

**GRAND OCEAN RETAIL GROUP LTD.
AND RELATIONAL SUBSIDIARIES**

Consolidated Financial Statements

With Independent Auditors' Review Report

**For the Three Months Ended March 31,
2025 and 2024**

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

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Independent Auditors' Review Report

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

Introduction

We have audited the consolidated financial statements of the Grand Ocean Retail Group Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of March 31, 2025 and 2024, the consolidated statements of comprehensive income for the three months ended March 31, 2025 and 2024, as well as the changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

Some of the non-major subsidiaries included in the consolidated financial statements above are based on the financial statements of the investee companies that have not been reviewed by accountants during the same period. As of March 31, 2025 and 2024, the total assets were NT\$308,055 thousand and NT\$365,812 thousand, respectively, constituting 1.30% and 1.49% of the total consolidated assets, the total liabilities were NT\$312,739 thousand and NT\$342,578 thousand, respectively, constituting 1.64% and 1.77% of the total consolidated liabilities, the comprehensive profit and loss was NT\$636 thousand and NT\$(3,427) thousand, constituting (0.54%) and (5.49%) of the consolidated comprehensive profit and loss for the three months ended March 31, 2025 and 2024, respectively.

Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-major subsidiaries and the equity-method investees as described in the Basis for Qualified Conclusion paragraph above been reviewed, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance for the three months ended March 31, 2025 and 2024, as well as its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 14, 2025

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Current assets:						
1100 Cash and cash equivalents (Note 6(1))	\$ 474,868	2	831,362	3	835,997	3
1110 Financial assets measured at fair value through profit or loss – current (Note 6(2))	12,177	-	12,667	-	12,394	-
1170 Accounts receivable of net amount (Note 6(3))	127,599	1	164,486	1	145,635	1
1200 Other receivables (Note 6(3))	47,537	-	35,245	-	41,439	-
1300 Inventories – merchandising business	165,469	1	164,513	1	173,392	1
1410 Pre-payments (Note 7)	263,515	1	255,772	1	237,875	1
1476 Other financial assets – current (Note 6(7), 8 and 9)	555,432	2	573,303	2	499,018	2
	<u>1,646,597</u>	<u>7</u>	<u>2,037,348</u>	<u>8</u>	<u>1,945,750</u>	<u>8</u>
Non-current assets:						
1600 Property, plants and equipment (Note 6(4) and 8)	5,225,295	22	5,255,621	22	5,466,909	22
1755 Right-of-use asset (Note 6(5), 7 and 8)	11,632,682	49	11,736,960	48	11,653,999	48
1780 Intangible assets (Note 6(6))	1,696,556	7	1,673,410	7	1,653,884	7
1840 Deferred tax assets (Note 6(13))	2,812,095	12	2,827,639	12	2,813,243	11
1980 Other financial assets – non-current (Note 6(7), 7 and 8)	494,216	2	485,908	2	759,301	3
1990 Other non-current assets (Note 6(3), (14) and 7)	200,444	1	198,542	1	202,749	1
	<u>22,061,288</u>	<u>93</u>	<u>22,178,080</u>	<u>92</u>	<u>22,550,085</u>	<u>92</u>
Total assets	<u>\$ 23,707,885</u>	<u>100</u>	<u>24,215,428</u>	<u>100</u>	<u>24,495,835</u>	<u>100</u>

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Liabilities and equity						
Current liabilities:						
2100	\$ 2,499,861	11	2,539,845	10	2,408,746	10
2171	932,604	4	1,058,720	4	1,003,781	4
2219	1,220,261	5	1,385,111	6	1,315,433	5
2230	43,910	-	54,223	-	46,782	-
2280	909,256	4	822,209	3	913,661	4
2322	802,417	3	791,943	3	429,572	2
2399	12,199	-	10,571	-	10,451	-
	<u>6,420,508</u>	<u>27</u>	<u>6,662,622</u>	<u>26</u>	<u>6,128,426</u>	<u>25</u>
Non-current Liabilities:						
2541	39,846	-	39,342	-	794,862	3
2570	2,242,837	9	2,272,332	10	2,241,647	9
2580	9,753,728	42	9,864,050	42	9,602,751	40
2645	582,387	2	590,775	2	592,967	2
	<u>12,618,798</u>	<u>53</u>	<u>12,766,499</u>	<u>54</u>	<u>13,232,227</u>	<u>54</u>
	<u>19,039,306</u>	<u>80</u>	<u>19,429,121</u>	<u>80</u>	<u>19,360,653</u>	<u>79</u>
Total liabilities:						
Equity of owner of parent company (Note 6(14)):						
3100	1,955,310	8	1,955,310	8	1,955,310	8
3200	4,168,363	18	4,168,363	17	5,075,485	21
3310	-	-	-	-	580,244	2
3320	-	-	-	-	596,630	2
3350	(696,152)	(3)	(511,891)	(2)	(2,218,558)	(9)
3400	(758,942)	(3)	(825,475)	(3)	(853,929)	(3)
	<u>4,668,579</u>	<u>20</u>	<u>4,786,307</u>	<u>20</u>	<u>5,135,182</u>	<u>21</u>
Total equity	<u>4,668,579</u>	<u>20</u>	<u>4,786,307</u>	<u>20</u>	<u>5,135,182</u>	<u>21</u>
Total liabilities and equity	<u>\$ 23,707,885</u>	<u>100</u>	<u>24,215,428</u>	<u>100</u>	<u>24,495,835</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of Chinese Yuan Renminbi)

	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
Assets						
Current assets:						
1100	\$ 102,656	2	182,283	3	185,414	3
1110	2,632	-	2,777	-	2,749	-
1170	27,584	1	36,065	1	32,300	1
1200	10,276	-	7,728	-	9,191	-
1300	35,771	1	36,071	1	38,456	1
1410	56,966	1	56,080	1	52,758	1
1476	120,072	2	125,702	2	110,676	2
	<u>355,957</u>	<u>7</u>	<u>446,706</u>	<u>8</u>	<u>431,544</u>	<u>8</u>
Non-current assets:						
1600	1,129,595	22	1,152,341	22	1,212,495	22
1755	2,514,733	49	2,573,432	48	2,584,718	48
1780	366,759	7	366,910	7	366,812	7
1840	607,914	12	619,985	12	623,944	11
1980	106,839	2	106,539	2	168,404	3
1990	43,331	1	43,531	1	44,967	1
	<u>4,769,171</u>	<u>93</u>	<u>4,862,738</u>	<u>92</u>	<u>5,001,340</u>	<u>92</u>
Total assets	\$ 5,125,128	100	5,309,444	100	5,432,884	100

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of Chinese Yuan Renminbi)

