

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

Consolidated Financial Statements

With Independent Auditors' Review Report

**For the Nine Months Ended September 30,
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 September 30, 2025 and 2024, the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2025 and 2024, the total assets were NT\$240,369 thousand and NT\$334,065 thousand, respectively, constituting 1.15% and 1.37% of the total consolidated assets, the total liabilities were NT\$254,458 thousand and NT\$338,039 thousand, respectively, constituting 1.50% and 1.73% of the total consolidated liabilities, the comprehensive profit and loss was NT\$1,322 thousand, NT\$(2,326) thousand, NT\$3,510 thousand and NT\$(7,123) thousand, constituting (16.01)%, 1.39%, (0.41)% and 7.17% of the consolidated comprehensive profit and loss for the three months and nine months ended September 30, 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 September 30, 2025 and 2024, and its consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the three months ended September 30, 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)

November 13, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In case of any conflict between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Balance Sheet
September 30, 2025, December 31, 2024, and September 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Current assets:						
1100 Cash and cash equivalents (Note 6(1))	\$ 193,220	1	831,362	3	563,824	2
1110 Financial assets measured at fair value through profit or loss – current (Note 6(2))	11,997	-	12,667	-	12,273	-
1170 Accounts receivable of net amount (Note 6(3))	149,126	1	164,486	1	161,526	-
1200 Other receivables (Note 6(3))	16,918	-	35,245	-	38,380	-
1300 Inventories – merchandising business	110,736	1	164,513	1	173,495	1
1410 Pre-payments (Note 7)	208,709	1	255,772	1	274,090	1
1476 Other financial assets – current (Note 6(7) and 8)	515,625	2	573,303	2	444,748	2
	1,206,331	6	2,037,348	8	1,668,336	6
Non-current assets:						
1600 Property, plants and equipment (Note 6(4) and 8)	4,689,799	22	5,255,621	22	5,303,453	22
1755 Right-of-use asset (Note 6(5), 7 and 8)	10,283,757	49	11,736,960	48	11,884,640	48
1780 Intangible assets (Note 6(6))	1,570,356	8	1,673,410	7	1,654,020	7
1840 Deferred tax assets (Note 6(13))	2,519,212	12	2,827,639	12	2,893,059	12
1980 Other financial assets – non-current (Note 6(7), 7 and 8)	460,474	2	485,908	2	867,539	4
1990 Other non-current assets (Note 6(3), (14) and 7)	185,918	1	198,542	1	198,745	1
	19,709,516	94	22,178,080	92	22,801,456	94
Total assets	\$20,915,847	100	24,215,428	100	24,469,792	100

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheet

September 30, 2025, December 31, 2024, and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

	September 30,		December 31,		September 30,		
	2025		2024		2024		
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
Liabilities and equity							
Current liabilities:							
2100	Short-term loans (Note 6(8))	\$ 2,510,441	12	2,539,845	10	2,592,650	11
2171	Accounts payable (Note 6(10))	710,742	3	1,058,720	4	680,089	3
2219	Other payables (Note 6(4), (10), 7 and 9)	1,141,995	5	1,385,111	6	1,532,176	6
2230	Current tax liabilities	41,145	-	54,223	-	31,566	-
2280	Current lease liabilities (Note 6(11) and 7)	941,604	5	822,209	3	916,492	4
2322	Current portion of long-term borrowings (Note 6(9))	523,654	3	791,943	3	199,656	1
2399	Other current liabilities	11,300	-	10,571	-	10,469	-
		<u>5,880,881</u>	<u>28</u>	<u>6,662,622</u>	<u>26</u>	<u>5,963,098</u>	<u>25</u>
Non-current Liabilities:							
2541	Long-term loans of bank (Note 6(9))	18,267	-	39,342	-	676,286	3
2570	Deferred tax liabilities (Note 6(13))	1,965,675	9	2,272,332	10	2,309,336	9
2580	Non-current lease liabilities (Note 6(11) and 7)	8,591,187	42	9,864,050	42	9,954,637	41
2645	Deposit received	532,479	3	590,775	2	592,943	2
		<u>11,107,608</u>	<u>54</u>	<u>12,766,499</u>	<u>54</u>	<u>13,533,202</u>	<u>55</u>
	Total liabilities:	<u>16,988,489</u>	<u>82</u>	<u>19,429,121</u>	<u>80</u>	<u>19,496,300</u>	<u>80</u>
Equity of owner of parent company (Note 6(14)):							
3100	Share capital	1,955,310	9	1,955,310	8	1,955,310	8
3200	Capital surplus	3,656,472	17	4,168,363	17	4,168,363	16
3350	Unappropriated retained earnings	(593,798)	(3)	(511,891)	(2)	(326,165)	(1)
3400	Other equity	(1,090,626)	(5)	(825,475)	(3)	(824,016)	(3)
	Total equity	<u>3,927,358</u>	<u>18</u>	<u>4,786,307</u>	<u>20</u>	<u>4,973,492</u>	<u>20</u>
	Total liabilities and equity	<u>\$20,915,847</u>	<u>100</u>	<u>24,215,428</u>	<u>100</u>	<u>24,469,792</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Balance Sheet
September 30, 2025, December 31, 2024, and September 30, 2024
(Expressed in Thousands of Chinese Yuan Renminbi)

Assets	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Current assets:						
1100 Cash and cash equivalents	\$ 45,095	1	182,283	3	124,832	2
1110 Financial assets measured at fair value through profit or loss – current	2,800	-	2,777	-	2,717	-
1170 Accounts receivable of net amount	34,804	1	36,065	1	35,762	-
1200 Other receivables	3,949	-	7,728	-	8,497	-
1300 Inventories – merchandising business	25,844	1	36,071	1	38,412	1
1410 Pre-payments	48,710	1	56,080	1	60,684	1
1476 Other financial assets – current	120,341	2	125,702	2	98,468	2
	281,543	6	446,706	8	369,372	6
Non-current assets:						
1600 Property, plants and equipment	1,094,543	22	1,152,341	22	1,174,200	22
1755 Right-of-use asset	2,400,106	49	2,573,432	48	2,631,293	48
1780 Intangible assets	366,502	8	366,910	7	366,205	7
1840 Deferred tax assets	587,954	12	619,985	12	640,531	12
1980 Other financial assets – non-current	107,469	2	106,539	2	192,076	4
1990 Other non-current assets	43,391	1	43,531	1	44,003	1
	4,599,965	94	4,862,738	92	5,048,308	94
Total assets	\$ 4,881,508	100	5,309,444	100	5,417,680	100

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Balance Sheet
September 30, 2025, December 31, 2024, and September 30, 2024
(Expressed in Thousands of Chinese Yuan Renminbi)

