Stock Symbol: 5907

GRAND OCEAN RETAIL GROUP LTD.
AND RELATIONAL SUBSIDIARIES

Consolidated Financial Statements and Accountant’s Audit Reports

2021 & 2020

Company Address: P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

Taipei Office: 14F., No. 237, Sec. 2, Fuxing S. Rd., Da’an Dist., Taipei City 106, Taiwan (R.O.C.)

TEL: (02) 2707-8833

TABLE OF CONTENTS

Accountant’s Audit Reports

To the boad of Grand Ocean Retail Group Ltd.:

Audit Comment

We have audited the consolidated financial statements of Grand Ocean Retail Group Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as of December 31, 2021 and 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Foundation of Audit Comment

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis of our opinion.

Critical Audit Matters (CAM)

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

I. Impairment of Goodwill and Trademark Rights

Please refer to notes 4(m), 5(b), and 6(h) to the consolidated financial statements for the accounting principles on the recognition of impairment of non- financial assets, the accounting estimates and uncertainty of assumptions in assessment of impairment of goodwill and trademark privileges, as well as details of impairment of goodwill and intangible assets, respectively.

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

As of December 31, 2021, the carrying amounts of intangible assets 7% of the total assets of the Group. The major part of goodwill and trademark originated from the acquisition of GORG in 2006. Since retailing business was influenced by COVID-19 pandemic, maintaining revenue and profitability had become a challenge. Therefore, the goodwill and trademark from acquisition were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts of retailing department. The Group's management should follow IAS 36 to determine the value in use using a discounted cash flow forecast of retailing department. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of goodwill, trademark, and assets of retailing business department. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

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

We obtain the model that the Group's management used to assess the impairment of goodwill and trademark and assumptions, including to evaluate whether management had identified cash generating units (“CGU”) which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

II. Impairment of Assets

Please refer to notes 4(m), 5(a), 6(f), and 6(g) to the consolidated financial statements for the accounting principles on the recognition of impairment of non-financial assets, the accounting estimates and assumptions uncertainty in assessment of impairment of property, plant and equipment, and right of use assets, details of impairment of property, plant and equipment, as well as right -of- use assets, respectively.

Description of key audit matter:

As of December 31, 2021, the carrying amounts of property, plant and equipment and right- of- use assets constitute 70% of the total assets of the Group. Since retailing business was influenced by COVID-19 pandemic; shipping business was affected by the uncertainty of international economic cycle and transportation volume, maintaining revenue and profitability had become a challenge. Therefore, the carrying amounts of operating assets were affected, and the Group concerned if the carrying amounts exceeded recoverable amounts. The Group's management should follow IAS 36 to determine the recoverable amounts by the higher of using discounted cash flow forecast or fair value less disposal costs. Due to the fact that the estimated recoverable amounts involved management's judgment, and it had great uncertainty, there was an overestimated risk on value in use of operating assets. Therefore, we considered the assessment of assets impairment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtain the model that the Group's management used to assess assets impairment and assumptions, including to evaluate whether management had identified CGU which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed separate financial assumptions that the management used to assess impairments and related verification of recoverable amounts. We verified the reasonability of the assumptions and accuracy of management's calculation based on available data. We also examined the appropriateness of disclosure for the aforesaid assets.

III. Recoverability of Other Receivables

Please refer to notes 4(g), 6(c), and 6(i) to the consolidated financial statements for the accounting principles on the recognition of financial instruments, the disclosures of other receivables and other financial assets, respectively.

Description of key audit matter:

The retailing department of the Group recently ended part of their investment due to the downturn of business cycle and rigorous competition in mainland China. As of December 31, 2021, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to $462,201 thousand, and constituted 2% of the total assets of the Group. The Group measured loss allowance for expected credit losses of other receivables in accordance with IFRS 9 "Financial Instruments". Therefore, we considered the assessment as one of the key audit matters to the consolidated financial statements in the audit process.

How the matter was addressed in our audit

We obtained the management's assessment for the expected credit losses of other receivables to examine the related supporting documents of default risk. We evaluated the reasonability of expected credit losses of other receivables in duration according to IFRS 9 "Financial Instruments".