		March 31,		December 31,		March 31,	
		2025		2024		2024	
		Amount	%	Amount	%	Amount	%
Liabilities and equity							
Current liabilities:							
2100	Short-term loans	\$ 540,416	11	556,883	10	534,231	10
2171	Accounts payable	201,609	4	232,134	4	222,626	4
2219	Other payables	263,794	5	303,699	6	291,747	5
2230	Current tax liabilities	9,492	-	11,889	-	10,376	-
2280	Current lease liabilities	196,561	4	180,276	3	202,639	4
2322	Current portion of long-term borrowings	173,465	3	173,640	3	95,274	2
2399	Other current liabilities	2,637	-	2,318	-	2,318	-
		<u>1,387,974</u>	<u>27</u>	<u>1,460,839</u>	<u>26</u>	<u>1,359,211</u>	<u>25</u>
Non-current liabilities:							
2541	Long-term loans of bank	8,614	-	8,626	-	176,291	3
2570	Deferred tax liabilities	484,853	10	498,229	10	497,171	9
2580	Non-current lease liabilities	2,108,544	41	2,162,780	42	2,129,776	40
2645	Deposit received	125,900	2	129,533	2	131,513	2
		<u>2,727,911</u>	<u>53</u>	<u>2,799,168</u>	<u>54</u>	<u>2,934,751</u>	<u>54</u>
Total liabilities:		<u>4,115,885</u>	<u>80</u>	<u>4,260,007</u>	<u>80</u>	<u>4,293,962</u>	<u>79</u>
Equity of owner of parent company:							
3100	Share capital	492,105	10	492,105	9	492,105	9
3200	Capital surplus	728,494	14	728,494	14	1,020,044	19
3310	Legal reserve	-	-	-	-	121,053	2
3320	Special reserve	-	-	-	-	129,560	2
3350	Unappropriated retained earnings	(156,203)	(3)	(115,305)	(2)	(572,566)	(10)
3400	Other equity	(55,153)	(1)	(55,857)	(1)	(51,274)	(1)
Total equity		<u>1,009,243</u>	<u>20</u>	<u>1,049,437</u>	<u>20</u>	<u>1,138,922</u>	<u>21</u>
Total liabilities and equity		<u>\$ 5,125,128</u>	<u>100</u>	<u>5,309,444</u>	<u>100</u>	<u>5,432,884</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Income Statement
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues (Note 6(16))	\$ 796,329	100	910,982	100
5000	Operating costs	127,667	16	151,954	17
	Gross profit	668,662	84	759,028	83
6000	Operating expenses (Note 6(4), (5), (6), (11), (12), 7 and 9)	698,992	88	720,340	79
6450	Expected credit loss (gain on reversal) (Note 6(3))	12,758	2	(364)	-
	Operating (loss) gain	(43,088)	(6)	39,052	4
	Non-operating income and expenses:				
7100	Total interest income (Note 6(18))	7,357	1	8,425	1
7010	Other revenues (Note 6(18))	74	-	388	-
7020	Other gains and losses (Note 6(4) and (18))	13,962	2	14,856	2
7050	Financial costs (Note 6(11), (18) and 7)	(151,825)	(19)	(176,181)	(19)
		(130,432)	(16)	(152,512)	(16)
7900	Earnings before tax	(173,520)	(22)	(113,460)	(12)
7950	Deduction: income tax expenses (Note 6(13))	10,741	1	21,102	2
	Current net loss	(184,261)	(23)	(134,562)	(14)
8300	Other comprehensive income:				
8360	Items that may be re-classified subsequently to profit or loss (Note 6(14))				
8361	Exchange difference on translation of foreign operations	66,533	8	196,943	22
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	66,533	8	196,943	22
8300	Other comprehensive income (loss)	66,533	8	196,943	22
	Comprehensive income	\$ (117,728)	(15)	62,381	8
	Net loss, attributable to:				
8610	Owners of parent	\$ (184,261)	(23)	(134,562)	(14)
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (117,728)	(15)	62,381	8
	Earnings (loss) per share (Note 6(15))				
9750	Basic earnings (loss) per share (NT dollars)	\$ (0.94)		(0.69)	

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Income Statement
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of Chinese Yuan Renminbi, Except for Earnings Per Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenues	\$ 176,753	100	205,832	100
5000	Operating costs	28,337	16	34,333	17
	Gross profit	148,416	84	171,499	83
6000	Operating expenses	155,148	88	162,757	79
6450	Expected credit loss (gain on reversal)	2,832	2	(82)	-
		157,980	90	162,675	79
	Operating (loss) gain	(9,564)	(6)	8,824	4
	Non-operating income and expenses:				
7100	Total interest income	1,633	1	1,904	1
7010	Other revenues	17	-	88	-
7020	Other gains and losses	3,099	2	3,356	2
7050	Financial costs	(33,699)	(19)	(39,807)	(19)
		(28,950)	(16)	(34,459)	(16)
7900	Earnings before tax	(38,514)	(22)	(25,635)	(12)
7950	Deduction: income tax expenses	2,384	1	4,768	2
	Current net loss	(40,898)	(23)	(30,403)	(14)
8300	Other comprehensive income:				
8360	Items that may be re-classified subsequently to profit or loss				
8361	Exchange difference on translation of foreign operations	704	-	(622)	-
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	704	-	(622)	-
8300	Other comprehensive income (loss)	704	-	(622)	-
	Comprehensive income	<u>\$ (40,194)</u>	<u>(23)</u>	<u>(31,025)</u>	<u>(14)</u>
	Net loss, attributable to:				
8610	Owners of parent	<u>\$ (40,898)</u>	<u>(23)</u>	<u>(30,403)</u>	<u>(14)</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	<u>\$ (40,194)</u>	<u>(23)</u>	<u>(31,025)</u>	<u>(14)</u>
	Earnings (loss) per share				
9750	Basic earnings (loss) per share (RMB)	<u>\$ (0.20)</u>		<u>(0.16)</u>	

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Owner's equity								
	Share capital	Capital surplus	Legal reserve	Retained earnings			Other equity Exchange differences on translation of foreign operations	Attributed to parent company total equity	Total equity
				Special reserve	Unappropriated retained earnings	Sum			
Balance at January 1, 2024	\$ 1,955,310	5,075,485	580,244	596,630	(2,083,996)	(907,122)	(1,050,872)	5,072,801	5,072,801
Current net loss	-	-	-	-	(134,562)	(134,562)	-	(134,562)	(134,562)
Current other comprehensive income	-	-	-	-	-	-	196,943	196,943	196,943
Current total comprehensive income	-	-	-	-	(134,562)	(134,562)	196,943	62,381	62,381
Balance at March 31, 2024	\$ 1,955,310	5,075,485	580,244	596,630	(2,218,558)	(1,041,684)	(853,929)	5,135,182	5,135,182
Balance at January 1, 2025	\$ 1,955,310	4,168,363	-	-	(511,891)	(511,891)	(825,475)	4,786,307	4,786,307
Current net loss	-	-	-	-	(184,261)	(184,261)	-	(184,261)	(184,261)
Current other comprehensive income	-	-	-	-	-	-	66,533	66,533	66,533
Current total comprehensive income	-	-	-	-	(184,261)	(184,261)	66,533	(117,728)	(117,728)
Balance at March 31, 2025	\$ 1,955,310	4,168,363	-	-	(696,152)	(696,152)	(758,942)	4,668,579	4,668,579

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of Chinese Yuan Renminbi)

	Owner's equity						Other equity		Total equity
	Share capital	Capital surplus	Retained earnings			Sum	Exchange differences on translation of foreign operations	Attributed to parent company total equity	
			Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2024	\$ 492,105	1,020,044	121,053	129,560	(542,163)	(291,550)	(50,652)	1,169,947	1,169,947
Current net loss	-	-	-	-	(30,403)	(30,403)	-	(30,403)	(30,403)
Current other comprehensive income	-	-	-	-	-	-	(622)	(622)	(622)
Current total comprehensive income	-	-	-	-	(30,403)	(30,403)	(622)	(31,025)	(31,025)
Balance at March 31, 2024	\$ 492,105	1,020,044	121,053	129,560	(572,566)	(321,953)	(51,274)	1,138,922	1,138,922
Balance at January 1, 2025	\$ 492,105	728,494	-	-	(115,305)	(115,305)	(55,857)	1,049,437	1,049,437
Current net loss	-	-	-	-	(40,898)	(40,898)	-	(40,898)	(40,898)
Current other comprehensive income	-	-	-	-	-	-	704	704	704
Current total comprehensive income	-	-	-	-	(40,898)	(40,898)	704	(40,194)	(40,194)
Balance at March 31, 2025	\$ 492,105	728,494	-	-	(156,203)	(156,203)	(55,153)	1,009,243	1,009,243

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows
For the three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31	
	2025	2024
Cash flows from operating activities		
(Loss) profit before tax	\$ (173,520)	(113,460)
Adjusting events:		
Income and expenses		
Depreciation expense	369,740	391,657
Amortization expense	576	577
Expected credit loss (gain on reversal)	12,758	(364)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	646	(1,719)
Interest expense	151,825	176,181
Interest income	(7,357)	(8,425)
Loss (gain) on disposal of property, plant and equipment	222	(74)
Total adjustments to reconcile profit (loss)	528,410	557,833
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	-	1,505
Accounts receivable	25,451	52,919
Other receivables	(8,759)	2,533
Inventories	1,352	(5,776)
Prepayments	(3,994)	24,948
Sum of net variance of assets concern operating activities	14,050	76,129
Changes in operating liabilities:		
Accounts payable	(137,525)	(306,258)
Other payables	(175,772)	(83,292)
Other current liabilities	1,438	-
Sum of net variance of liabilities concern operating activities	(311,859)	(389,550)
Sum of net variance of assets and liabilities concern operating activities	(297,809)	(313,421)
Total adjustments	230,601	244,412
Cash inflow generated from operations	57,081	130,952
Interest received	3,377	5,086
Interest paid	(145,434)	(175,651)
Income taxes paid	(27,393)	(22,699)
Net cash flows from operating activities	(112,369)	(62,312)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended	
	March 31	
	2025	2024
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments using the equity method	2,163	-
Acquisition of property, plant and equipment	(12,757)	(42,985)
Proceeds from disposal of property, plant and equipment	-	141
(Increase) Decrease in refundable deposits	(61)	50
Acquisition of intangible assets	(86)	(90)
Decrease (Increase) in other financial assets	24,076	(14,634)
Decrease in other non-current assets	-	2,122
Net cash flows used in investing activities	13,335	(55,396)
Cash flows from (used in) financing activities:		
(Decrease) Increase in short-term loans	(73,733)	3,635
Decrease in deposit received	(16,369)	(732)
Increase in other payables – related parties	-	31,436
Payment of lease liabilities	(170,980)	(137,585)
Net cash flows used in financing activities	(261,082)	(103,246)
Effect of exchange rate changes on cash and cash equivalents	3,622	36,616
Net decrease in cash and cash equivalents	(356,494)	(184,338)
Cash and cash equivalents at beginning of period	831,362	1,020,335
Cash and cash equivalents at end of period	\$ 474,868	835,997