	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Liabilities and equity						
Current liabilities:						
2100	\$ 585,907	12	556,883	10	574,020	11
2171	165,879	3	232,134	4	150,574	3
2219	266,528	5	303,699	6	339,228	6
2230	9,603	-	11,889	-	6,989	-
2280	219,759	5	180,276	3	202,914	4
2322	122,215	3	173,640	3	44,204	1
2399	2,638	-	2,318	-	2,317	-
	1,372,529	28	1,460,839	26	1,320,246	25
Non-current liabilities:						
2541	4,263	-	8,626	-	149,732	3
2570	458,765	9	498,229	10	511,294	9
2580	2,005,081	42	2,162,780	42	2,203,985	41
2645	124,274	3	129,533	2	131,279	2
	2,592,383	54	2,799,168	54	2,996,290	55
Total liabilities:	3,964,912	82	4,260,007	80	4,316,536	80
Equity of owner of parent company:						
3100	492,105	9	492,105	9	492,105	9
3200	613,189	13	728,494	14	728,494	13
3350	(137,986)	(3)	(115,305)	(2)	(73,591)	(1)
3400	(50,712)	(1)	(55,857)	(1)	(45,864)	(1)
Total equity	916,596	18	1,049,437	20	1,101,144	20
Total liabilities and equity	\$ 4,881,508	100	5,309,444	100	5,417,680	100

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Income Statement
For the three months and nine months ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	For the three months ended September				For the nine months ended September			
	30		30		30		30	
	2025	2024	2025	2024	2025	2024	2025	2024
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (Note 6(16))	\$ 600,992	100	707,967	100	2,045,528	100	2,398,821	100
5000 Operating costs	76,922	13	90,016	13	300,704	15	357,230	15
Gross profit	524,070	87	617,951	87	1,744,824	85	2,041,591	85
6000 Operating expenses (Note 6(4), (5), (6), (11), (12) and 7)	612,689	102	742,277	106	1,945,021	95	2,135,062	89
6450 Expected credit loss (Note 6(3))	1,586	-	1,551	-	18,033	1	3,248	-
	614,275	102	743,828	106	1,963,054	96	2,138,310	89
Operating loss	(90,205)	(15)	(125,877)	(19)	(218,230)	(11)	(96,719)	(4)
Non-operating income and expenses:								
7100 Total interest income (Note 6(18))	5,191	1	8,906	1	18,255	1	26,230	1
7010 Other revenues (Note 6(18))	401	-	2,110	-	1,649	-	2,874	-
7020 Other gains and losses (Note 6(18) and 9)	6,350	1	127,304	18	36,113	3	265,713	11
7050 Financial costs (Note 6(11), (18) and 7)	(130,892)	(22)	(165,729)	(23)	(421,247)	(21)	(506,527)	(21)
7055 Expected credit gain on reversal (loss) (Note 6(19))	95	-	-	-	(9,000)	-	-	-
	(118,855)	(20)	(27,409)	(4)	(374,230)	(17)	(211,710)	(9)
7900 Earnings before tax	(209,060)	(35)	(153,286)	(23)	(592,460)	(28)	(308,429)	(13)
7950 Deduction: income tax (profit) expenses (Note 6(13))	(5,862)	(1)	1,800	-	1,338	-	17,736	1
Current net loss	(203,198)	(34)	(155,086)	(23)	(593,798)	(28)	(326,165)	(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	194,946	32	(12,733)	(2)	(265,151)	(13)	226,856	9
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	194,946	32	(12,733)	(2)	(265,151)	(13)	226,856	9
8300 Other comprehensive income (loss)	194,946	32	(12,733)	(2)	(265,151)	(13)	226,856	9
Comprehensive income	\$ (8,252)	(2)	(167,819)	(25)	(858,949)	(41)	(99,309)	(5)
Net loss, attributable to:								
8610 Owners of parent	\$ (203,198)	(34)	(155,086)	(23)	(593,798)	(28)	(326,165)	(14)
Comprehensive income (loss) attributable to:								
8710 Owners of parent	\$ (8,252)	(2)	(167,819)	(25)	(858,949)	(41)	(99,309)	(5)
Earnings (loss) per share (Note 6(15))								
9750 Basic earnings (loss) per share (NT dollars)	\$ (1.04)		(0.79)		(3.04)		(1.67)	

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the three months and nine months ended September 30, 2025 and 2024

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

	For the three months ended September				For the nine months ended September				
	30		30		30		30		
	2025	2024	2025	2024	2025	2024	2025	2024	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues	\$ 143,182	100	156,704	100	475,336	100	541,236	100
5000	Operating costs	18,421	13	19,831	13	69,877	15	80,600	15
	Gross profit	124,761	87	136,873	87	405,459	85	460,636	85
6000	Operating expenses	145,627	102	164,979	106	451,981	95	481,725	89
6450	Expected credit loss	409	-	347	-	4,190	1	733	-
	Operating loss	146,036	102	165,326	106	456,171	96	482,458	89
	Operating loss	(21,275)	(15)	(28,453)	(19)	(50,712)	(11)	(21,822)	(4)
	Non-operating income and expenses:								
7100	Total interest income	1,238	1	1,978	1	4,242	1	5,918	1
7010	Other revenues	96	-	474	-	383	-	648	-
7020	Other gains and losses	1,548	1	28,477	18	8,392	3	59,953	11
7050	Financial costs	(31,125)	(22)	(36,782)	(23)	(97,889)	(21)	(114,286)	(21)
7055	Expected credit loss	-	-	-	-	(2,091)	-	-	-
		(28,243)	(20)	(5,853)	(4)	(86,963)	(17)	(47,767)	(9)
7900	Earnings before tax	(49,518)	(35)	(34,306)	(23)	(137,675)	(28)	(69,589)	(13)
7950	Deduction: income tax (profit) expenses	(1,345)	(1)	378	-	311	-	4,002	1
	Current net loss	(48,173)	(34)	(34,684)	(23)	(137,986)	(28)	(73,591)	(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	3,218	3	6,674	4	5,145	1	4,788	1
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	3,218	3	6,674	4	5,145	1	4,788	1
8300	Other comprehensive income (loss)	3,218	3	6,674	4	5,145	1	4,788	1
	Comprehensive income	<u>\$ (44,955)</u>	<u>(31)</u>	<u>(28,010)</u>	<u>(19)</u>	<u>(132,841)</u>	<u>(27)</u>	<u>(68,803)</u>	<u>(13)</u>
	Net loss, attributable to:								
8610	Owners of parent	<u>\$ (48,173)</u>	<u>(34)</u>	<u>(34,684)</u>	<u>(23)</u>	<u>(137,986)</u>	<u>(28)</u>	<u>(73,591)</u>	<u>(14)</u>
	Comprehensive income (loss) attributable to:								
8710	Owners of parent	<u>\$ (44,955)</u>	<u>(31)</u>	<u>(28,010)</u>	<u>(19)</u>	<u>(132,841)</u>	<u>(27)</u>	<u>(68,803)</u>	<u>(13)</u>
	Earnings (loss) per share								
9750	Basic earnings (loss) per share (RMB)	<u>\$ (0.25)</u>		<u>(0.18)</u>		<u>(0.71)</u>		<u>(0.38)</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 nine months ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Owner's equity						Other equity		Total equity
	Retained earnings					Sum	Exchange differences on translation of foreign operations	Attributed to parent company total equity	
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				
Balance at January 1, 2024	\$ 1,955,310	5,075,485	580,244	596,630	(2,083,996)	(907,122)	(1,050,872)	5,072,801	5,072,801
Current net loss	-	-	-	-	(326,165)	(326,165)	-	(326,165)	(326,165)
Current other comprehensive income	-	-	-	-	-	-	226,856	226,856	226,856
Current total comprehensive income	-	-	-	-	(326,165)	(326,165)	226,856	(99,309)	(99,309)
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(580,244)	-	580,244	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(596,630)	596,630	-	-	-	-
Changes in other capital surplus:									
Capital surplus used to offset accumulated deficits	-	(907,122)	-	-	907,122	907,122	-	-	-
Balance at September 30, 2024	\$ 1,955,310	4,168,363	-	-	(326,165)	(326,165)	(824,016)	4,973,492	4,973,492
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	-	-	-	-	(593,798)	(593,798)	-	(593,798)	(593,798)
Current other comprehensive income	-	-	-	-	-	-	(265,151)	(265,151)	(265,151)
Current total comprehensive income	-	-	-	-	(593,798)	(593,798)	(265,151)	(858,949)	(858,949)
Changes in other capital surplus:									
Capital surplus used to offset accumulated deficits	-	(511,891)	-	-	511,891	511,891	-	-	-
Balance at September 30, 2025	\$ 1,955,310	3,656,472	-	-	(593,798)	(593,798)	(1,090,626)	3,927,358	3,927,358

