We will work hard in the best direction for the company, but we can't answer these points now because we are doing a lot of evaluations and trying to find ways to solve the current difficulties we are encountering.

（7） Are you willing to revalue your assets? Is it possible that the net value will reach a price above 60 yuan after revaluation?

Company's Response: Asset revaluation is restricted by laws and regulations. There are some problems with our properties. If we don’t hold 101 or a super powerful place, it is unlikely to reach NT 60 .

（8） The performance of department stores is gradually declining. Is there a strategy to revive the decline? What are the future prospects? How long will it take to turn losses into profits?

Company's Response: Retail is going through a very difficult period in China right now, and the stock price reflects the actual situation. We are working hard in e-commerce and expanding against the trend. We have implemented many strategies, hoping to turn losses into profits. Many things depend on the general environment. We are all prepared, and when the environment changes, we can turn losses into profits.

（9） Should we just stop expanding? Because we are losing so much money now, will Dayang's finances be in bad shape? Will it be worse if we still borrow money to build projects like Yichang CBD and 1000 trees Phase II?

Company's Response: The stronger the place, the more we need to expand. Yichang is where we are strong. Even in the most difficult times, Yichang made money; 1000 trees Phase II is an overall consideration. What we talked about with Tianan at the beginning was to do it as a whole, not that today Don't do anything when you see the economic situation is not good. Grand Ocean's cash flow is still healthy. Last year, we had a net cash inflow of more than RMB 280 million. We welcome the concerns of shareholders and will handle them with caution.

（10） The Nanjing store has just signed a ten-year contract. Is it possible for the sign ed price to break even in the next one or two years? UR occupies half of Dayang's stores. Doesn't it look like a department store?

Company's Response: After the Nanjing store signed the new contract, it made substantial adjustments, especially the introduction of the UR flagship store. This store ranks among the top three in China among the UR Group. The Nanjing store also experienced growth this year because we adjusted the Nanjing store. The change has achieved results, and now this store can make money.

UR occupies a certain part of the facade, and we are designing a transformation that matches the UR for the other facade.

（11） The lease of Wuhan Zhongshan store and Wuhan Optics Valley store and Wuhan Zhongshan store about to expire. What is the renewal price?

Company's Response: The contract has not been signed yet, but the conditions for renewing the contract at Wuhan Zhongshan Store are quite favorable and both parties have reached a considerable consensus, but the details cannot be announced yet.

（12） The listed company Grand Ocean may have the lowest stock price and the most serious losses. When will it make a profit?

Company's Response: How does Grand Ocean's operation increase performance? For disadvantaged stores, the Quanzhou store now has a occupancy rate of more than 90%, and the Fuzhou store has 600 square meters of empty stores. The underground street and underground passages have been opened, so the investment is now quite positive. The Shiyan store's performance this year is Compared with last year's growth, the most difficult thing now is the Hengyang store. There is a well-known electrical appliance company in the Hengyang store now, and it needs a large area to operate. The second point is about the strong stores, Yichang store, Hefei store, Guanggu store, Nanjing Xinjiekou store, and Nanjing Jiangbei store. These stores have adopted various methods to transform department stores into shopping centers. China’s economy has been hit this time by retail, catering and experience are not affected or even better. Previously, Grand Ocean used to account for 70% of retail sales, and now it has gradually adjusted retail sales to 30%~40%. Most of them are these experience types. This is a certain degree of adjustment to the business format. We should be cautiously optimistic about the future prospects.

（13） Adjustments to Fuzhou Grand Ocean Classic Store?

Company's Response: The store is currently the biggest challenge for the group. Fuzhou is only suitable for one luxury store, but now there are two, and Vientiane City is bigger than us. We have signed a contract with Huawei for a flagship store on the first and second floors, selling various Huawei products, plus Huawei's latest cars, this influence is increasing day by day, and there will be new stores staggered to Vientiane City, and there will also be a movie theater. , the second store in The store has brought very considerable returns to the group in the three years of the epidemic. Now it is encountering difficulties. The management has proposed a plan to turn losses into profits by 2026, including the modification of its fifth-floor KTV, the gym The introduction, especially the cinema, has been approved by the government and is being renovated.