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shu-Ying Chang and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

March 30, 2022

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

Currency: NTD (thousand)

Code	Assets	Dec 31, 2021 Amount	%	Dec 31, 2020 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents (Note 6 (a))	$ 3,525,958	13	3,757,428	15
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current (Note 6 (b))	69,476	-	74,619	-
1170	Accounts Receivable of Net Amount (Note 6 (c))	189,072	1	198,626	1
1200	Other Receivables (Note 6 (c),(i) &7)	568,734	2	460,733	2
1300	Inventories – Merchandising Business	233,185	1	314,428	1
1410	Pre-payments (Note 7)	365,430	1	270,170	1
1476	Other Financial Assets – Current (Note 6 (i) and 8)	47,250	-	40,668	-
		4,999,105	18	5,116,672	20
	Non-current Assets:				
1550	Investments accounted for using equity method, net (Notes 6(d))	36,634	-	-	-
1600	Property, Plants and Equipment (Note 6 (f) 、8)	6,733,070	25	7,101,445	29
1755	Right of use asset (Note 6 (g))	12,440,063	45	8,641,219	36
1780	Intangible Assets (Note 6 (h))	1,849,497	7	1,765,189	7
1840	Deferred Tax Assets (Note 6 (o))	861,906	3	1,051,329	5
1980	Other Financial Assets – Non-current (Note 6 (i) & 7)	216,039	1	466,514	2
1990	Other Non-current Assets (Note 6 (p) and 7)	141,093	1	183,676	1
		22,278,302	82	19,209,372	80
	Total Assets	$ 27,277,407	100	24,326,044	100

Code	Liabilities and Equity	Dec 31, 2021 Amount	%	Dec 31, 2020 Amount	%
	Current Liabilities:				
2100	Short-term Loans (Note 6 (j))	$ 2,540,031	9	2,303,897	9
2171	Accounts Payable (Note 6 (l))	2,005,631	8	2,305,644	10
2219	Other Payables (Note 6 (f),(s) and 7)	875,611	3	741,751	3
2230	Current Tax Liabilities	54,514	-	2,671	-
2280	Current lease liabilities(Note 6 (m)and 7)	832,236	4	870,702	4
2322	Current portion of long-term borrowings (Note 6 (k))	907,627	2	604,616	2
2399	Other current liabilities	10,081	-	10,142	-
		7,225,731	26	6,839,423	28
	Non-current Liabilities:				
2541	Long-term Loans of Bank (Note 6 (k))	523,548	2	1,132,535	5
2570	Deferred Tax Liabilities (Note 6 (o))	50,533	-	61,473	-
2580	Non-Current lease liabilities(Note 6 (m) and 7)	10,767,895	40	7,297,423	30
2645	Deposit Received (Note 6 (e))	670,699	2	498,699	2
		12,012,875	44	8,990,130	37
	Total Liabilities:	19,238,606	70	15,829,553	65
	Equity of Owner of Parent Company (Note 6 (p)):				
3100	Share Capital	1,955,310	7	1,955,310	8
3200	Additional Paid-in Capital	5,066,363	21	5,065,491	21
3310	Legal Reserve	580,244	2	580,244	2
3320	Appropriated Retained Earnings	956,578	4	1,114,697	5
3350	Retained Earnings	472,898	2	742,445	3
3400	Other Equity	(992,592)	(4)	(961,696)	(4)
	Total Equity	8,038,801	30	8,496,491	35
	Total Liabilities and Equity	$ 27,277,407	100	24,326,044	100

(please refer to the note for details attached in the consolidated financial statements)

Chairman: GUO RENHAO **Manager: HUANG QINGHAI** **Accounting Supervisor: LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

Currency: RMB (thousand)

Code	Assets	Dec 31, 2021 Amount	%	Dec 31, 2020 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents (Note 6 (a))	$ 812,449	13	860,844	15
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current (Note 6 (b))	16,009	-	17,096	-
1170	Accounts Receivable of Net Amount (Note 6 (c))	43,566	1	45,506	1
1200	Other Receivables (Note 6 (c),(i) &7)	131,047	2	105,556	2
1300	Inventories – Merchandising Business	53,730	1	72,037	1
1410	Pre-payments (Note 7)	84,202	1	61,897	1
1476	Other Financial Assets – Current (Note 6 (i) and 8)	10,887	-	9,317	-
		1,151,890	18	1,172,253	20
	Non-current Assets:				
1550	Investments accounted for using equity method, net (Notes 6(d))	8,441	-	-	-
1600	Property, Plants and Equipment (Note 6 (f) 、8)	1,551,429	25	1,626,974	29
1755	Right of use asset (Note 6 (g))	2,866,430	45	1,979,743	36
1780	Intangible Assets (Note 6 (h))	426,159	7	404,413	7
1840	Deferred Tax Assets (Note 6 (o))	198,600	3	240,864	5
1980	Other Financial Assets – Non-current (Note 6 (i) & 7)	49,780	1	106,881	2
1990	Other Non-current Assets (Note 6 (p) and 7)	32,511	1	42,081	1
		5,133,350	82	4,400,956	80
	Total Assets	$ 6,285,240	100	5,573,209	100