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the nine months ended September 30, 2025 and 2024
(Expressed in Thousands of Chinese Yuan Renminbi)

	Owner's equity						Other equity Exchange differences on translation of foreign operations	Attributed to parent company total equity	Total equity
	Retained earnings					Sum			
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropria ted 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	-	-	-	-	(73,591)	(73,591)	-	(73,591)	(73,591)
Current other comprehensive income	-	-	-	-	-	-	4,788	4,788	4,788
Current total comprehensive income	-	-	-	-	(73,591)	(73,591)	4,788	(68,803)	(68,803)
Appropriation and distribution of retained earnings:									
Legal reserve used to offset accumulated deficits	-	-	(121,053)	-	121,053	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(129,560)	129,560	-	-	-	-
Changes in other capital surplus:									
Capital surplus used to offset accumulated deficits	-	(291,550)	-	-	291,550	291,550	-	-	-
Balance at September 30, 2024	\$ 492,105	728,494	-	-	(73,591)	(73,591)	(45,864)	1,101,144	1,101,144
Balance at January 1, 2025	\$ 492,105	728,494	-	-	(115,305)	(115,305)	(55,857)	1,049,437	1,049,437
Current net loss	-	-	-	-	(137,986)	(137,986)	-	(137,986)	(137,986)
Current other comprehensive income	-	-	-	-	-	-	5,145	5,145	5,145
Current total comprehensive income	-	-	-	-	(137,986)	(137,986)	5,145	(132,841)	(132,841)
Changes in other capital surplus:									
Capital surplus used to offset accumulated deficits	-	(115,305)	-	-	115,305	115,305	-	-	-
Balance at September 30, 2025	\$ 492,105	613,189	-	-	(137,986)	(137,986)	(50,712)	916,596	916,596

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2025	2024
Cash flows from operating activities		
(Loss) profit before tax	\$ (592,460)	(308,429)
Adjusting events:		
Income and expenses		
Depreciation expense	1,043,962	1,151,388
Amortization expense	1,631	1,693
Expected credit loss	27,033	3,248
Net gain on financial assets or liabilities at fair value through profit or loss	(240)	(2,009)
Interest expense	421,247	506,527
Interest income	(18,255)	(26,230)
Loss on disposal of property, plant and equipment	342	492
Compensation gain on store closures and lawsuit	-	(205,769)
Total adjustments to reconcile profit (loss)	1,475,720	1,429,340
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	-	1,779
Accounts receivable	(12,607)	34,036
Other receivables	12,119	14,763
Inventories	44,008	(5,589)
Prepayments	31,714	(10,145)
Subtotal of changes in operating assets	75,234	34,844
Changes in operating liabilities:		
Accounts payable	(285,117)	(626,036)
Other payables	(182,986)	(24,552)
Other current liabilities	1,377	-
Subtotal of changes in operating liabilities	(466,726)	(650,588)
Subtotal of changes in operating assets and liabilities	(391,492)	(615,744)
Total adjustments	1,084,228	813,596
Cash inflow generated from operations	491,768	505,167
Interest received	6,139	7,395
Interest paid	(402,512)	(491,675)
Income taxes paid	(42,973)	(45,062)
Net cash flows from operating activities	52,422	(24,175)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended	
	September 30	
	2025	2024
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments using the equity method	5,508	6,382
Acquisition of property, plant and equipment	(40,358)	(82,612)
Proceeds from disposal of property, plant and equipment	-	63
(Increase) Decrease in refundable deposits	(43)	1,306
Acquisition of intangible assets	(1,371)	(139)
Decrease (Increase) in other financial assets	19,111	(66,621)
Decrease in other non-current assets - other	2,382	16,198
Net cash flows used in investing activities	(14,771)	(125,423)
Cash flows from (used in) financing activities:		
Increase in short-term loans	128,465	183,654
Payments for long-term loans	(233,857)	(341,911)
Decrease in deposit received	(22,629)	(1,770)
Increase in other payables	-	288,240
Payment of lease liabilities	(508,725)	(467,490)
Net cash flows used in financing activities	(636,746)	(339,277)
Effect of exchange rate changes on cash and cash equivalents	(39,047)	32,364
Net decrease in cash and cash equivalents	(638,142)	(456,511)
Cash and cash equivalents at beginning of period	831,362	1,020,335
Cash and cash equivalents at end of period	\$ 193,220	563,824

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of Chinese Yuan Renminbi)

	For the nine months ended	
	September 30	
	2025	2024
Cash flows from operating activities		
(Loss) profit before tax	\$ (137,675)	(69,589)
Adjusting events:		
Income and expenses		
Depreciation expense	242,594	259,783
Amortization expense	379	382
Expected credit loss	6,281	733
Net gain on financial assets or liabilities at fair value through profit or loss	(56)	(453)
Interest expense	97,889	114,286
Interest income	(4,242)	(5,918)
Loss on disposal of property, plant and equipment	79	111
Compensation gain on store closures and lawsuit	-	(46,427)
Total adjustments to reconcile profit (loss)	342,924	322,497
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets and liabilities at fair value through profit	-	401
Accounts receivable	(2,930)	7,679
Other receivables	2,816	3,331
Inventories	10,227	(1,261)
Prepayments	7,370	(2,289)
Subtotal of changes in operating assets	17,483	7,861
Changes in operating liabilities:		
Accounts payable	(66,255)	(141,250)
Other payables	(42,522)	(5,540)
Other current liabilities	320	-
Subtotal of changes in operating liabilities	(108,457)	(146,790)
Subtotal of changes in operating assets and liabilities	(90,974)	(138,929)
Total adjustments	251,950	183,568
Cash inflow generated from operations	114,275	113,979
Interest received	1,427	1,669
Interest paid	(93,535)	(110,935)
Income taxes paid	(9,986)	(10,167)
Net cash flows from operating activities	12,181	(5,454)