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of Chinese Yuan Renminbi)

	For the three months ended	
	March 31	
	2025	2024
(Loss) profit before tax	\$ (38,514)	(25,635)
Adjusting events:		
Income and expenses		
Depreciation expense	82,067	88,493
Amortization expense	128	130
Expected credit loss (gain on reversal)	2,832	(82)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	143	(388)
Interest expense	33,699	39,807
Interest income	(1,633)	(1,904)
Loss (gain) on disposal of property, plant and equipment	49	(17)
Total adjustments to reconcile profit (loss)	117,285	126,039
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	-	340
Accounts receivable	5,649	11,957
Other receivables	(1,944)	572
Inventories	300	(1,305)
Prepayments	(887)	5,637
Sum of net variance of assets concern operating activities	3,118	17,201
Changes in operating liabilities:		
Accounts payable	(30,525)	(69,197)
Other payables	(39,014)	(18,819)
Other current liabilities	319	-
Sum of net variance of liabilities concern operating activities	(69,220)	(88,016)
Sum of net variance of assets and liabilities concern operating activities	(66,102)	(70,815)
Total adjustments	51,183	55,224
Cash inflow generated from operations	12,669	29,589
Interest received	750	1,149
Interest paid	(32,280)	(39,687)
Income taxes paid	(6,080)	(5,129)
Net cash flows from operating activities	(24,941)	(14,078)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of Chinese Yuan Renminbi)

	For the three months ended	
	March 31	
	2025	2024
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments using the equity method	480	-
Acquisition of property, plant and equipment	(2,832)	(9,712)
Proceeds from disposal of property, plant and equipment	-	32
(Increase) Decrease in refundable deposits	(14)	11
Acquisition of intangible assets	(19)	(20)
Decrease (Increase) in other financial assets	5,344	(3,306)
Decrease in other non-current assets	-	479
Net cash flows used in investing activities	<u>2,959</u>	<u>(12,516)</u>
Cash flows from (used in) financing activities:		
(Decrease) Increase in short-term loans	(16,366)	821
Decrease in deposit received	(3,633)	(165)
Increase in other payables – related parties	-	7,103
Payment of lease liabilities	(37,951)	(31,087)
Net cash flows used in financing activities	<u>(57,950)</u>	<u>(23,328)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>305</u>	<u>14</u>
Net decrease in cash and cash equivalents	<u>(79,627)</u>	<u>(49,908)</u>
Cash and cash equivalents at beginning of period	<u>182,283</u>	<u>235,322</u>
Cash and cash equivalents at end of period	<u>\$ 102,656</u>	<u>185,414</u>

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

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

1. Company History

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

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

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 14, 2025.

3. New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025.

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

- (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, 2026, would not have a significant impact on the consolidated financial statements.

- Amendment to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”.
- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17.
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”.
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7.
- Annual Improvements to IFRS Accounting Standards.
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”.

4. Summary of significant accounting policies:

(1) Statement of compliance

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

Apart from the following, the significant accounting policies adopted in this consolidated financial report are consistent with the consolidated financial report for the year ended December 31, 2024. For related information, please refer to Note 4 of the consolidated financial report for the year ended December 31, 2024.

(2) Basis of consolidation

A. Subsidiary Listed in Consolidated Financial Statements

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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%)			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD.	Grand Ocean Classic Commercial Group Co., Ltd	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commercial Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan Business Administration Limited (Note)	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%)			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Fuzhou Grand Ocean Commerce Limited	Fuzhou Jiaruixing Business Administration Limited (Note)	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	35.30%	35.30%	35.30%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in October 31 2022, and in process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50%	50%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in August 31 2023, and in process of liquidation.
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	64.70%	64.70%	64.70%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business in October 31, 2022, and in process of liquidation.
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50%	50%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also closed of business on August 31, 2023, and in process of liquidation.

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%)			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100%	100%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Note: This company is a non-major subsidiary, and its financial statements have not been reviewed by accountants for the three months ending on March 31, 2025.

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

(3) Income taxes

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

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

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

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

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

In the preparation of the consolidated financial report, management's significant judgments and key sources of estimation uncertainty in adopting the accounting policies of the consolidated company are consistent with Note 5 of the consolidated financial report for the year ended December 31, 2024.

These consolidated financial statements do not contain information where accounting policies involve significant judgments that have a material impact on the amounts recognized.

6. Explanation of significant accounts:

Apart from the following, the explanations of significant accounting items in this consolidated financial report are not materially different from the consolidated financial report for the year ended December 31, 2024. Please refer to Note 6 of the consolidated financial report for the year ended December 31, 2024, for relevant information.

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and petty cash	\$ 7,059	6,626	7,843
Demand deposit	441,909	742,214	828,154
Time deposit	25,900	82,522	-
Total	<u>\$ 474,868</u>	<u>831,362</u>	<u>835,997</u>

Please refer to Note 6(19) for the sensitivity analysis and interest rate risk.

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

	March 31, 2025	December 31, 2024	March 31, 2024
Mandatorily measured at fair value through profit or loss – current:			
Open-end funds	<u>\$ 12,177</u>	<u>12,667</u>	<u>12,394</u>

A. Please refer to Note 6(19) 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(18).

(3) Account receivables and other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	\$ 190,021	213,243	165,321
Allowance for impairment	(62,422)	(48,757)	(19,686)
	<u>127,599</u>	<u>164,486</u>	<u>145,635</u>
Other receivables - current :			
Other receivables - investment funds	282,175	278,210	275,037
Other receivables – lease deposit	65,924	64,998	64,257
Other receivables – others	47,537	35,245	41,439
Less: Impairment loss allowance	(348,099)	(343,208)	(339,294)
Subtotal	<u>47,537</u>	<u>35,245</u>	<u>41,439</u>
Total	<u>\$ 175,136</u>	<u>199,731</u>	<u>187,074</u>

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

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

	March 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 99,137	0%	-
1 to 90 days past due	20,717	0%	-
91 to 180 days past due	8,143	0%~27%	2,231
181 to 270 days past due	7,824	77%	5,991
271 to 365 days past due	19,613	100%	19,613
More than 365 days past due	34,587	100%	34,587
	<u>\$ 190,021</u>		<u>62,422</u>
	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 136,969	0%	-
1 to 90 days past due	14,915	0%	-
91 to 180 days past due	7,763	0%	36
181 to 270 days past due	19,547	0%~75%	14,672
271 to 365 days past due	9,383	100%	9,383
More than 365 days past due	24,666	100%	24,666
	<u>\$ 213,243</u>		<u>48,757</u>
	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 98,561	0%	-
1 to 90 days past due	27,533	0%	-
91 to 180 days past due	17,481	0%	-
181 to 270 days past due	6,576	0%~69%	4,516
271 to 365 days past due	1,465	100%	1,465
More than 365 days past due	13,705	100%	13,705
	<u>\$ 165,321</u>		<u>19,686</u>

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

	For the three months ended March 31	
	2025	2024
Opening balance	\$ 48,757	38,259
Impairment loss recognized (gain on reversal)	12,758	(364)
Amount written off	(125)	(19,365)
Exchange rate impact number	1,032	1,156
Ending balance	<u>\$ 62,422</u>	<u>19,686</u>

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

D. Since the rental agreement of Xiangtan Grand Ocean Department Store Co., Ltd. (Xiangtan) one of the Group's subsidiaries, have reached its maturity in December 2018, the Group ceased Xiangtan's business operation, wherein a security deposit amounting to CNY 15,000 thousand is expected to be received. Xiangtan had already returned the property to its owner, Xiangyuan Industrial Development Co., Ltd. (Xiangyuan), but failed to receive the security deposit. In order to receive the payment and begin the liquidation process, Xiangtan filed a lawsuit against Xiangyuan. On July 1, 2019, the people's court ordered Xiangyuan to pay the amount of CNY 14,700 thousand to Xiangtan. However, Xiangyuan disagreed with the court's decision, therefore, filed an appeal on November 13, 2019, wherein it was denied on January 16, 2020. Furthermore, Xiangtan filed an appeal to the court to freeze the property of Xiangyuan, in which the court granted the approval do to so. After a thorough investigation by the court, it was found that Xiangyuan has enough property to pay for the security deposit, and the Group has collected the mandatory payment of NT\$1,952 thousand (CNY 448 thousand). The consolidated company considered the impact of the recent economic situation on the department store business, and the uncertainty of the future development of the region was high. In accordance with the principle of prudence, the Group has recognized expected credit losses on the lease security deposit. As of March 31, 2025, December 31, 2024, and March 31, 2024, the lease security deposit and the corresponding allowance for expected credit losses were NT\$65,924 thousand (CNY 14,252 thousand), NT\$64,998 thousand (CNY 14,252 thousand), and NT\$64,257 thousand (CNY 14,252 thousand), respectively.