Code	Liabilities and Equity	Dec 31, 2021 Amount	%	Dec 31, 2020 Amount	%
	Current Liabilities:				
2100	Short-term Loans (Note 6 (j))	$ 585,272	9	527,833	9
2171	Accounts Payable (Note 6 (l))	462,136	8	528,234	10
2219	Other Payables (Note 6 (f),(s) and 7)	201,758	3	169,938	3
2230	Current Tax Liabilities	12,561	-	612	-
2280	Current lease liabilities(Note 6 (m)and 7)	191,763	3	199,482	4
2322	Current portion of long-term borrowings (Note 6 (k))	209,135	3	138,520	2
2399	Other current liabilities	2,323	-	2,325	-
		1,644,948	26	1,566,944	28
	Non-current Liabilities:				
2541	Long-term Loans of Bank (Note 6 (k))	120,636	2	259,469	5
2570	Deferred Tax Liabilities (Note 6 (o))	11,690	-	14,084	-
2580	Non-Current lease liabilities(Note 6 (m) and 7)	2,481,130	40	1,671,874	30
2645	Deposit Received (Note 6 (e))	154,542	2	114,254	2
		2,767,998	44	2,059,681	37
	Total Liabilities:	4,432,946	70	3,626,625	65
	Equity of Owner of Parent Company (Note 6 (p)):				
3100	Share Capital	492,105	8	492,105	9
3200	Additional Paid-in Capital	1,017,940	16	1,017,738	18
3310	Legal Reserve	121,053	2	121,053	2
3320	Appropriated Retained Earnings	213,635	3	250,178	5
3350	Retained Earnings	32,665	1	94,811	2
3400	Other Equity	(25,104)	-	(29,301)	()
	Total Equity	1,852,294	30	1,949,584	35
	Total Liabilities and Equity	$ 6,285,240	100	5,573,209	100

(please refer to the note for details attached in the consolidated financial statements)

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

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2021 and 2020

Currency: NTD (thousand)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating Revenues (Note 6 (r) &7)**	$ 5,159,425	100	4,790,864	100
5000	**Operating Costs**	1,433,268	28	1,573,658	33
	Gross Profit	3,726,157	72	3,217,206	67
6000	**Operating Expenses (Note 6 (f), (g), (h), (m), (n) , (s)and 7)**	3,294,613	64	2,958,101	62
6450	**Expected credit loss(Note 6 (c))**	2,686	-	12,625	-
		3,297,299	64	2,970,726	62
	Operating Income	428,858	8	246,480	5
	Non-operating Income and Expenses:				
7100	Total interest income(Note 6 (t))	25,759	1	26,242	1
7010	Other Revenues (Note 6 (t))	2,639	-	2,796	-
7020	Other Gains and Losses (Note 6 (f) and (t))	147,439	3	188,756	4
7050	Financial Costs (Note 6 (m) , (t) and 7)	(529,580)	(10)	(560,110)	(12)
7055	Expected Credit Losses (Note 6 (i),(h) and (u))	5,572	-	(66,628)	(1)
7060	Share of profit (loss) of associates accounted for using equity method, net(Notes 6(d))	(2,771)	-	-	-
		(350,942)	(6)	(408,944)	(8)
7900	**Earnings before Tax**	77,916	2	(162,464)	(3)
7950	**Deduction: Income Tax Expenses (Note 6 (o))**	310,051	6	(59,287)	(1)
	Current Net Income	(232,135)	(4)	(103,177)	(2)
8300	**Other Comprehensive Income:**				
8360	**Items that may be Re-classified Subsequently to Profit or Loss**				
8361	Exchange Difference on Translation of Foreign Operations	(30,574)	(1)	159,304	3
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(322)	-	-	-
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	(30,896)	(1)	159,304	3
8300	**Other comprehensive income (loss)**	(30,896)	(1)	159,304	3
	Comprehensive income	$ (263,031)	(5)	56,127	1
	Profit (loss), attributable to:				
8610	Owners of parent	$ (232,135)	(4)	(103,177)	(2)
8620	Non-controlling interests	-	-	-	-
		$ (232,135)	(4)	(103,177)	(2)
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (263,031)	(5)	56,127	1
8720	Non-controlling interests	-	-	-	-
		$ (263,031)	(5)	56,127	1
	Earnings (loss) per Share (Note 6 (q))				
	Basic earnings (loss) per share (NT dollars)	$	(1.19)		(0.53)