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows
For the nine months ended September 30, 2025 and 2024
(Expressed in Thousands of Chinese Yuan Renminbi)

	For the nine months ended September 30	
	2025	2024
Cash flows from (used in) investing activities:		
Proceeds from disposal of investments using the equity method	1,280	1,440
Acquisition of property, plant and equipment	(9,378)	(18,639)
Proceeds from disposal of property, plant and equipment	-	14
(Increase) Decrease in refundable deposits	(10)	295
Acquisition of intangible assets	(319)	(31)
Decrease (Increase) in other financial assets	4,441	(15,031)
Decrease in other non-current assets - other	554	3,655
Net cash flows used in investing activities	(3,432)	(28,297)
Cash flows from (used in) financing activities:		
Increase in short-term loans	29,853	41,437
Payments for long-term loans	(54,343)	(77,144)
Decrease in deposit received	(5,258)	(399)
Increase in other payables	-	65,034
Payment of lease liabilities	(118,217)	(105,478)
Net cash flows used in financing activities	(147,965)	(76,550)
Effect of exchange rate changes on cash and cash equivalents	2,028	(189)
Net decrease in cash and cash equivalents	(137,188)	(110,490)
Cash and cash equivalents at beginning of period	182,283	235,322
Cash and cash equivalents at end of period	\$ 45,095	124,832

See accompanying notes to consolidated financial statements.

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Notes to the Consolidated Financial Statements

For the nine months ended September 30, 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 November 13, 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.

- IFRS 17 “Insurance Contracts” and Amendments to IFRS 17.
- Amendment to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"

- Annual Improvements to IFRS Accounting Standards.
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”.

(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. 	<p>January 1, 2027</p> <p>Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

	<ul style="list-style-type: none"> ● 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. 	
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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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”.

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
			September 30, 2025	December 31, 2024	September 30, 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
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

Name of Investor	Name of Subsidiary	Principal activity	Percentage of holding shares (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
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.
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
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Select Commercial Co., Ltd.	Trading of cosmetics, furnishings, etc.	100%	-%	-%	The company directly (indirectly) holds more than 50% of its subsidiaries

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

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and petty cash	\$ 5,205	6,626	6,035
Demand deposit	188,015	742,214	522,974
Time deposit	-	82,522	34,815
Total	<u>\$ 193,220</u>	<u>831,362</u>	<u>563,824</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

	September 30, 2025	December 31, 2024	September 30, 2024
Mandatorily measured at fair value through profit or loss – current:			
Open-end funds	<u>\$ 11,997</u>	<u>12,667</u>	<u>12,273</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

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	\$ 212,885	213,243	182,321
Allowance for impairment	(63,759)	(48,757)	(20,795)
	<u>149,126</u>	<u>164,486</u>	<u>161,526</u>
Other receivables - current :			
Other receivables - investment funds	261,367	278,210	275,516
Other receivables – lease deposit	61,063	64,998	64,369
Other receivables – others	25,879	35,245	38,380
Less: Impairment loss allowance	(331,391)	(343,208)	(339,885)
Subtotal	<u>16,918</u>	<u>35,245</u>	<u>38,380</u>
Total	<u>\$ 166,044</u>	<u>199,731</u>	<u>199,906</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 :

September 30, 2025			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 111,177	0%	-
1 to 90 days past due	27,621	0%	-
91 to 180 days past due	10,952	0%~12%	1,273
181 to 270 days past due	8,521	0%~92%	7,872
271 to 365 days past due	12,049	100%	12,049
More than 365 days past due	<u>42,565</u>	100%	<u>42,565</u>
	<u>\$ 212,885</u>		<u>63,759</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	<u>24,666</u>	100%	<u>24,666</u>
	<u>\$ 213,243</u>		<u>48,757</u>
September 30, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Not overdue	\$ 139,928	0%	-
1 to 90 days past due	15,838	0%	-
91 to 180 days past due	8,462	0%~32%	2,702
181 to 270 days past due	2,367	100%	2,367
271 to 365 days past due	484	100%	484
More than 365 days past due	<u>15,242</u>	100%	<u>15,242</u>
	<u>\$ 182,321</u>		<u>20,795</u>

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

	For the nine months ended September 30	
	2025	2024
Opening balance	\$ 48,757	38,259
Impairment loss recognized	18,033	3,248
Amount written off	-	(21,951)
Exchange rate impact number	<u>(3,031)</u>	<u>1,239</u>
Ending balance	<u>\$ 63,759</u>	<u>20,795</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 financial assets with low credit risk and measured loss allowances at an amount as 12-month expected credit loss. Please refer to Note 6(19) 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 September 30, 2025, December 31, 2024, and September 30, 2024, the lease security deposit and the corresponding allowance for expected credit losses were NT\$61,063 thousand (CNY 14,252 thousand), NT\$64,998 thousand (CNY 14,252 thousand), and NT\$64,369 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 Fengan land plot, which will be implemented by the Fengze District Government, and is coordinating to promote Fengan land is under construction, so the Group intends to negotiate with Damahua for proceeds from subsequent project development in order to repay all creditor's rights of the Group.

Although the Group assessed that after the allocation of the disposal value of the Fengan land, Damahua should be able to repay the debts, the impact of the COVID-19 pandemic in China has caused the economy to not yet recover to normal levels. In accordance with the principle of prudence, the Group recognized expected credit losses on the aforementioned receivables. As of September 30, 2025, December 31, 2024, and September 30, 2024, the outstanding receivables and the related allowance for expected credit losses were NT\$261,367 thousand (CNY 61,000 thousand), NT\$278,210 thousand (CNY 61,000 thousand), and NT\$275,516 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 September 30, 2025, December 31, 2024, and September 30, 2024, the outstanding amounts yet to be collected were NT\$3,599 thousand (CNY 840 thousand), NT\$9,669 thousand (CNY 2,120 thousand), and NT\$11,744 thousand (CNY 2,600 thousand), respectively. These amounts were recognized under other receivables and non-current assets – others in the amounts of NT\$3,599 thousand (CNY 840 thousand) and NT\$0, NT\$8,757 thousand (CNY 1,920 thousand) and NT\$912 thousand (CNY 200 thousand), and NT\$8,672 thousand (CNY 1,920 thousand) and NT\$3,072 thousand (CNY 680 thousand), respectively.
- G. The Group provided employees with treasury shares subscription rights funded through salary advances. However, the salary advances made to certain former employees have not yet been recovered. Accordingly, these amounts were reclassified from “Other non-current assets – others” to “Other receivables,” and full impairment losses were recognized. For related information, please refer to Note 6(14). As of September 30, 2025, December 31, 2024, and September 30, 2024, the unrecovered receivables and the corresponding impairment allowances amounted to NT\$8,961 thousand (RMB 2,091 thousand), zero, and zero, respectively.