VII. Adjournment: 10:02 am on June 17, 2024.

(The minutes of this regular meeting of shareholders only state the gist of the meeting. The content of the meeting is still subject to the audio and video records of the meeting.)

2023 Business Report

Ladies and Gentlemen:

Thanks for everyone for your kindly support as well as encouragement to Grand Ocean Retail Group Limited for such a long time as always. We are honored to be on behalf of the whole operating team to present the operational results and development in 2023 as well as operational strategies in 2024

1、 2023 Operational Results:

Annual consolidated operating revenues of the group in 2023 was NT$ 3,820,133 thousand, which grew by a decrease of 7.95% than NT$ 4,150,142 thousand in 2022; net loss after tax in 2023 was NT$ (2,083,997) thousand, which grew by a decrease of 150.23% than NT$ (832,847) thousand in 2022; Loss per share in 2023 was NT$10.66.

2、 2023 Operational Development:

Although the domestic epidemic containment policy was relaxed in early 2023, the impact of the epidemic has not yet ended. Domestic trade and investment fell, financial markets were turbulent, fiscal policies were expanded but had little effect, residents' wealth evaporated, recovery momentum was lacking, and the highly anticipated "retaliatory consumption" failed to materialize as expected. Since April 2022, China's consumer confidence index has declined, falling 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. Judging from the data released by the People's Bank of China, broad money M2 is nearly 300 trillion yuan, a year-on-year increase of 10%, while the CPI and PPI growth rates are both very low, which further illustrates that residents' effective demand is insufficient and will take some time to repair. Under the challenges of such a complex and ever-changing external environment, Dayang's overall performance failed to reach the expected level, but during this difficult period, we still achieved some achievements and progress.

（1） Steady advancement of the strategy of rebuilding an Dayang

Dayang joined hands with Power Construction Corporation of China, a giant state-owned enterprise, to sign a strategic cooperation agreement. This move not only represents the firm confidence of both parties in future cooperation, but also symbolizes the deep integration of the two enterprise groups in terms of cultural identity and strategic goals, opening a new chapter of powerful alliance. Through this strategic cooperation, the group will be able to leverage PowerChina's strong strength and rich resources in the real estate field to further expand its business scope and market influence.

In terms of physical investment, the "Rebuild Dayang " strategy has taken another important step. On September 1, 2023, Dayang took over the shopping mall at No. 1381 Jiefang Avenue, Wuhan City, from Nanguo Real Estate Company of Electric Power Construction Group, and established a shopping mall- Dayang Center. . The property has a superior geographical location and convenient transportation. It is one of the core commercial areas of Wuhan City. It is currently in trial operation and is scheduled to officially open on April 26, 2024. Grand Ocean obtained very favorable conditions in this transaction, including a long rent-free period and highly competitive rental terms, which undoubtedly provided stable physical space and financial advantages for Dayang 's long-term development and further enhanced Dayang 's Brand influence and market competitiveness in Wuhan.

Dayang 's countercyclical investment strategy has once again proved its forward-looking and scientific nature. Against the background of the complex and ever-changing global economic situation, Dayang dares to swim against the current and seize opportunities to invest during market downturns. This counter-cyclical investment philosophy enables Dayang to quickly take the lead when the market picks up and realize asset appreciation. and business expansion.

（2） Adjust and upgrade to lead the fashion trend

Dayang Nanjing Xinjiekou store, as the group's flagship store, suffered heavy losses during the epidemic. In 2023, after careful adjustments and reforms, it 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 people-friendly price positioning, the UR brand perfectly adapts to the current economic environment and meets the needs of consumers for cost-effective products. This move not only promoted consumption, but also became a useful exploration for Dayang in introducing anchor stores, providing valuable experience and reference for future business development. In addition, as the small dining area on the first floor gradually regains its former prosperity, attracting the attention and footsteps of many consumers, the shops on the 1st to 5th floors are also becoming increasingly enriched, forming a rich and diverse shopping environment. The catering and experiential formats on the 6th to 8th floors are basically full. The layout of the formats is reasonable and full of vitality, forming a scientific combination of retail and experiential formats. Through these strategic adjustments and upgrades, the Nanjing Xinjiekou store has not only been reborn in terms of physical space, but has also taken solid steps in business concepts and business strategies, demonstrating strong market competitiveness and brand appeal.