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO** 　 **Manager:** **HUANG QINGHAI** 海黄印清 　 **Accounting Supervisor:** **LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2021 and 2020

Currency: RMB (thousand)

		2021 Amount	2021 %	2020 Amount	2020 %
4000	**Operating Revenues (Note 6 (r) &7)**	$ 1,189,084	100	1,118,630	100
5000	**Operating Costs**	330,323	28	367,437	33
	Gross Profit	858,761	72	751,193	67
6000	**Operating Expenses (Note 6 (f), (g), (h), (m), (n) , (s)and 7)**	759,304	64	690,694	62
6450	**Expected credit loss(Note 6 (c))**	619	-	2,948	-
		759,923	64	693,642	62
	Operating Income	98,838	8	57,551	5
	Non-operating Income and Expenses:				
7100	Total interest income(Note 6 (t))	5,937	1	6,127	1
7010	Other Revenues (Note 6 (t))	608	-	653	-
7020	Other Gains and Losses (Note 6 (f) and (t))	33,980	3	44,073	4
7050	Financial Costs (Note 6 (m) , (t) and 7)	(122,051)	(10)	(130,782)	(12)
7055	Expected Credit Losses (Note 6 (i),(h) and (u))	1,284	-	(15,557)	(1)
7060	Share of profit (loss) of associates accounted for using equity method, net(Notes 6(d))	(639)	-	-	-
		(80,881)	(6)	(95,486)	(8)
7900	**Earnings before Tax**	17,957	2	(37,935)	(3)
7950	**Deduction: Income Tax Expenses (Note 6 (o))**	71,457	6	(13,843)	(1)
	Current Net Income	(53,500)	(4)	(24,092)	(2)
8300	**Other Comprehensive Income:**				
8360	**Items that may be Re-classified Subsequently to Profit or Loss**				
8361	Exchange Difference on Translation of Foreign Operations	4,273	-	16,197	1
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(76)	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Sum of Items that may be Re-classified Subsequently to Profit or Loss	4,197	-	16,197	1
8300	**Other comprehensive income (loss)**	4,197	-	16,197	1
	Comprehensive income	$ (49,303)	(4)	(7,895)	(1)
	Profit (loss), attributable to:				
8610	Owners of parent	$ (53,500)	(4)	(24,092)	(2)
		$ (53,500)	(4)	(24,092)	(2)
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (49,303)	(4)	(7,895)	(1)
	Earnings (loss) per Share (Note 6 (q))				
	Basic earnings (loss) per share (NT dollars)	$	(0.27)		(0.12)

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO**

Manager: **HUANG QINGHAI**

Accounting Supervisor: **LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2021 and 2020

Currency: NTD (thousand)

	Owner's Equity								
			Retained Earnings				Other Equity		
	Share Capital	Additional Paid-in Capital	Legal Reserve	Appropriated Retained Earnings Reserve	Retained Earnings	Sum	Exchange Differences on Translation of Foreign Operations	Attributed to Parent Company Total Equity	Total Equity
Balance as of Jan 1, 2020	1,955,310	5,063,420	580,244	742,835	1,647,652	2,970,731	(1,121,000)	8,868,461	8,868,461
Current Net Income	-	-	-	-	(103,177)	(103,177)	-	(103,177)	(103,177)
Current Other Comprehensive Income	-	-	-	-	-	-	159,304	159,304	159,304
Current Total Comprehensive Income	-	-	-	-	(103,177)	(103,177)	159,304	56,127	56,127
Appropriation and Distribution of Retained Earnings:									
Secial reserve appropriated	-	-	-	371,862	(371,862)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(430,168)	(430,168)	-	(430,168)	(430,168)
Share based payment transaction	-	2,071	-	-	-	-	-	2,071	2,071
Balance as of Dec 31, 2020	1,955,310	5,065,491	580,244	1,114,697	742,445	2,437,486	(961,696)	8,496,491	8,496,491
Current Net loss	-	-	-	-	(232,135)	(232,135)	-	(232,135)	(232,135)
Current Other Comprehensive Income	-	-	-	-	-	-	(30,896)	(30,896)	(30,896)
Current Total Comprehensive Income	-	-	-	-	(232,135)	(232,135)	(30,896)	(263,031)	(263,031)
Appropriation and Distribution of Retained Earnings:									
Cash dividends of ordinary share	-	-	-	-	(195,531)	(195,531)	-	(195,531)	(195,531)
Reversal of secial reserve appropriated	-	-	-	(158,119)	158,119	-	-	-	-
Share based payment transaction	-	872	-	-	-	-	-	872	872
Balance as of Dec 31, 2021	$ 1,955,310	5,066,363	580,244	956,578	472,898	2,009,720	(992,592)	8,038,801	8,038,801