(4) Property, plant and equipment

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

	<u>Building</u>	<u>Transportation Device</u>	<u>Office Equipment</u>	<u>Lease Improvement</u>	<u>Construction in progress</u>	<u>Total</u>
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	-	-	1,495	2,726	45,483	49,704
Current re-classification	-	-	320	50,772	(51,092)	-
Disposal and abandonment	-	-	(1,868)	(9,102)	-	(10,970)
Influenced by fluctuation of exchange rates	<u>(291,845)</u>	<u>(789)</u>	<u>(13,733)</u>	<u>(415,784)</u>	<u>(1,197)</u>	<u>(723,348)</u>
Balance at September 30, 2025	<u>\$ 4,528,872</u>	<u>12,240</u>	<u>213,010</u>	<u>6,493,338</u>	<u>15,689</u>	<u>11,263,149</u>
Balance at January 1, 2024	\$ 4,582,998	13,080	208,303	6,443,512	34,892	11,282,785
Additions	-	-	2,026	48,274	27,804	78,104
Current re-classification	-	-	7,547	2,266	(9,813)	-
Disposal and abandonment	-	(708)	(2,618)	(6,362)	-	(9,688)
Influenced by fluctuation of exchange rates	<u>191,036</u>	<u>531</u>	<u>8,814</u>	<u>269,428</u>	<u>1,701</u>	<u>471,510</u>
Balance at September 30, 2024	<u>\$ 4,774,034</u>	<u>12,903</u>	<u>224,072</u>	<u>6,757,118</u>	<u>54,584</u>	<u>11,822,711</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	71,988	1,012	8,086	216,998	-	298,084
Disposal and abandonment	-	-	(1,664)	(8,964)	-	(10,628)
Influenced by fluctuation of exchange rates	<u>(95,167)</u>	<u>(474)</u>	<u>(10,377)</u>	<u>(300,230)</u>	<u>-</u>	<u>(406,248)</u>
Balance at September 30, 2025	<u>\$ 1,543,662</u>	<u>8,283</u>	<u>166,978</u>	<u>4,852,110</u>	<u>2,317</u>	<u>6,573,350</u>
Balance at January 1, 2024	\$ 1,392,865	6,627	154,492	4,393,174	2,317	5,949,475
Depreciation	74,143	1,042	8,005	241,808	-	324,998
Disposal and abandonment	-	(637)	(2,357)	(6,139)	-	(9,133)
Influenced by fluctuation of exchange rates	<u>59,474</u>	<u>285</u>	<u>6,546</u>	<u>187,613</u>	<u>-</u>	<u>253,918</u>
Balance at September 30, 2024	<u>\$ 1,526,482</u>	<u>7,317</u>	<u>166,686</u>	<u>4,816,456</u>	<u>2,317</u>	<u>6,519,258</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 September 30, 2025	<u>\$ 2,985,210</u>	<u>3,957</u>	<u>46,032</u>	<u>1,641,228</u>	<u>13,372</u>	<u>4,689,799</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 September 30, 2024	<u>\$ 3,247,552</u>	<u>5,586</u>	<u>57,386</u>	<u>1,940,662</u>	<u>52,267</u>	<u>5,303,453</u>

A. As of September 30, 2025, December 31, 2024 and September 30, 2024, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to NT\$94,635 thousand, NT\$90,828 thousand and

NT\$94,820 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. The recoverable amount and the key assumptions used in the Group's impairment assessment of non-financial assets are consistent with those disclosed in the consolidated financial statements for the six months ended June 30, 2025, with no material changes. For related information, please refer to Note 6(6) of the consolidated financial statements for the six months ended June 30, 2025.
- D. Please refer to Note 6(18) for details on disposal gains and losses.
- E. Guarantee

Please refer to Note 8 for the details of long-term loans and financing line guarantees on September 30, 2025, December 31, 2024, and September 30, 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	(208,405)	(820,115)	(3,717)	(1,032,237)
Balance at September 30, 2025	<u>\$ 3,234,047</u>	<u>12,726,589</u>	<u>57,672</u>	<u>16,018,308</u>
Balance at January 1, 2024	\$ 3,272,698	12,124,453	58,362	15,455,513
Additions	-	753,780	-	753,780
Effect of changes in foreign exchange rates	136,418	519,769	2,432	658,619
Balance at September 30, 2024	<u>\$ 3,409,116</u>	<u>13,398,002</u>	<u>60,794</u>	<u>16,867,912</u>
Accumulated depreciation:				
Balance at January 1, 2025	\$ 724,858	4,544,115	44,612	5,313,585
Depreciation	67,338	673,907	4,633	745,878
Effect of movement in exchange rate	(44,175)	(278,016)	(2,721)	(324,912)
Balance at September 30, 2025	<u>\$ 748,021</u>	<u>4,940,006</u>	<u>46,524</u>	<u>5,734,551</u>
Balance at January 1, 2024	\$ 598,651	3,341,701	35,059	3,975,411
Depreciation	69,353	752,006	5,031	826,390
Effect of movement in exchange rate	26,276	153,638	1,557	181,471
Balance at September 30, 2024	<u>\$ 694,280</u>	<u>4,247,345</u>	<u>41,647</u>	<u>4,983,272</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machine equipment</u>	<u>Total</u>
Carrying amounts:				
Balance at January 1, 2025	\$ 2,717,594	9,002,589	16,777	<u>11,736,960</u>
Balance at September 30, 2025	\$ 2,486,026	7,786,583	11,148	<u>10,283,757</u>
Balance at January 1, 2024	\$ 2,674,047	8,782,752	23,303	<u>11,480,102</u>
Balance at September 30, 2024	\$ 2,714,836	9,150,657	19,147	<u>11,884,640</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	-	-	1,371	1,371
Influenced by fluctuation of exchange rates	<u>(92,303)</u>	<u>(32,798)</u>	<u>(2,231)</u>	<u>(127,332)</u>
Balance at September 30, 2025	<u>\$ 1,432,349</u>	<u>426,720</u>	<u>35,898</u>	<u>1,894,967</u>
Balance at January 1, 2024	\$ 1,449,468	430,434	34,487	1,914,389
Additions	-	-	139	139
Influenced by fluctuation of exchange rates	<u>60,419</u>	<u>13,176</u>	<u>1,441</u>	<u>75,036</u>
Balance at September 30, 2024	<u>\$ 1,509,887</u>	<u>443,610</u>	<u>36,067</u>	<u>1,989,564</u>
Amortization and impairment losses:				
Balance at January 1, 2025	\$ -	322,328	25,190	347,518
Amortization	-	-	1,631	1,631
Influenced by fluctuation of exchange rates	<u>-</u>	<u>(23,006)</u>	<u>(1,532)</u>	<u>(24,538)</u>
Balance at September 30, 2025	<u>\$ -</u>	<u>299,322</u>	<u>25,289</u>	<u>324,611</u>
Balance at January 1, 2024	\$ -	301,928	21,743	323,671
Amortization	-	-	1,693	1,693
Influenced by fluctuation of exchange rates	<u>-</u>	<u>9,242</u>	<u>938</u>	<u>10,180</u>
Balance at September 30, 2024	<u>\$ -</u>	<u>311,170</u>	<u>24,374</u>	<u>335,544</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 September 30, 2025	<u>\$ 1,432,349</u>	<u>127,398</u>	<u>10,609</u>	<u>1,570,356</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 September 30, 2024	<u>\$ 1,509,887</u>	<u>132,440</u>	<u>11,693</u>	<u>1,654,020</u>

A. Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating expenses	<u>\$ 520</u>	<u>567</u>	<u>1,631</u>	<u>1,693</u>

B. Goodwill

The recoverable amount and the key assumptions used for the department store retail cash-generating unit are consistent with those disclosed in the consolidated financial statements for the six months ended June 30, 2025, with no material changes. For related information, please refer to Note 6(6) of the consolidated financial statements for the six months ended June 30, 2025.

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

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Other financial assets — current			
Deposits — out for lease (Note)	\$ 252	291	290
Restricted deposits	512,831	570,806	441,847
Others	<u>2,542</u>	<u>2,206</u>	<u>2,611</u>
	<u>\$ 515,625</u>	<u>573,303</u>	<u>444,748</u>
Other financial assets — non-current			
Deposits — out for lease (Note)	\$ 189,668	201,894	199,934
Deposits — out for cooperation	6,467	7,315	7,386
Restricted deposits	196,981	205,003	589,216
Deposit for rent expansion (Note)	64,271	68,412	67,750
Others	<u>3,087</u>	<u>3,284</u>	<u>3,253</u>
	<u>\$ 460,474</u>	<u>485,908</u>	<u>867,539</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Secured bank loans	<u>\$ 2,510,441</u>	<u>2,539,845</u>	<u>2,592,650</u>
Unused credit lines	<u>\$ 114,062</u>	<u>391,968</u>	<u>298,510</u>
Range of interest rates	<u>3.0%~5.8%</u>	<u>3.5%~6.3%</u>	<u>3.50%~6.50%</u>

A. The Group has entered into a secured loan agreement with a bank. Upon completion of the mortgage of the real estate owned by its subsidiary, Fuzhou Grand Ocean Classic Commerce Limited, the Group's available credit line will increase by NT\$676,983 thousand.

B. 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:

	<u>September 30, 2025</u>			
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Year of expiry</u>	<u>Amount</u>
Unsecured bank loans	USD	6.42%	115	\$ 54,801
Secured bank loans	USD	5.04%~5.18%	114	<u>487,120</u>
				541,921
Less: current portion				<u>(523,654)</u>
Total				<u>\$ 18,267</u>
Unused credit lines				<u>\$ 152,225</u>
	<u>December 31, 2024</u>			
	<u>Currency</u>	<u>Interest rate collar</u>	<u>Year of expiry</u>	<u>Amount</u>
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>

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

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

B. For information regarding the Group's interest rate and liquidity risk exposures, please refer to Note 6(19).

(10) Accounts payable and other payables

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts payable			
Arising from direct sales	\$ 23,731	53,475	53,458
Arising from concessionaire sales	619,117	928,894	536,984
Others	<u>67,894</u>	<u>76,351</u>	<u>89,647</u>
Total	<u>\$ 710,742</u>	<u>1,058,720</u>	<u>680,089</u>

Most of the payable arises from suppliers.

	September 30, 2025	December 31, 2024	September 30, 2024
Other payables			
Wages and salaries payables	\$ 65,508	109,440	71,549
Construction payables	94,635	90,828	94,820
Compensation payable for store closures, etc.	801	852	1,522
Compensation payable for lawsuit	23,502	233,651	375,254
Payables to related parties	548,010	590,130	569,700
Tax payables	18,858	31,416	21,954
Others	<u>390,681</u>	<u>328,794</u>	<u>397,377</u>
Total	<u>\$ 1,141,995</u>	<u>1,385,111</u>	<u>1,532,176</u>

(11) Lease liabilities

The Group's lease liabilities were as follows:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	<u>\$ 941,604</u>	<u>822,209</u>	<u>916,492</u>
Non-current	<u>\$ 8,591,187</u>	<u>9,864,050</u>	<u>9,954,637</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	<u>\$ 101,277</u>	<u>114,581</u>	<u>313,882</u>	<u>346,000</u>
Expenses relating to short-term leases	<u>\$ 249</u>	<u>288</u>	<u>747</u>	<u>736</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	<u>\$ 12</u>	<u>12</u>	<u>36</u>	<u>30</u>

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

	<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	<u>\$ 823,390</u>	<u>814,256</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 and nine months ended September 30, 2025 and 2024 were NT\$11,404 thousand, NT\$12,762 thousand, NT\$35,644 thousand, and NT\$38,511 thousand, respectively.

(13) Income tax

A. Income tax (benefit) expense

The components of income tax were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ 7,629	3,281	33,079	36,441
Adjustment for prior period	18	(2,813)	56	(2,813)
	<u>7,647</u>	<u>468</u>	<u>33,135</u>	<u>33,628</u>
Deferred tax (benefit) expense				
Origination and reversal of temporary differences	<u>(13,509)</u>	<u>1,332</u>	<u>(31,797)</u>	<u>(15,892)</u>
Income tax (benefit) expenses from continuing operations	<u>\$ (5,862)</u>	<u>1,800</u>	<u>1,338</u>	<u>17,736</u>

B. Deferred tax assets

(A) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the nine months ended September 30, 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	(4,217)	(133,621)	(137,838)
Foreign currency translation differences for foreign operations	(1,777)	(168,812)	(170,589)
Balance at September 30, 2025	<u>\$ 23,653</u>	<u>2,495,559</u>	<u>2,519,212</u>
Balance at January 1, 2024	\$ 53,673	2,708,867	2,762,540
Recognized in profit or loss	-	15,078	15,078
Foreign currency translation differences for foreign operations	2,237	113,204	115,441
Balance at September 30, 2024	<u>\$ 55,910</u>	<u>2,837,149</u>	<u>2,893,059</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	-	(169,635)	(169,635)
Influenced by fluctuation of exchange rates	(1,248)	(135,774)	(137,022)
Balance as of September 30, 2025	<u>\$ 16,242</u>	<u>1,949,433</u>	<u>1,965,675</u>
Balance as of January 1, 2024	\$ 16,383	2,201,514	2,217,897
Recognized in profit or loss	-	(814)	(814)
Influenced by fluctuation of exchange rates	502	91,751	92,253
Balance as of September 30, 2024	<u>\$ 16,885</u>	<u>2,292,451</u>	<u>2,309,336</u>

C. Income tax verification situation

The mainland subsidiary's income tax settlement declaration has been submitted to the local tax agency as of 2024.