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

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

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

The Board of Directors resolved to sign a "Debt Preservation and Conditional Credit

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

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

- (A) Damahua agrees to pay CNY 30,000 thousand before February 9, 2021.
- (B) Damahua agrees to pay CNY 51,000 thousand before December 31, 2021.
- (C) Damahua agrees to pay CNY 81,000 thousand before June 30, 2022.
- (D) Under the premise of obtaining written consent of the Group, Damahua can transfer the title of properties located in Citong road to the Group, as the payment of debt.

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

- (A) Damahua agrees to pay CNY 16,000 thousand before December 31, 2022.
- (B) Damahua agrees to pay CNY 16,000 thousand before March 31, 2023.
- (C) Damahua agrees to pay CNY 29,000 thousand before June 30, 2023.
- (D) If the above amount is not repaid by Damahua before the expiry of the deferred of the deferred repayment period, Damahua will unconditionally cooperate with the liquidation of the Quanzhou Citong Road Project, and the land disposal price of the Quanzhou Citong Road Project will be repaid to the Group in priority.

The Group had an original receivable of CNY 162,000 thousand from Damahua. As of June 30, 2023, a total of CNY 101,000 thousand has been repaid, with the remaining CNY 61,000 thousand still outstanding and not repaid by Damahua in accordance with the agreement. The Group considers that the aforementioned creditor's rights are caused by undertaking the Fengan land, and the Quanzhou Municipal Government has recently

agreed that existing developers will adopt a cooperative approach to undertake the development and construction of the Fengnan land plot, which will be implemented by the Fengze District Government, and is coordinating to promote Fengnan 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 Fengnan land, Damahua should be able to repay the debts, the impact of the COVID-19 pandemic in China has caused the economy to not yet recover to normal levels. In accordance with the principle of prudence, the Group has recognized expected credit losses on the aforementioned accounts receivable. As of March 31, 2025, December 31, 2024, and March 31, 2024, the outstanding receivables and the related allowance for expected credit losses were NT\$282,175 thousand (CNY 61,000 thousand), NT\$278,210 thousand (CNY 61,000 thousand), and NT\$275,037 thousand (CNY 61,000 thousand), respectively.

- F. On June 28, 2023, the Group entered into an equity repurchase and urban investment termination agreement with Shanghai Dongfadao Catering Management Co., Ltd. in relation to Nanjing Grand Ocean Dongfadao Catering Co., Ltd., with a total repurchase consideration of NT\$30,157 thousand (CNY 7,000 thousand). The equity transfer procedures were completed on August 30, 2023. Pursuant to the agreement, the repurchase consideration is to be received in installments. As of March 31, 2025, December 31, 2024, and March 31, 2024, the outstanding amounts yet to be collected were NT\$7,586 thousand (CNY 1,640 thousand), NT\$9,669 thousand (CNY 2,120 thousand), and NT\$16,051 thousand (CNY 3,560 thousand), respectively. These amounts were recognized under other receivables and non-current assets – others in the amounts of NT\$7,586 thousand (CNY 1,640 thousand) and NT\$0, NT\$8,757 thousand (CNY 1,920 thousand) and NT\$912 thousand (CNY 200 thousand), and NT\$8,657 thousand (CNY 1,920 thousand) and NT\$7,394 thousand (CNY 1,640 thousand), respectively.

(4) 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, 2025	\$ 4,820,717	13,029	226,796	6,864,726	22,495	11,947,763
Additions	-	-	364	1,365	1,296	3,025
Current re-classification	-	-	-	14,365	(14,365)	-
Disposal and abandonment	-	-	(853)	(3,148)	-	(4,001)
Influenced by fluctuation of exchange rates	68,695	185	3,219	98,158	(62)	170,195
Balance at March 31, 2025	\$ 4,889,412	13,214	229,526	6,975,466	9,364	12,116,982

	<u>Building</u>	<u>Transportation Device</u>	<u>Office Equipment</u>	<u>Lease Improvement</u>	<u>Construction in progress</u>	<u>Total</u>
Balance at January 1, 2024	\$ 4,582,998	13,080	208,303	6,443,512	34,892	11,282,785
Additions	-	-	366	24,426	10,680	35,472
Current re-classification	-	-	-	2,263	(2,263)	-
Disposal and abandonment	-	-	(693)	-	-	(693)
Influenced by fluctuation of exchange rates	182,744	522	8,300	257,431	1,457	450,454
Balance at March 31, 2024	<u>\$ 4,765,742</u>	<u>13,602</u>	<u>216,276</u>	<u>6,727,632</u>	<u>44,766</u>	<u>11,768,018</u>
Depreciation and impairment losses:						
Balance at January 1, 2025	\$ 1,566,841	7,745	170,933	4,944,306	2,317	6,692,142
Depreciation	25,122	353	2,829	76,979	-	105,283
Disposal and abandonment	-	-	(749)	(3,030)	-	(3,779)
Influenced by fluctuation of exchange rates	22,999	120	2,491	72,431	-	98,041
Balance at March 31, 2025	<u>\$ 1,614,962</u>	<u>8,218</u>	<u>175,504</u>	<u>5,090,686</u>	<u>2,317</u>	<u>6,891,687</u>
Balance at January 1, 2024	\$ 1,392,865	6,627	154,492	4,393,174	2,317	5,949,475
Depreciation	27,348	347	2,796	82,523	-	113,014
Disposal and abandonment	-	-	(626)	-	-	(626)
Influenced by fluctuation of exchange rates	56,053	270	6,201	176,722	-	239,246
Balance at March 31, 2024	<u>\$ 1,476,266</u>	<u>7,244</u>	<u>162,863</u>	<u>4,652,419</u>	<u>2,317</u>	<u>6,301,109</u>
Carrying amounts:						
Balance at January 1, 2025	<u>\$ 3,253,876</u>	<u>5,284</u>	<u>55,863</u>	<u>1,920,420</u>	<u>20,178</u>	<u>5,255,621</u>
Balance at March 31, 2025	<u>\$ 3,274,450</u>	<u>4,996</u>	<u>54,022</u>	<u>1,884,780</u>	<u>7,047</u>	<u>5,225,295</u>
Balance at January 1, 2024	<u>\$ 3,190,133</u>	<u>6,453</u>	<u>53,811</u>	<u>2,050,338</u>	<u>32,575</u>	<u>5,333,310</u>
Balance at March 31, 2024	<u>\$ 3,289,476</u>	<u>6,358</u>	<u>53,413</u>	<u>2,075,213</u>	<u>42,449</u>	<u>5,466,909</u>

A. As of March 31, 2025, December 31, 2024 and March 31, 2024, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to NT\$82,132 thousand, NT\$90,828 thousand and NT\$91,586 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. Please refer to Note 6(18) for details on disposal gains and losses.

D. Guarantee

Please refer to Note 8 for the details of long-term loans and financing line guarantees on March 31, 2025, December 31, 2024, and March 31, 2024.