(please refer to the note for details attached in the consolidated financial statements)

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

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2021 and 2020

Currency: RMB (thousand)

	Owner's Equity								
			Retained Earnings				Other		
	Share Capital	Additional Paid-in Capital	Legal Reserve	Appropriated Retained Earnings Reserve	Retained Earnings	Sum	Exchange Differences on Translation of Foreign Operation	Attributed to Parent Company Total Equity	Total Equity
Balance as of Jan 1, 2020	492,105	1,017,256	121,053	161,321	310,550	592,924	(45,498)	2,056,787	2,056,787
Current Net Income	-	-	-	-	(24,092)	(24,092)	-	(24,092)	(24,092)
Current Other Comprehensive Income	-	-	-	-	-	-	16,197	16,197	16,197
Current Total Comprehensive Income	-	-	-	-	(24,092)	(24,092)	16,197	(7,895)	(7,895)
Appropriation and Distribution of Retained Earnings:									
Secial reserve appropriated	-	-	-	88,857	(88,857)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(102,790)	(102,790)	-	(102,790)	(102,790)
Share based payment transaction	-	482	-	-	-	-	-	482	482
Balance as of Dec 31, 2020	492,105	1,017,738	121,053	250,178	94,811	466,042	(29,301)	1,946,584	1,946,584
Current Net loss	-	-	-	-	(53,500)	(53,500)	-	(53,500)	(53,500)
Current Other Comprehensive Income	-	-	-	-	-	-	4,197	4,197	4,197
Current Total Comprehensive Income	-	-	-	-	(53,500)	(53,500)	4,197	(49,303)	(49,303)
Appropriation and Distribution of Retained Earnings:									
Cash dividends of ordinary share	-	-	-	-	(45,189)	(45,189)	-	(45,189)	(45,189)
Reversal of secial reserve appropriated	-	-	-	(36,543)	36,543	-	-	-	-
Share based payment transaction	-	202	-	-	-	-	-	202	202
Balance as of Dec 31, 2021	$ 492,105	1,017,940	121,053	213,635	32,665	367,353	(25,104)	1,852,294	1,852,294

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO**

Manager: **HUANG QINGHAI**

Accounting Supervisor: **LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows
For the years ended December 31, 2021 and 2020

Currency: NTD (thousand)

		2021	2020
Cash Flows from Operating Activities			
(Loss) profit before tax	$	77,916	(162,464)
Adjusting Events:			
Income and Expenses			
Depreciation expense		1,503,564	1,487,375
Amortization expense		4,552	4,727
Expected credit loss		(2,886)	79,253
Net gain on financial assets or liabilities at fair value through profit or loss		(25,191)	(69,706)
Interest expense		529,580	560,110
Interest income		(25,759)	(26,242)
Dividend income		(2,639)	(2,796)
Cost of share-based payments awards		872	2,071
Share of loss (profit) of associates accounted for using equity method		2,771	-
Loss on disposal of property, plant and equipment		2,348	1,113
Impairment loss on non-financial assets		21,893	-
Gain on rent concessions		(31,195)	(190,193)
Total adjustments to reconcile profit (loss)		1,977,910	1,845,712
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		28,247	52,709
Accounts receivable		5,733	(64,607)
Other receivables		(26,152)	59,580
Inventories		79,432	(20,771)
Prepayments		(60,035)	8,956
Sum of Net Variance of Assets Concern Operating Activities		27,225	35,867
Changes in operating liabilities:			
Accounts Payable		(28,798)	(762,709)
Other Payables		16,624	76,828
Other current liabilities		(3)	(183)
Sum of Net Variance of Liabilities Concern Operating Activities		(270,177)	(686,064)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		(242,952)	(650,197)
Total adjustments		1,734,958	1,195,515
Cash inflow generated from operations		1,812,874	1,033,051
Interest received		19,250	21,713
Dividends received		2,639	2,796
Interest paid		(528,930)	(560,792)
Income taxes paid		(114,694)	(205,523)
Cash Inflow from Operating Activities		1,191,139	291,245

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows (continued)
For the years ended December 31, 2021 and 2020