(14) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the nine months ended September 30, 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Premium on Issued Shares	\$ 3,622,017	4,133,908	4,133,908
Treasury stock trading	25,333	25,333	25,333
Exercising the right of imputation	9,122	9,122	9,122
	<u>\$ 3,656,472</u>	<u>4,168,363</u>	<u>4,168,363</u>

At the shareholders' meetings held on June 12, 2025, and June 17, 2024, resolutions were approved to offset deficits of NT\$511,891 thousand and NT\$907,122 thousand, respectively, through appropriations of 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

At the shareholders' annual general meetings held on June 12, 2025, and June 17, 2024, resolutions were approved for the appropriation of losses for the fiscal years 2024 and 2023, respectively.

C. Treasury stock

The details for transferring treasury shares to employees:

	(In thousands of shares)	
	For the nine months ended September 30	
	2025	2024
Outstanding at January 1	3,663	7,709
Number of shares sold during the period	-	(1,546)
Outstanding at September 30	<u>3,663</u>	<u>6,163</u>

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of September 30, 2025, December 31, 2024 and September 30, 2024, these prepaid salaries amounting to NT\$130,700 thousand, NT\$129,316 thousand and NT\$128,021 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>(265,151)</u>
Balance at September 30, 2025	<u>\$ (1,090,626)</u>
Balance at January 1, 2024	\$ (1,050,872)
Exchange difference on translation of net assets of foreign operations	<u>226,856</u>
Balance at September 30, 2024	<u>\$ (824,016)</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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Basic earnings (loss) per share				
Net profit attributed to shareholder of common stock of the Company	<u>\$ (203,198)</u>	<u>(155,086)</u>	<u>(593,798)</u>	<u>(326,165)</u>
Weighted average number of common shares outstanding	<u>195,531</u>	<u>195,531</u>	<u>195,531</u>	<u>195,531</u>
Basic earnings (loss) per share (NTD)	<u>\$ (1.04)</u>	<u>(0.79)</u>	<u>(3.04)</u>	<u>(1.67)</u>

The Company did not disclose the diluted earnings (loss) per share for the three months and nine months ended September 30, 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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Main regional markets:				
China	<u>\$ 600,992</u>	<u>707,967</u>	<u>2,045,528</u>	<u>2,398,821</u>
Main product/service:				
Commissions revenue (retail revenue – concessionaire sales)	\$ 122,790	157,508	493,819	610,874
Commodity sales (retail revenue – direct sales)	86,446	97,316	331,094	390,381
Lease revenue (Note)	222,065	251,761	689,888	784,042
Service revenue and others	<u>169,691</u>	<u>201,382</u>	<u>530,727</u>	<u>613,524</u>
	<u>\$ 600,992</u>	<u>707,967</u>	<u>2,045,528</u>	<u>2,398,821</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 and nine months ended September 30, 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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest of back deposit	\$ 4,959	8,660	17,538	25,493
Open-end funds	<u>232</u>	<u>246</u>	<u>717</u>	<u>737</u>
Total	<u>\$ 5,191</u>	<u>8,906</u>	<u>18,255</u>	<u>26,230</u>

B. Other income

The details of other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Government grants income	\$ <u>401</u>	<u>2,110</u>	<u>1,649</u>	<u>2,874</u>

C. Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Loss on disposal of property, plant and equipment	\$ (105)	(433)	(342)	(492)
Foreign exchange gain (losses)	(3,619)	(1,632)	(5,883)	(8,942)
Net gain on financial assets at fair value through profit or loss	259	118	240	2,009
Compensation gain on store closures	-	812	-	47,224
Compensation gain on lawsuit	-	96,540	-	158,545
Overdue payments transferred to income	4,265	2,794	10,339	16,673
Other gains and losses (such as fees and charges of credit card, etc.)	<u>5,550</u>	<u>29,105</u>	<u>31,759</u>	<u>50,696</u>
Other gains and losses, net	\$ <u>6,350</u>	<u>127,304</u>	<u>36,113</u>	<u>265,713</u>

D. Finance costs

The details of finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest expense	\$ 29,615	51,148	107,365	160,271
Interest on lease liabilities	101,277	114,581	313,882	346,000
Other financial expenses	-	-	-	256
Total	\$ <u>130,892</u>	<u>165,729</u>	<u>421,247</u>	<u>506,527</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 nine months ended September 30, 2025 and 2024 were as follows:

	For the nine months ended September 30	
	2025	2024
Balance at January 1	\$ 343,208	326,284
Impairment loss recognized	9,000	-
Influenced by fluctuation of exchange rates	(20,817)	13,601
Balance at September 30	<u>\$ 331,391</u>	<u>339,885</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>
September 30, 2025					
Non-derivative financial liabilities					
Floating rate instruments \$	3,600,372	3,656,354	3,637,989	18,365	-
Non-interest-bearing	1,837,206	1,837,206	1,304,727	-	532,479
Lease liabilities	<u>9,532,791</u>	<u>12,174,036</u>	<u>1,330,924</u>	<u>4,837,369</u>	<u>6,005,743</u>
	<u>\$ 14,970,369</u>	<u>17,667,596</u>	<u>6,273,640</u>	<u>4,855,734</u>	<u>6,538,222</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>
September 30, 2024					
Non-derivative financial liabilities					
Floating rate instruments \$	1,785,060	1,864,592	1,296,245	568,347	-
Fixed rate instruments	2,253,232	2,331,921	2,218,609	113,312	-
Non-interest-bearing	2,235,508	2,235,508	1,642,565	-	592,943
Lease liabilities	<u>10,871,129</u>	<u>14,154,500</u>	<u>1,369,378</u>	<u>5,318,850</u>	<u>7,466,272</u>
	<u>\$ 17,144,929</u>	<u>20,586,521</u>	<u>6,526,797</u>	<u>6,000,509</u>	<u>8,059,215</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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Fixed interest rate			
Financial asset	\$ 709,812	858,331	1,065,878
Financial liability	<u>(9,532,791)</u>	<u>(13,126,295)</u>	<u>(13,124,361)</u>
	<u>\$ (8,822,979)</u>	<u>(12,267,964)</u>	<u>(12,058,483)</u>

	Carrying amount		
	September 30, 2025	December 31, 2024	September 30, 2024
Variable interest rate			
Financial asset	\$ 188,015	742,214	522,974
Financial liability	<u>(3,600,372)</u>	<u>(1,521,224)</u>	<u>(1,785,060)</u>
	<u><u>\$ (3,412,357)</u></u>	<u><u>(779,010)</u></u>	<u><u>(1,262,086)</u></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 nine months ended September 30, 2025 and 2024, would increase or decrease by NT\$12,796 thousand and NT\$4,733 thousand, respectively.