(5) Right of use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Machine equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 3,442,452	13,546,704	61,389	17,050,545
Effect of changes in foreign exchange rates	49,055	193,039	875	242,969
Balance at March 31, 2025	<u>\$ 3,491,507</u>	<u>13,739,743</u>	<u>62,264</u>	<u>17,293,514</u>
Balance at January 1, 2024	\$ 3,272,698	12,124,453	58,362	15,455,513
Effect of changes in foreign exchange rates	130,496	483,456	2,327	616,279
Balance at March 31, 2024	<u>\$ 3,403,194</u>	<u>12,607,909</u>	<u>60,689</u>	<u>16,071,792</u>
Accumulated depreciation:				
Balance at January 1, 2025	\$ 724,858	4,544,115	44,612	5,313,585
Depreciation	23,499	239,341	1,617	264,457
Effect of movement in exchange rate	10,958	71,153	679	82,790
Balance at March 31, 2025	<u>\$ 759,315</u>	<u>4,854,609</u>	<u>46,908</u>	<u>5,660,832</u>
Balance at January 1, 2024	\$ 598,651	3,341,701	35,059	3,975,411
Depreciation	24,539	250,470	3,634	278,643
Effect of movement in exchange rate	24,330	137,942	1,467	163,739
Balance at March 31, 2024	<u>\$ 647,520</u>	<u>3,730,113</u>	<u>40,160</u>	<u>4,417,793</u>
Carrying amounts:				
Balance at January 1, 2025	<u>\$ 2,717,594</u>	<u>9,002,589</u>	<u>16,777</u>	<u>11,736,960</u>
Balance at March 31, 2025	<u>\$ 2,732,192</u>	<u>8,885,134</u>	<u>15,356</u>	<u>11,632,682</u>
Balance at January 1, 2024	<u>\$ 2,674,047</u>	<u>8,782,752</u>	<u>23,303</u>	<u>11,480,102</u>
Balance at March 31, 2024	<u>\$ 2,755,674</u>	<u>8,877,796</u>	<u>20,529</u>	<u>11,653,999</u>

(6) Intangible assets

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

	<u>Goodwill</u>	<u>Trademark Rights</u>	<u>Computer Software</u>	<u>Total</u>
Costs:				
Balance at January 1, 2025	\$ 1,524,652	459,518	36,758	2,020,928
Additions	-	-	86	86
Influenced by fluctuation of exchange rates	21,726	5,887	527	28,140
Balance at March 31, 2025	<u>\$ 1,546,378</u>	<u>465,405</u>	<u>37,371</u>	<u>2,049,154</u>

	<u>Goodwill</u>	<u>Trademark Rights</u>	<u>Computer Software</u>	<u>Total</u>
Balance at January 1, 2024	\$ 1,449,468	430,434	34,487	1,914,389
Additions	-	-	90	90
Influenced by fluctuation of exchange rates	<u>57,797</u>	<u>17,941</u>	<u>1,377</u>	<u>77,115</u>
Balance at March 31, 2024	<u>\$ 1,507,265</u>	<u>448,375</u>	<u>35,954</u>	<u>1,991,594</u>
Amortization and impairment losses:				
Balance at January 1, 2025	\$ -	322,328	25,190	347,518
Amortization	-	-	576	576
Influenced by fluctuation of exchange rates	<u>-</u>	<u>4,130</u>	<u>374</u>	<u>4,504</u>
Balance at March 31, 2025	<u>\$ -</u>	<u>326,458</u>	<u>26,140</u>	<u>352,598</u>
Balance at January 1, 2024	\$ -	301,928	21,743	323,671
Amortization	-	-	577	577
Influenced by fluctuation of exchange rates	<u>-</u>	<u>12,584</u>	<u>878</u>	<u>13,462</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>314,512</u>	<u>23,198</u>	<u>337,710</u>
Carrying amounts:				
Balance at January 1, 2025	<u>\$ 1,524,652</u>	<u>137,190</u>	<u>11,568</u>	<u>1,673,410</u>
Balance at March 31, 2025	<u>\$ 1,546,378</u>	<u>138,947</u>	<u>11,231</u>	<u>1,696,556</u>
Balance at January 1, 2024	<u>\$ 1,449,468</u>	<u>128,506</u>	<u>12,744</u>	<u>1,590,718</u>
Balance at March 31, 2024	<u>\$ 1,507,265</u>	<u>133,863</u>	<u>12,756</u>	<u>1,653,884</u>

A. Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the three months ended March 31, 2025 and 2024:

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Operating expenses	<u>\$ 576</u>	<u>577</u>

B. Goodwill

The recoverable amount of the department store retail CGU and the key assumptions used are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2024, and there are no significant changes. For the related information, please refer to Note 6(7) of the consolidated financial statements for the year ended December 31, 2024.

(7) Other financial assets – current and non-current

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other financial assets – current			
Deposits – out for lease (Note)	\$ 296	291	315
Restricted deposits	552,690	570,806	427,587
Deposit for rent expansion (Note)	-	-	67,632
Others	<u>2,446</u>	<u>2,206</u>	<u>3,484</u>
	<u>\$ 555,432</u>	<u>573,303</u>	<u>499,018</u>
Other financial assets – non-current			
Deposits – out for lease (Note)	\$ 204,770	201,894	199,589
Deposits – out for cooperation	7,273	7,315	7,656
Restricted deposits	209,454	205,003	548,718
Deposit for rent expansion (Note)	69,387	68,412	-
Others	<u>3,332</u>	<u>3,284</u>	<u>3,338</u>
	<u>\$ 494,216</u>	<u>485,908</u>	<u>759,301</u>

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.

(8) Short-term loans

The details of short-term loans are as below:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	\$ -	-	668,256
Secured bank loans	<u>2,499,861</u>	<u>2,539,845</u>	<u>1,740,490</u>
Total	<u>\$ 2,499,861</u>	<u>2,539,845</u>	<u>2,408,746</u>
Unused credit lines	<u>\$ 334,249</u>	<u>391,968</u>	<u>806,870</u>
Range of interest rates	<u>3.25%~6.2%</u>	<u>3.5%~6.3%</u>	<u>3.60%~7.81%</u>

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

(9) Long-term loans

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

March 31, 2025				
	Currency	Interest rate collar	Year of expiry	Amount
Unsecured bank loans	USD	6.53%	115	\$ 79,692
Secured bank loans	USD	5.22%	114	531,280
"	RMB	4.2%	114	<u>231,291</u>
				842,263
Less: current portion				<u>(802,417)</u>
Total				<u>\$ 39,846</u>
Unused credit lines				<u>\$ 166,025</u>

December 31, 2024				
	Currency	Interest rate collar	Year of expiry	Amount
Unsecured bank loans	USD	6.76%	115	\$ 78,684
Secured bank loans	USD	5.27%~5.45%	114	524,560
"	RMB	4.2%	114	<u>228,041</u>
				831,285
Less: current portion				<u>(791,943)</u>
Total				<u>\$ 39,342</u>
Unused credit lines				<u>\$ 163,925</u>

March 31, 2024				
	Currency	Interest rate collar	Year of expiry	Amount
Unsecured bank loans	USD	7.52%~8.11%	113~115	\$ 351,890
Secured bank loans	USD	6.23%	114	511,840
"	RMB	4.2%	114	<u>360,704</u>
				1,224,434
Less: current portion				<u>(429,572)</u>
Total				<u>\$ 794,862</u>
Unused credit lines				<u>\$ 159,950</u>

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

(10) Accounts payable and other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable			
Arising from direct sales	\$ 59,740	53,475	72,898
Arising from concessionaire sales	798,525	928,894	858,032
Others	<u>74,339</u>	<u>76,351</u>	<u>72,851</u>
Total	<u>\$ 932,604</u>	<u>1,058,720</u>	<u>1,003,781</u>

Most of the payable arises from suppliers.

	March 31, 2025	December 31, 2024	March 31, 2024
Other payables			
Wages and salaries payables	\$ 74,090	109,440	85,305
Construction payables	82,132	90,828	91,586
Compensation payable for store closures, etc.	865	852	16,744
Compensation payable for lawsuit	75,910	233,651	440,368
Payables to related parties	597,690	590,130	319,900
Tax payables	20,048	31,416	24,853
Others	369,526	328,794	336,677
Total	<u>\$ 1,220,261</u>	<u>1,385,111</u>	<u>1,315,433</u>

(11) Lease liabilities

The Group's lease liabilities were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u>\$ 909,256</u>	<u>822,209</u>	<u>913,661</u>
Non-current	<u>\$ 9,753,728</u>	<u>9,864,050</u>	<u>9,602,751</u>

Please refer to Note 6(19) financial instruments for maturity analysis.

The amounts recognized in profit or loss were as follow:

	For the three months ended March 31	
	2025	2024
Interest on lease liabilities	<u>\$ 109,967</u>	<u>117,658</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ -</u>	<u>-</u>
Expenses relating to short-term leases	<u>\$ 264</u>	<u>205</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 12</u>	<u>9</u>

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

	For the three months ended March 31	
	2025	2024
Total cash outflow for leases	<u>\$ 281,223</u>	<u>255,457</u>

A. Lease of land, housing and construction

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

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

B. Other leases

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

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

(12) Employee benefits

A. Defined contribution plans

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

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

Pension expenses of the defined contribution plans of the consolidated company for the three months ended March 31, 2025 and 2024 were NT\$12,803 thousand, and NT\$13,238 thousand, respectively.