After comprehensive and in-depth market research, we have mastered the needs and preferences of local consumers. Based on these valuable data and insights, we have scientifically adjusted and upgraded the brand portfolio of each store. Currently, the main stores in Dayang have basically eliminated empty stores. , consumers' shopping experience has been greatly improved.

（3） Mini program mall upgrade to realize online and offline data monitoring and points sharing

Dayang's digital transformation has taken another step forward. On July 1, 2023, Dayang's latest WeChat mini program mall was upgraded and launched, realizing data collection and real-time monitoring of all online and offline stores. We can optimize marketing strategies by analyzing consumer behavior , improve service quality. 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. This full-pipeline connection has undoubtedly strengthened our interaction with customers and laid a solid foundation for the launch of more intelligent services in the future.

With the continuous upgrading and improvement of the Mini Program Mall, we look forward to bringing more innovative digital services to every customer in the near future, and promoting the entire ocean to develop into a more efficient and smarter future.

（4） Local life pipeline performance exceeds expectations

On the Douyin and Meituan-Dianping platforms, the sales of Dayang 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.

In addition, cooperation with live broadcast platforms brings additional advantages. In this way, stores can enjoy preferential policies such as platform replenishment, which not only reduces marketing costs, but also provides consumers with more attractive offers, thereby stimulating consumers' desire to purchase and increasing conversion rates. This practice not only achieved breakthroughs in performance, but also played an important role in brand exposure, enhanced customer stickiness, and increased store traffic.

3、 2024 Operational Strategies:

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 cross-department collaboration, and jointly promote enterprise innovation and progress.

（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.

（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） 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.

In order to achieve this goal, we will clarify the responsibilities and requirements of each link, as well as the time limit for completing the task. For example, set clear goals in the investment process—general brands complete the review process within 7 days, and large brands complete the entire process within 14 days. We push ourselves forward to ensure rapid response to market changes.

（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.

4、 Prospect

Although the growth of the retail business is currently facing difficulties, we still firmly believe that this difficulty is temporary for the following reasons:

（1）Domestic consumption potential is huge：

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. Factors such as shrinking demand, unstable income expectations, and a tightening employment environment have led people to be more willing to deposit funds in banks rather than use them for consumption. In recent years, this cautious consumption mentality has indeed inhibited the development of the consumer market to a certain extent. However, this also brings huge potential for the future consumer market. Once residents' confidence returns and expectations become optimistic, these high savings are likely to be transformed into strong consumption momentum. This transformation may significantly boost the consumer market and promote economic growth in a very short period of time.

（2）Domestic consumers are still resilient：

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 recession environment, minimalist consumption with less but more refined products has become the unanimous consensus of the new generation of consumers. The "2023 Urban and Rural Consumption Satisfaction Survey Report" released by Minsheng Think Tank shows that the current consumption concepts of residents are focused on focusing on quality and buying less and buying better. Domestic products with superior quality are ushering in the spring. Under the emphasis on practicality, domestic brands with high quality and low price have received more attention than before. For example, in today's running shoe market, domestic traditional local brands such as Anta, Li Ning, and Xtep have attracted a large number of loyal fans through the construction of a running shoe matrix. According to the "2023 Shanghai Marathon Big Data Report", the running shoes worn by top players rate, Chinese brands account for nearly 50%, far exceeding American, European, Japanese and other brands. During Dayang's anniversary, we also found that Bosideng's sales increased the fastest month-on-month, and well-known domestic brands such as Li Ning, Anta, and FILA also experienced month-on-month growth of 50% or more, and the growth rate far exceeded that of many international brands. This has great implications for our future operations.