D. Other market price risk

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

	For the nine months ended September 30			
	2025		2024	
Reporting day security prices	Other comprehensive income before tax	Profit or loss before tax	Other comprehensive income before tax	Profit or loss before tax
5% Increase	<u>\$ -</u>	<u>(600)</u>	<u>-</u>	<u>614</u>
5% Decrease	<u>\$ -</u>	<u>600</u>	<u>-</u>	<u>(614)</u>

E. Information of fair value

(A) Measurement process of fair value of financial instruments

Accounting policies and disclosure of the consolidated company include the assets and liabilities financial or non-financial measured by fair value. The consolidated company is to build an inner control system concerning fair value measurement. Wherein it includes an evaluation team to be responsible for reviewing all the assessments of fair value (including a Level 3 fair value), and this team will directly report to the CFO. The evaluation team will review the material inputs non-observable and adjust them periodically. If an input used for measuring fair value comes from the 3rd party

information (such as a broker or pricing service institution), the team shall assess the evidence of this input provided and supported by the 3rd party, in order to ensure that this evaluation and the hierarchy classification of its fair value comply with IFRS.

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

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

(B) Classifications of financial instruments and fair value

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

	September 30, 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>\$ 11,997</u>	<u>11,997</u>	<u>-</u>	<u>-</u>	<u>11,997</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>

	September 30, 2024				
	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured by fair value through profit or loss					
Non-derivative financial assets measured by fair value through profit or loss by enforcement	\$ <u>12,273</u>	<u>12,273</u>	<u>-</u>	<u>-</u>	<u>12,273</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 nine months ended September 30, 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 September 30, 2025, December 31, 2024, and September 30, 2024, the Group had unused loan facilities of NT\$943,270 thousand, NT\$555,893 thousand, and NT\$456,760 thousand, respectively.

As of September 30, 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 has secured medium- to long-term credit facilities from 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 nine months ended September 30, 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		September 30, 2025
			Foreign exchange movement		
Short-term borrowings	\$ 2,539,845	128,465	(157,869)		2,510,441
Long-term borrowings	831,285	(233,857)	(55,507)		541,921
Guarantee deposits	590,775	(22,629)	(35,667)		532,479
Other related parties	590,130	-	(42,120)		548,010
Lease liabilities	10,686,259	(508,725)	(644,743)		9,532,791
Total liabilities from financing activities	\$ 15,238,294	(636,746)	(935,906)		13,665,642

	January 1, 2025	Cash flows	Non-cash changes		September 30, 2024
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,311,414	183,654	97,582	-	2,592,650
Long-term borrowings	1,176,044	(341,911)	41,809	-	875,942
Guarantee deposits	570,947	(1,770)	23,766	-	592,943
Other related parties	276,390	288,240	5,070	-	569,700
Lease liabilities	10,247,945	(467,490)	430,841	659,833	10,871,129
Total liabilities from financing activities	\$ 14,582,740	(339,277)	599,068	659,833	15,502,364

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

7. Related-party transactions:

(1) Names and relationships 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Parent Company	<u>\$ 70</u>	<u>70</u>	<u>70</u>

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

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Parent Company	<u>\$ 548,010</u>	<u>590,130</u>	<u>569,700</u>

As of September 30, 2025, December 31, 2024, and September 30, 2024, the Group's borrowings from related parties bore interest at floating rates, adjusted quarterly, of 4.35%, 5.35% to 7.39%, and 6.18% to 7.18%, respectively. For the three months and nine months ended September 30, 2025 and 2024, the recognized interest expenses were NT\$6,057 thousand, NY\$10,684 thousand, NY\$18,497 thousand, and NY\$21,977 thousand, respectively.

C. Lease

(A) Liabilities lease

<u>Relationship</u>	<u>Purpose</u>	<u>Lease liabilities</u>		
		<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Other related parties	Energy-saving renovation engineering equipment	<u>\$ 5,184</u>	<u>7,986</u>	<u>8,704</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>Relationship</u>	<u>Purpose</u>	<u>Interest Expense</u>			
		<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	Energy-saving renovation engineering equipment	<u>\$ 65</u>	<u>109</u>	<u>230</u>	<u>351</u>

(B) Operating lease

		Rent expense			
		For the three months ended September 30		For the nine months ended September 30	
Relationship	Account	2025	2024	2025	2024
Parent Company (Note)	Office building	\$ 212	211	634	621
Other related parties (Note)	Office building	37	77	113	115
		<u>\$ 249</u>	<u>288</u>	<u>747</u>	<u>736</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

Account items	Relationship category	September 30, 2025	December 31, 2024	September 30, 2024
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:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	<u>\$ 5,696</u>	<u>5,861</u>	<u>17,446</u>	<u>17,501</u>

B. The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of September 30, 2025, December 31, 2024, and September 30, 2024, those prepaid salaries amounting to NT\$37,762 thousand (CNY 8,813 thousand), NT\$40,351 thousand (CNY 8,847 thousand) and NT\$39,960 thousand (CNY 8,847 thousand), respectively, were recorded as non-current assets - other.

8. Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged asset	Object	September 30,	December 31,	September 30,
		2025	2024	2024
Property, Plants and Equipment (Note)	Bank Loans	\$ 4,458,677	4,858,200	4,840,799
Other financial assets				
Restricted Deposit	Bank depository funds	10,954	13,399	12,749
Restricted Deposit	Lease dispute freeze deposit	1,131	29,012	38,217
Restricted Deposit	Bank loans	<u>697,727</u>	<u>733,398</u>	<u>980,097</u>
		<u>\$ 5,168,489</u>	<u>5,634,009</u>	<u>5,871,862</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 to the court for asset preservation, and the court, in accordance with the law, froze the Group's bank deposits.

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 June 30, 2025, all related payments had been fully settled, and the asset freeze had been lifted.

- (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\$23,502 thousand (CNY 5,485 thousand). The Group accrued the amount in 2024, recorded under other payables and other gains and losses. As of September 30, 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:

Function	For the three months ended September 30					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	-	88,782	88,782	-	94,210	94,210
Health and labor insurance	-	126	126	-	125	125
Pension	-	11,404	11,404	-	12,762	12,762
Others	-	19,341	19,341	-	23,168	23,168
Depreciation	-	340,169	340,169	-	388,563	388,563
Amortization	-	520	520	-	567	567

	For the nine months ended September 30					
Function	2025			2024		
Item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	-	282,123	282,123	-	267,905	267,905
Health and labor insurance	-	381	381	-	364	364
Pension	-	35,644	35,644	-	38,511	38,511
Others	-	58,542	58,542	-	67,935	67,935
Depreciation	-	1,043,962	1,043,962	-	1,157,388	1,157,388
Amortization	-	1,631	1,631	-	1,693	1,693

(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 P44.
- B. Guarantees and endorsements for other parties: Appendix 2, please refer to the chinese version consolidated financial statements P45.
- 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 P46.
- 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 P47.
- F. Business relationships and significant intercompany transactions: Appendix 5, please refer to the chinese version consolidated financial statements P48.

- (2) Information on investees: Appendix 6, please refer to the chinese version consolidated financial statements P49.
- (3) Information on investment in mainland China: Appendix 7, please refer to the chinese version consolidated financial statements P50~51.

14. Segment information

- (1) General information:

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