(13) Income tax

A. Income tax expense

The components of income tax were as follows:

	For the three months ended March 31	
	2025	2024
Current tax expense		
Current period	\$ 16,597	26,270
Deferred tax expense		
Origination and reversal of temporary differences	(5,856)	(5,168)
Income tax expenses from continuing operations	<u>\$ 10,741</u>	<u>21,102</u>

B. Deferred tax assets

(A) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the three months ended March 31, 2025 and 2024 were as follows:

Deferred tax assets:

	Tax losses deduction and other	Rental expenses	Total
Balance at January 1, 2025	\$ 29,647	2,797,992	2,827,639
Recognized in profit or loss	-	(54,384)	(54,384)
Foreign currency translation differences for foreign operations	422	38,418	38,840
Balance at March 31, 2025	<u>\$ 30,069</u>	<u>2,782,026</u>	<u>2,812,095</u>
Balance at January 1, 2024	\$ 53,673	2,708,867	2,762,540
Recognized in profit or loss	(4,966)	(53,392)	(58,358)
Foreign currency translation differences for foreign operations	2,047	107,014	109,061
Balance at March 31, 2024	<u>\$ 50,754</u>	<u>2,762,489</u>	<u>2,813,243</u>

Deferred tax liabilities:

	Retained earnings	Tax losses deduction	Total
Balance as of January 1, 2025	\$ 17,490	2,254,842	2,272,332
Recognized in profit or loss	-	(60,240)	(60,240)
Influenced by fluctuation of exchange rates	224	30,521	30,745
Balance as of March 31, 2025	<u>\$ 17,714</u>	<u>2,225,123</u>	<u>2,242,837</u>

	<u>Retained earnings</u>	<u>Tax losses deduction</u>	<u>Total</u>
Balance as of January 1, 2024	\$ 16,383	2,201,514	2,217,897
Recognized in profit or loss	-	(63,526)	(63,526)
Influenced by fluctuation of exchange rates	683	86,593	87,276
Balance as of March 31, 2024	<u>\$ 17,066</u>	<u>2,224,581</u>	<u>2,241,647</u>

C. Income tax verification situation

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

(14) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the three months ended March 31, 2025 and 2024. For the related information, please refer to the Note 6(15) of the consolidated financial statements for the year ended December 31, 2024.

A. Capital surplus

The components of the capital surplus were as follows:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Premium on Issued Shares	\$ 4,133,908	4,133,908	5,041,030
Treasury stock trading	25,333	25,333	25,333
Exercising the right of imputation	9,122	9,122	9,122
	<u>\$ 4,168,363</u>	<u>4,168,363</u>	<u>5,075,485</u>

The Board of Directors proposed on March 28, 2025, and the shareholders' meeting resolved on June 17, 2024, to offset deficits of NT\$511,891 thousand and NT\$907,122 thousand, respectively, by utilizing capital surplus.

B. Retained earnings

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

- (A) Tax payables contributed by law;
- (B) Compensation to the accumulated deficit by previous years;
- (C) 10% as a contribution to the legal reserve in accordance with the applicable laws and regulations, except for when the legal reserve approaches the paid-in capital of the company;

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

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

(A) Legal reserve

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

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

(B) Special reserve

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

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

On June 17, 2024, the shareholders' meeting resolved to cover a deficit of NT\$596,630 thousand by utilizing the special reserve.

(C) Earnings distribution

On March 28, 2025, the Board of Directors proposed the loss appropriation plan for the 2024 fiscal year. Separately, on June 17, 2024, the shareholders' annual general meeting approved the loss appropriation plan for the 2023 fiscal year.

C. Treasury stock

The details for transferring treasury shares to employees:

	(In thousands of shares)	
	For the three months ended March 31	
	<u>2025</u>	<u>2024</u>
Outstanding at March 31 (same as January 1)	<u>3,663</u>	<u>7,709</u>

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of March 31, 2025, December 31, 2024 and March 31, 2024, these prepaid salaries amounting to NT\$131,157 thousand, NT\$129,316 thousand and NT\$127,819 thousand were recognized under other non-current assets – other. Considering the increasingly challenging environment in the department store industry, the Group has taken steps to retain talent and maintain team stability. Furthermore, due to the impact of the COVID-19 pandemic, the profitability of the department store retail sector has not yet returned to pre-pandemic levels. To address these challenges, the Board of Directors resolved on November 13, 2024, and August 30, 2022, to defer the repayment of employees' advanced salaries to 2028 and 2025, respectively.

D. Other equity (net income after tax)

	Exchange difference on translation of foreign operations
Balance at January 1, 2025	\$ (825,475)
Exchange difference on translation of net assets of foreign operations	<u>66,533</u>
Balance at March 31, 2025	<u>\$ (758,942)</u>
Balance at January 1, 2024	\$ (1,050,872)
Exchange difference on translation of net assets of foreign operations	<u>196,943</u>
Balance at March 31, 2024	<u>\$ (853,929)</u>

(15) Earnings per share

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

	For the three months ended March 31	
	2025	2024
Basic earnings (loss) per share		
Net profit attributed to shareholder of common stock of the Company	<u>\$ (184,261)</u>	<u>(134,562)</u>
Weighted average number of common shares outstanding	<u>195,531</u>	<u>195,531</u>
Basic earnings (loss) per share (NTD)	<u>\$ (0.94)</u>	<u>(0.69)</u>

The Company did not disclose the diluted earnings (loss) per share for the three months ended March 31, 2025 and 2024, as there were losses before tax. Additionally, there were no potential ordinary shares of employee remuneration that could have diluted the earnings (loss) per share.

(16) Revenue from contracts with customers

A. Details of revenue

	For the three months ended March 31	
	2025	2024
Main regional markets:		
China	<u>\$ 796,329</u>	<u>910,982</u>
Main product/service:		
Commissions revenue (retail revenue – concessionaire sales)	226,140	269,225
Commodity sales (retail revenue – direct sales)	139,743	167,398
Lease revenue (Note)	245,857	273,806
Service revenue and others	<u>184,589</u>	<u>200,553</u>
	<u>\$ 796,329</u>	<u>910,982</u>

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

(17) Employee compensation and directors' remuneration

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

As the company incurred loss before tax for the three months ended March 31, 2025 and 2024, no employee compensation and directors' remuneration were estimated and accrued.

(18) Non-operating income and expenses

A. Interest income

The details of other income were as follows:

	For the three months ended March 31	
	2025	2024
Interest of back deposit	\$ 7,105	8,184
Open-end funds	252	241
Total	<u>\$ 7,357</u>	<u>8,425</u>

B. Other income

The details of other income were as follows:

	For the three months ended March 31	
	2025	2024
Government grants income	<u>\$ 74</u>	<u>388</u>

C. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2025	2024
(Loss) Gain on disposal of property, plant and equipment	\$ (222)	74
Foreign exchange gain (losses)	(643)	(404)
Net gain (loss) on financial assets at fair value through profit or loss	(646)	1,719
Overdue payments transferred to income	5,473	6,172
Other gains and losses (such as fees and charges of credit card, etc.)	<u>10,000</u>	<u>7,295</u>
Other gains and losses, net	<u>\$ 13,962</u>	<u>14,856</u>

D. Finance costs

The details of finance costs were as follows:

	For the three months ended March 31	
	2025	2024
Interest expense	\$ 41,858	58,523
Interest on lease liabilities	<u>109,967</u>	<u>117,658</u>
Total	<u>\$ 151,825</u>	<u>176,181</u>

(19) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(20) of the consolidated financial statements for the year ended December 31, 2024.

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) of the consolidated financial statements for the year ended December 31, 2024.