Currency: NTD (thousand)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(39,727)	-
Acquisition of subsidiaries (net of cash obtained)	(3,529)	-
Acquisition of property, plant and equipment	(229,624)	(409,271)
Proceeds from disposal of property, plant and equipment	228	434
Decrease in Refundable Deposits	(65,893)	24,156
Decrease in other receivables	240,815	-
Acquisition of Intangible Assets	(1,047)	(344)
(Decrease) Increase in other financial assets	(6,500)	4,455
Decrease in other non-current assets	41,491	32,278
Net cash flows used in investing activities	(63,786)	(348,292)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	265,852	131,142
Lease from Long-term Loans	270,538	915,170
Payments for Long-term Loans	(548,493)	(596,709)
(Decrease) Increase in Deposit Received	128,540	(59,493)
Other payables - increase in related parties	41,990	-
Payment of lease liabilities	(1,300,894)	(826,541)
Distribution of Cash Dividends	(195,531)	(430,168)
Net cash flows used in financing activities	(1,337,998)	(866,599)
Effect of exchange rate changes on cash and cash equivalents	(20,825)	39,750
Net decrease in cash and cash equivalents	(231,470)	(883,896)
Cash and cash equivalents at beginning of period	3,757,428	4,641,324
Cash and cash equivalents at end of period	$ 3,525,958	3,757,428

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO** **Manager:** **HUANG QINGHAI** **Accounting Supervisor:** **LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2021 and 2020

Currency: RMB (thousand)

		2021	2020
Cash Flows from Operating Activities			
(Loss) profit before tax	$	17,957	(37,935)
Adjusting Events:			
Income and Expenses			
Depreciation expense		346,524	347,291
Amortization expense		1,049	1,104
Expected credit loss		(665)	18,505
Net gain on financial assets or liabilities at fair value through profit or loss		(5,806)	(16,276)
Interest expense		122,051	130,782
Interest income		(5,937)	(6,127)
Dividend income		(608)	(653)
Cost of share-based payments awards		202	482
Share of loss (profit) of associates accounted for using equity method		639	-
Loss on disposal of property, plant and equipment		541	260
Impairment loss on non-financial assets		5,046	-
Gain on rent concessions		(7,189)	(44,409)
Total adjustments to reconcile profit (loss)		455,847	430,959
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		6,510	12,307
Accounts receivable		1,321	(15,085)
Other receivables		(6,027)	13,913
Inventories		18,307	(4,850)
Prepayments		(13,836)	2,091
Sum of Net Variance of Assets Concern Operating Activities		6,275	8,376
Changes in operating liabilities:			
Accounts Payable		(66,098)	(178,087)
Other Payables		3,831	17,939
Other current liabilities		(1)	(43)
Sum of Net Variance of Liabilities Concern Operating Activities		(62,268)	(160,191)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		(55,993)	(151,815)
Total adjustments		399,854	279,144
Cash inflow generated from operations		417,811	241,209
Interest received		4,437	5,070
Dividends received		608	653
Interest paid		(121,902)	(130,941)
Income taxes paid		(26,433)	(47,987)
Cash Inflow from Operating Activities		274,521	68,004

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Cash Flows (continued)
For the years ended December 31, 2021 and 2020

Currency: RMB (thousand)

	2021	2020
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(9,156)	-
Acquisition of subsidiaries (net of cash obtained)	(810)	-
Acquisition of property, plant and equipment	(52,921)	(95,562)
Proceeds from disposal of property, plant and equipment	53	100
Decrease in Refundable Deposits	(15,186)	5,640
Decrease in other receivables	55,500	-
Acquisition of Intangible Assets	(241)	(80)
(Decrease) Increase in other financial assets	(1,498)	1,040
Decrease in other non-current assets	9,562	7,537
Net cash flows used in investing activities	(14,697)	(81,325)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	61,271	30,620
Lease from Long-term Loans	62,350	213,685
Payments for Long-term Loans	(126,410)	(139,327)
(Decrease) Increase in Deposit Received	29,624	(13,891)
Other payables - increase in related parties	9,677	-
Payment of lease liabilities	(299,815)	(192,991)
Distribution of Cash Dividends	(45,189)	(102,790)
Net cash flows used in financing activities	(308,492)	(204,694)
Effect of exchange rate changes on cash and cash equivalents	273	2,436
Net decrease in cash and cash equivalents	(48,395)	(215,579)
Cash and cash equivalents at beginning of period	860,844	1,076,423
Cash and cash equivalents at end of period	$ 812,449	860,844

(please refer to the note for details attached in the consolidated financial statements)

Chairman: **GUO RENHAO** **Manager:** **HUANG QINGHAI** **Accounting Supervisor:** **LI MINFANG**

I. 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 Jun 6, 2012. The consolidated financial statements of the company as of Dec 31, 2020 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.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 30, 2022.