（3）China’s Central Economic Work Conference：

The general tone of seeking progress while maintaining stability in 2024 has been determined, as well as work requirements such as promoting stability, establishing first and breaking new ground. Focusing on promoting high-quality development, we will focus on expanding domestic demand, especially stimulating consumption potential and promoting the continued expansion of consumption. The key focus and key tasks of economic work next year. These policies will gradually stabilize the job market and continuously improve residents' expectations, thereby stimulating consumption enthusiasm.

Therefore, in the current trough period of the industry, we must return to the essence of retail. By improving product power, improving supply chain organization efficiency, and strengthening operational organizations with customers and members as the center, Dayang can survive the protracted economic stagnation period and usher in a new era. development of.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman: GUO JEN HAO

Manager: HUANG QING HAI

Accounting Supervisor: LI CHAO

Audit Committee Audit Reports

The board has prepared the 2023 business report and consolidated financial statements, wherein the latter ones have been authorized to the KPMG Taiwan accountants Zhang Shu Ying as well as Pan Jun Ming and accomplished; the audit reports are issued here. Business report, consolidated financial statements and loss make-up proposal 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 LIMITED

2024 Shareholders Meeting

Grand Ocean Retail Group Ltd.
G.O.R.G.
Cayman Island

GRAND OCEAN RETAIL GROUP LIMITED

Audit Committee Coordinator: SHER CHING YEE

Mar 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.

   Description of key audit matter:

   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.

   How the matter was addressed in our audit

   We casted professional doubt on the model that the Group's management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units ("CGU") which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed 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)

		December 31, 2023		December 31, 2022 (revised)		January 1, 2022 (revised)	
	Liabilities and Equity	Amount	%	Amount	%	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(12), 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(12) 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.

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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.

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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.

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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.

Comparison Chart of the "Procedural for Endorsements and Guarantees" of Incorporation of Grand Ocean Retail Group Limited

Amended Article	Original Article	Explanation
Article 3 Limits on Endorsements and Guarantees I. The total amount of endorsements and guarantees made by the Company shall not exceed 300% of the net worth as stated in the Company's latest financial statements. II. The total amount of the endorsements and guarantees made to a single enterprise by the Company shall not exceed 300% of the net worth as stated in the Company's latest financial statements. III. The total amount of endorsements and guarantees made by the Company and its subsidiaries as a whole shall not exceed 1000% of the net worth as stated in the Company's latest financial statements. IV. The total amount of the endorsements and guarantees made to a single enterprise by the Company and its subsidiaries as a whole shall not exceed 1000% of the net worth as stated in the Company's latest financial statements. For the subjects under Article 2, Paragraph 1, Subparagraph 1, the aggregate endorsement and guarantee amount is subject to the aforementioned limit, and the endorsement and guarantee amount for any single entity shall not exceed the total business amount between the parties in the most recent year. The	Article 3 Limits on Endorsements and Guarantees I. The total amount of endorsements and guarantees made by the Company shall not exceed 50% of the net worth as stated in the Company's latest financial statements. II. The total amount of the endorsements and guarantees made to a single enterprise by the Company shall not exceed 50% of the net worth as stated in the Company's latest financial statements. III. The total amount of endorsements and guarantees made by the Company and its subsidiaries as a whole shall not exceed 50% of the net worth as stated in the Company's latest financial statements. IV. The total amount of the endorsements and guarantees made to a single enterprise by the Company and its subsidiaries as a whole shall not exceed 50% of the net worth as stated in the Company's latest	Adjustments to the limit on the maximum amount shall be made in accordance with practical operations.

Amended Article	Original Article	Explanation
total business amount between the parties refers to the higher of total purchases, sales, or services provided.	financial statements. For the subjects under Article 2, Paragraph 1, Subparagraph 1, the aggregate endorsement and guarantee amount is subject to the aforementioned limit, and the endorsement and guarantee amount for any single entity shall not exceed the total business amount between the parties. The total business amount between the parties refers to the higher of total purchases, sales, or services provided.	