The movement in the allowance for impairment for other receivables for the three months ended March 31, 2025 and 2024 were as follows:

	For the three months ended March 31	
	2025	2024
Balance at January 1	\$ 343,208	326,284
Influenced by fluctuation of exchange rates	4,891	13,010
Balance at March 31	<u>\$ 348,099</u>	<u>339,294</u>

B. Liquidity risks

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

	<u>Carrying amount</u>	<u>Contract cash flows</u>	<u>within 1 Year</u>	<u>1 – 5 Years</u>	<u>over 5 Years</u>
March 31, 2025					
Non-derivative financial liabilities					
Floating rate instruments \$	1,540,712	1,579,450	1,538,737	40,713	-
Fixed rate instruments	2,399,102	2,453,438	2,453,438	-	-
Non-interest-bearing	2,137,562	2,137,562	1,555,175	-	582,387
Lease liabilities	<u>10,662,984</u>	<u>13,740,699</u>	<u>1,350,573</u>	<u>5,350,841</u>	<u>7,039,285</u>
	<u>\$ 16,740,360</u>	<u>19,911,149</u>	<u>6,897,923</u>	<u>5,391,554</u>	<u>7,621,672</u>
December 31, 2024					
Non-derivative financial liabilities					
Floating rate instruments \$	1,521,224	1,576,520	1,535,628	40,892	-
Fixed rate instruments	2,440,036	2,529,257	2,529,257	-	-
Non-interest-bearing	2,444,476	2,444,476	1,853,701	-	590,775
Lease liabilities	<u>10,686,259</u>	<u>13,832,053</u>	<u>1,263,857</u>	<u>5,340,550</u>	<u>7,227,646</u>
	<u>\$ 17,091,995</u>	<u>20,382,306</u>	<u>7,182,443</u>	<u>5,381,442</u>	<u>7,818,421</u>
March 31, 2024					
Non-derivative financial liabilities					
Floating rate instruments \$	2,079,350	2,155,214	1,564,675	590,539	-
Fixed rate instruments	1,873,730	1,947,160	1,718,563	228,597	-
Non-interest-bearing	2,592,281	2,592,281	1,999,314	-	592,967
Lease liabilities	<u>10,516,412</u>	<u>13,952,400</u>	<u>1,367,411</u>	<u>4,670,335</u>	<u>7,914,654</u>
	<u>\$ 17,061,773</u>	<u>20,647,055</u>	<u>6,649,963</u>	<u>5,489,471</u>	<u>8,507,621</u>

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:

	<u>Carrying Amount</u>		
	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Fixed interest rate			
Financial asset	\$ 788,044	858,331	976,305
Financial liability	<u>(13,062,086)</u>	<u>(13,126,295)</u>	<u>(12,390,142)</u>
	<u>\$ (12,274,042)</u>	<u>(12,267,964)</u>	<u>(11,413,837)</u>

	Carrying Amount		
	March 31, 2025	December 31, 2024	March 31, 2024
	Variable interest rate		
Financial asset	\$ 441,909	742,214	828,154
Financial liability	<u>(1,540,712)</u>	<u>(1,521,224)</u>	<u>(2,079,350)</u>
	<u>\$ (1,098,803)</u>	<u>(779,010)</u>	<u>(1,251,196)</u>

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

If the interest rate were to increase or decrease by 0.5% basis points, with all other variables held constant, the Group's losses before tax for the three months ended March 31, 2025 and 2024, would increase or decrease by NT\$1,374 thousand and NT\$1,564 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 three months ended March 31			
	2025		2024	
	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
Reporting day security prices				
5% Increase	\$ -	609	-	620
5% Decrease	\$ -	(609)	-	(620)

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:

	March 31, 2025				
	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	<u>\$ 12,177</u>	<u>12,177</u>	<u>-</u>	<u>-</u>	<u>12,177</u>
	December 31, 2024				
	Fair Value				
Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	<u>\$ 12,667</u>	<u>12,667</u>	<u>-</u>	<u>-</u>	<u>12,667</u>

	March 31, 2024				
	Fair Value				
Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	<u>\$ 12,394</u>	<u>12,394</u>	<u>-</u>	<u>-</u>	<u>12,394</u>

(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 three months ended March 31, 2025 and 2024 fair value of the financial assets as well as liabilities at each level did not transfer at all.

(20) Financial risk management

Except for the matters described below, there were no significant changes in the Group's financial risk management objectives and policies as disclosed in Note 6(21) of the consolidated financial statements for the year ended December 31, 2024.

A. Liquidity risk

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

Due to the nature of its retail business, the Group generates ample cash flows from its operating activities. Generally, the Group ensures that it has sufficient cash to cover its expected operating expenses for a period of 60 to 90 days, including the fulfillment of financial obligations. However, this expectation excludes potential impacts from extreme, unforeseeable events, such as natural disasters. In addition, as of March 31, 2025, December 31, 2024, and March 31, 2024, the Group had unused loan facilities of NT\$500,274 thousand, NT\$555,893 thousand, and NT\$966,820 thousand, respectively.

As of March 31, 2025, the Group's current assets were less than its current liabilities. The Group will continue discussions with banks to explore loan arrangements that would convert short-term borrowings into medium- to long-term borrowings. Additionally, the Group still holds unencumbered properties and is currently negotiating medium- to long-term financing facilities with financial institutions to improve its financial structure. Given the nature of the department store industry, where there are no significant current assets such as inventory, it is common for current assets to be less than current liabilities. The Group has been continuously evaluating the aforementioned plans and does not anticipate any liquidity risk concerns.

(21) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to Note 6(22) of the consolidated financial statements for the year ended December 31, 2024 for further details.

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

The Group's investing and financing activities on non-cash transactions for the three months ended March 31, 2025 and 2024 were as follows:

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

	January 1, 2025	Cash flows	Non-cash changes Foreign exchange movement	March 31, 2025
Short-term borrowings	\$ 2,539,845	(73,733)	33,749	2,499,861
Long-term borrowings	831,285	-	10,978	842,263
Guarantee deposits	590,775	(16,369)	7,981	582,387
Other related parties	590,130	-	7,560	597,690
Lease liabilities	<u>10,686,259</u>	<u>(170,980)</u>	<u>147,705</u>	<u>10,662,984</u>
Total liabilities from financing activities	<u>\$15,238,294</u>	<u>(261,082)</u>	<u>207,973</u>	<u>15,185,185</u>

	January 1, 2024	Cash flows	Non-cash changes Foreign exchange movement	March 31, 2024
Short-term borrowings	\$ 2,311,414	3,635	93,697	2,408,746
Long-term borrowings	1,176,044	-	48,390	1,224,434
Guarantee deposits	570,947	(732)	22,752	592,967
Other related parties	276,390	31,436	12,074	319,900
Lease liabilities	<u>10,247,945</u>	<u>(137,585)</u>	<u>406,052</u>	<u>10,516,412</u>
Total liabilities from financing activities	<u>\$14,582,740</u>	<u>(103,246)</u>	<u>582,965</u>	<u>15,062,459</u>

7. Related-party transactions:

(1) Names and relationship with related parties

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

<u>Name of Related Party</u>	<u>Relation to the Consolidated Company</u>
First Steamship Co., Ltd.	Final Parent Company of the Consolidated Company
First Steamship S.A.	Parent Company of the Consolidated Company
Ahead Capital Ltd.	Same Final Parent Company as the Consolidated Company
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd.	Manager of the consolidated company is the board member of this company.
Shanghai Allied Cement Holdings Limited	Manager of the consolidated company is the board member of this company.

(2) Significant transactions with related parties

A. Prepayments

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Parent Company	<u>\$ 70</u>	<u>70</u>	<u>68</u>

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

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Parent Company	<u>\$ 597,690</u>	<u>590,130</u>	<u>319,900</u>

The Group's borrowings from related parties are calculated at an annual interest rate of 4.35% and 7.39%, respectively. For the three months ended March 31, 2025 and 2024, the recognized interest expenses were NT\$6,431 thousand, and NY\$5,288 thousand, respectively.

C. Lease

(A) Liabilities lease

		<u>Lease liabilities</u>		
<u>Relationship</u>	<u>Purpose</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other related parties	Energy-saving renovation engineering equipment	<u>\$ 7,276</u>	<u>7,986</u>	<u>10,247</u>

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.

		<u>Interest Expense</u>	
		<u>For the three months ended March 31</u>	
<u>Relationship</u>	<u>Purpose</u>	<u>2025</u>	<u>2024</u>
Other related parties	Energy-saving renovation engineering equipment	<u>\$ 91</u>	<u>127</u>

(B) Operating lease

		<u>Rent expense</u>	
		<u>For the three months ended March 31</u>	
<u>Relationship</u>	<u>Account</u>	<u>2025</u>	<u>2024</u>
Parent Company (Note)	Office building	\$ 211	205
Other related parties (Note)	Office building	53	-
		<u>\$ 264</u>	<u>205</u>

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

<u>Account items</u>	<u>Relationship category</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Other financial assets - non-current	Parent Company	<u>\$ 148</u>	<u>148</u>	<u>148</u>

(3) Key management personnel compensation

A. Key management personnel compensation comprised:

	<u>For the three months ended March 31</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<u>\$ 5,984</u>	<u>5,806</u>

B. The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of March 31, 2025, December 31, 2024, and March 31, 2024, those prepaid salaries amounting to NT\$40,926 thousand (CNY 8,847 thousand), NT\$40,351 thousand (CNY 8,847 thousand) and NT\$39,785 thousand (CNY 8,824 thousand), respectively, were recorded as non-current assets - other.