III. New standards, amendments and interpretations adopted:

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

The details of impact on the Group’s adoption of the new amendments beginning January 1, 2021 are as follows, and there is no significant impact on the consolidated equity statement.

●Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

●Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－ Phase 2”

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

●Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

● Amendments to IAS 16"Property, Plant and Equipment: Proceeds before Intended Use"

● Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"

●Annual Improvements to IFRS Standards 2018–2020

●Amendments to IFRS 3"Reference to the Conceptual Framework "

(c) 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**
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

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

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

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The 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 consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD and RMB has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

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

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non- controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) 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:

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
GRAND OCEAN RETAIL GROUP LTD.	GRAND CITI LTD.	Investment holding company	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
GRAND CITI LTD.	Grand Ocean Classic Commercial Group Co., Ltd	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Fuzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Quanzhou Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Shanghai Jingxuan Business Management Co., Ltd.	Management consulting business, and trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
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%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries
Quanzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	30.00%	30.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Nanjing Grand Ocean Classic Commerce Limited	Hefei Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Grand Ocean Classic Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Wuhan Grand Ocean Classic Commercial Development Limited	Trading of cosmetics, furnishings, etc.	70.00%	70.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Commerce Limited	Fuzhou Jiaruixing Business Administration Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
Wuhan Grand Ocean Classic Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Longyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Chongqing Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Wuhan Longyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Optics Valley Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	99.00%	99.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Longyang Grand Ocean Commercial Development Limited	Yichang Grand Ocean Commerce Limited	Trading of cosmetics, furnishings, etc.	1.00%	1.00%	The company directly (indirectly) holds more than 50% of its subsidiaries

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

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

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

1) an investment in equity securities designated as at fair value through other comprehensive income;

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

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

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

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

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

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

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

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through profit or loss (FVTPL)

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

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

3) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	20～50 years
2)	Transportation equipment	1~5 years
4)	Office equipment	1～5 years
5)	Leasehold improvement	5～20 years

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

(k) Lease

Identifying a lease

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

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

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

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

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

— there is any lease modifications

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

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

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

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

(ii) As a lessor

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

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

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

1) Computer software 5 years

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sales of goods

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

2) Customer loyalty program

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

3) Services

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

4) Commissions

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(q) Income taxes

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

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

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

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

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

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

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

(r) Business combination

The Company accounts for business combinations using the acquisition method.The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree,both over the identifiable net assets acquired at the acquisition date.If the amount calculated above is a deficit balance,the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred , except for the issuance of debt or equity instruments.

(s) Earnings per share

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

(t) Operating segments

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

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

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

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

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

(b) Impairment of goodwill and intangible assets

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

(c) Recognition of deferred tax assets

Deferred income tax assets are recognized when it is probable that there will be sufficient taxable income for deducting temporary differences and losses in the future. The consolidated company is based on the assumptions of expected future sales revenue growth and profit margins, etc. Assess the achievability of deferred income tax assets. Changes in the economy, industrial environment and laws may cause significant adjustments to deferred income tax assets. Please refer to note 6(o) for the estimation of deferred income tax assets.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	Dec 31, 2021	Dec 31, 2020
Vault Cash and Petty Cash	$ 10,1699	12,187
Demand Deposit	3,515,259	3,745,241
Total	**$ 3,525,958**	**3,757,428**

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

(b) Financial assets and liabilities

(i) as below:

	Dec 31, 2021	Dec 31, 2020
Mandatorily measured at fair value through profit or loss: – Current:		
Open-end Funds	$ 13,268	13,127
Shares of stock of listed companies	56,208	61,492
Total	**$ 69,476**	**74,619**

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

(iii) The financial assets mentioned above had not been pledged as collateral.

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

(c) Account receivables and other receivables

	Dec 31, 2021	Dec 31, 2020
Accounts Receivable	$ 202,338	209,266
Allowance for impairment	(13,266)	(10,640)
	189,072	198,626
Other Receivables - Current：		
Other Receivables - Investment Funds(note6(o))	462,201	353,550
Other Receivables - Lease deposit	62,284	63,165
Other Receivables - Receivable returns(note)	34,247	-

- Other Receivables- Others		60,767	62,101
Deduction: Impairment Loss Allowance		(50,765)	(18,083)
Subtotal		568,734	460,733
Total	**$**	**757,806**	**659,359**

Note：Fuzhou Grand Ocean Commerce Limited，a subsidiary of the Group, failed to reach the contract renewal conditions with the owners of some department store floors. Most of the floors are self-operated. The Group reached an agreement with the supplier to return some of the inventory to the supplier, so a return payment was incurred.