8. Pledged assets:

The carrying amount of pledged assets were as follows:

<u>Pledged asset</u>	<u>Object</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Property, Plants and Equipment (Note)	Bank Loans	\$ 4,886,607	4,858,200	4,897,483
Other financial assets				
Restricted Deposit	Bank depository funds	13,095	13,399	12,625
Restricted Deposit	Lease dispute freeze deposit	309	29,012	28,775
Restricted Deposit	Bank loans	<u>748,740</u>	<u>733,398</u>	<u>934,905</u>
		<u>\$ 5,648,751</u>	<u>5,634,009</u>	<u>5,873,788</u>

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., 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\$129,003 thousand (CNY 28,285 thousand) according to the lease agreement. The Group offsets this amount by the performance bond of NT\$29,645 thousand (CNY 6,500 thousand) and makes a provision of NT\$123,867 thousand (CNY 27,159 thousand), recorded under other payables. On September 19, 2024, in accordance with the court's first-instance judgment, the overestimated early termination liquidated damages of NT\$107,467 thousand (CNY 24,207 thousand) were reversed and recorded under other benefits and losses;
 - B. The demand requires the Group to pay overdue rents and penalties accumulated until the date of site clearance from previous years, totaling NT\$116,520 thousand (CNY 25,548 thousand). The Group has made a provision and recorded it under other payables. The matter is currently under court review. On September 19, 2024, in accordance with the court's first-instance judgment, the overvalued rent and liquidated damages of NT\$1,012 thousand (CNY 228 thousand) were reversed and recorded under other profits and losses;
 - C. The demand requires the Group to pay rent, penalties, and occupation fees for the premises occupied by Dadi Cinema from the date of site clearance to the date of litigation, totaling NT\$20,502 thousand (CNY 4,618 thousand). However, the Group has already transferred the premises via notarized mail on the date of site clearance, rendering it unable to continue using the leased property. Therefore, it contends that Chongqing Zhengsheng's claim is unfounded, and there should be no obligation for compensation. According to the court's first-instance judgment on September 19, 2024, the Group should pay Dadi Cinema demolition and occupancy fees of NT\$12,168 thousand (CNY 2,668 thousand), which will be listed under other payables and other benefits and losses;
 - D. The demand requests the Group to refund the previously granted reduction in rent, penalties, and related litigation expenses, totaling NT\$36,422 thousand (CNY 8,204 thousand) from the previous fiscal year. However, the previously granted reduction in rent has been reimbursed in accordance with the contract. Therefore, the Group contends that Chongqing Zhengsheng's claim is unfounded, and there should be no obligation for compensation. According to the court's first-instance judgment on September 19, 2024, the Group should pay a total of NT\$3,334 thousand (CNY 731 thousand) for site restoration

fees and related litigation costs, which are listed under other payables and other benefits and losses.

Furthermore, on September 7, 2023, Chongqing Zhengsheng applied to the court for asset preservation. The court, in accordance with the law, froze the Group's bank deposits and the equity of the subsidiary Nanjing Grand Ocean Classic Commerce Co., Ltd..

Based on the Group's assessment, the aforementioned amounts had been accrued in accordance with the first-instance court ruling. However, Chongqing Zhengsheng contested the court's decision and has engaged legal counsel to file an appeal. Subsequently, on November 21, 2024, the appellate court upheld the original judgment. The Group reached a settlement with Chongqing Zhengsheng on December 30, 2024. As of March 31, 2025, all related payments had been fully settled, and the asset preservation measures were lifted.

- (3) Hubei Grand Ocean Huayu Investment Co., Ltd. (hereinafter referred to as "Hubei Huayu") filed a lawsuit against the Group and the subsidiary of the Group, Wuhan Optics Valley Grand Ocean Commercial Development Co., Ltd. On September 30, 2021 for the dispute on the equity investment of Hubei Huayu prior to 2017, claiming the compensation of CNY 93 million for the damage. On July 28, 2022, the court ruled in the first instance that the Group won the case, but Hubei Huayu refused to accept the court's judgment and appointed a lawyer to file an appeal. Subsequently, on August 16, 2024, the court issued a final ruling in favor of the Group.
- (4) Wuhan Hanyang Grand Ocean Classic Commercial Limited, a subsidiary of the Group, ceased operations on August 31, 2023, due to sustained losses. It terminated its lease agreement with Wuhan Trade And Commerce Nationalized Group Ltd. (hereinafter referred to as "Wuhan Trade") prematurely. Subsequently, Wuhan Trade filed a lawsuit against the Group on November 26, 2023, with the following claims:
 - A. Wuhan Trade demanded that the Group pay overdue rent, which the Group has already provisioned, and an early termination penalty of NT\$207,549 thousand (CNY 45,507 thousand), recorded as other payable. Additionally, Wuhan Trade requested that the performance bond of NT\$22,804 thousand (CNY 5,000 thousand) not be refunded. The Group has already recognized this as bad debt expense, recorded under other gains and losses. On June 14, 2024, according to the court's first-instance judgment, the supplementary revaluation includes September 2023 rental income of NT\$15,152 thousand (CNY 3,413 thousand), as well as the reversed overestimation of early termination penalty of NT\$22,198 thousand (CNY 5,000 thousand), which is recorded under other income and expenses.
 - B. Wuhan Trade sought compensation for rental losses due to the premises being vacant after the early termination of the lease, amounting to NT\$33,674 thousand (CNY 7,585 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations.

- C. Wuhan Trade demanded the return of rent reductions and penalties granted in previous years, totaling NT\$85,105 thousand (CNY 19,170 thousand). The Group has provisioned NT\$85,643 thousand (CNY 18,778 thousand) for this, recorded as other payable. On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations. Therefore, the aforementioned amounts were reversed and recorded under other income and expenses.
- D. Wuhan Trade requested reimbursement of rent for a five-month rent-free period from previous years, totaling NT\$21,270 thousand (CNY 4,791 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group has no compensation obligations.
- E. Wuhan Trade sought reimbursement of expenses related to the demolition of the fifth-floor cinema and associated legal fees, totaling NT\$10,397 thousand (CNY 2,342 thousand). On June 14, 2024, according to the court's first-instance judgment, the Group is required to pay litigation costs of NT\$1,327 thousand (CNY 291 thousand), which is recorded under other payables and other income and expenses.

Additionally, on November 21, 2023, Wuhan Trade applied for property preservation to the court, resulting in the freezing of the Group's bank deposits amounting to NT\$309 thousand (CNY 67 thousand), recorded as other financial assets - current.

Based on the Group's assessment, the aforementioned amounts had been accrued in accordance with the first-instance court ruling. However, Wuhan Trade contested the court's decision and engaged legal counsel to file an appeal. Subsequently, on September 29, 2024, the court of second instance upheld the original judgment. The Group reached a settlement with Wuhan Trade on December 2, 2024. As of March 31, 2025, the remaining balance of NT\$50,537 thousand (CNY 10,925 thousand) had not yet been paid and was recorded under other payables.

- (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 Laopai Catering Management Co., Ltd. (hereinafter referred to as "Laopai Company") prematurely. Consequently, Laopai Company filed for arbitration on December 20, 2023, requesting the Group to refund the performance bond and pay early termination penalties, renovation losses, and related litigation expenses, totaling NT\$27,085 thousand (CNY 6,101 thousand). On October 12, 2024, in accordance with the arbitration ruling, the Group was required to compensate Laopai Company for the aforementioned expenses totaling NT\$25,373 thousand (CNY 5,485 thousand). The Group accrued the amount in 2024, recorded under other payables and other gains and losses. As of March 31, 2025, the amount had not yet been paid.

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 three months ended March 31					
Function	2025			2024		
Item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	-	96,396	96,396	-	91,877	91,877
Health and labor insurance	-	124	124	-	120	120
Pension	-	12,803	12,803	-	13,238	13,238
Others	-	22,744	22,744	-	23,990	23,990
Depreciation	-	369,740	369,740	-	391,657	391,657
Amortization	-	576	576	-	577	577

- (2) Seasonality of operations

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

13. **Other disclosures:**

- (1) Information on significant transactions:

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

- A. Loans to other parties: Appendix 1, please refer to the chinese version consolidated financial statements P63.
- B. Guarantees and endorsements for other parties: Appendix 2, please refer to the chinese version consolidated financial statements P64.
- C. Holding of significant marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Appendix 3, please refer to the chinese version consolidated financial statements P65.

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

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 three months ended March 31, 2025 and 2024 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.