(i) The Group's main trade receivables from retail department in China are credit card payments collected from banks, with an average credit period of 2 to 3 days, wherein there is no concern about the collectability. In addition, the retail business department in China which is classified as leasing was effected by COVID-19 pandemic. Therefore, partial receivables was deferred, so the simplified method is used to estimate the expected credit loss for the leased accounts receivable, the expected credit loss during the lifetime is used to measure. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

	December 31, 2021			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
1 to 90 days past due	$	11,568	0%	-
91 to 180 days past due		5,506	3%	192
181 to 270 days past due		3,949	52%	1,849
271 to 365 days past due		414	100%	414
More than 365 days past due		10,811	100%	10,811
	$	**32,248**		**13,266**

	December 31, 2020			
		Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
1 to 90 days past due	$	26,991	0%	-
91 to 180 days past due		2,252	3%	68
181 to 270 days past due		1,092	12%	130
271 to 365 days past due		679	100%	679
More than 365 days past due		9,763	100%	9,763

	$ 40,777	10,640

(ii) Other receivables – Other of the consolidated company are mainly the advances for those promotional activities held by the department stores and vendors. Due to the long-term cooperation between the consolidated company and these vendors as well as considering the experience in the past, there is no need to concern about the recoverability of those advances. Hence, evaluation is confirmed by the consolidated company that other receivables explained as above are the financial assets with a lower credit risk, and the measurement of impairment loss allowance in those periods can stand based on the amount of 12-month expected credit losses. After the assessment, there is no need to concern about the credit losses.

(iii) 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 $1,511 thousand (CNY$348 thousand). As a result, the Group assessed that amount of $62,284 thousand (CNY$14,352 thousand) should have no impairment concern.

(iv) The movements in the allowance for accounts receivable were as follows:

	2021	2020
Balance on January 1	$ 10,640	-
Impairment losses recognized	2,686	12,625
Amounts written off	-	(2,184)
Foreign exchange	(60)	199
Balance on December 31	$ 13,266	10,640

(d) Investments accounted for using equity method

The affiliated companies of the Group adopting the equity method are individually insignificant, and the summary financial information for the period is as follows, which are the amounts included in the consolidated financial statements of the Group.

	2021.12.31	2020.12.31
Period-end aggregated carrying amount of equity in individually insignificant affiliates	$ 36,634	-

	2021.12.31	2020.12.31
Net attributable to the combined company：		
Net loss of continuing business units for the current period	$ (2,771)	-
Other comprehensive gains and losses	(322)	-
Total comprehensive profit and loss	**$ (3,093)**	-

(i) Nanjing Grand Ocean Dongfadao Catering Co., Ltd.

(1) The Group signed an investment agreement with Shanghai Dongfadao Catering Management Co., Ltd. (hereinafter referred to as Shanghai Dongfadao) on May 6, 2021. The investment agreement negotiated an investment of RMB 7,000,000, and jointly established Nanjing Grand Ocean Dongfadao Catering Co., Ltd (hereinafter referred to as Nanjing Dongfadao), the Group acquires 49% of the equity, and the cooperation period is 5 years. As of June 30, 2021, the Group has invested $30,373 thousand (RMB 7,000 thousand).

(2) The share repurchase agreement of the investment agreement A. If Shanghai Dongfadao needs to be listed, it can negotiate with the Group about share repurchase. The equity of Nanjing Dongfadao can be repurchased after the written consent of the Group. B. If Nanjing Dongfadao continue to be negative of profit for six months or accumulate profit loss amount to RMB 5,000 thousand, the consolidated company will have the right to notify Shanghai Dongfadao to repurchase the shares holding by the Group unconditionally, and the repurchase price shall be deducting the profit distribution in previous of the total investment of the Group.

(ii) Sandmartin International Holdings Limited

On December 7, 2018, the board of directors of the Group resolved to sale the investment of equity method —Sandmartin International Holdings Limited; it has started to conduct the related sales and is expected to complete the sales within one year, and be reported under the non current assets classified as held for sale.Later, due to changes in the economic environment and the impact of the COVID-19, the above assets could not be sold within the expected period. The Group has taken necessary actions to respond to the changes in the situation and actively seek other buyers at a reasonable price. It is expected to complete the transaction within one year . In order to strive for better conditions, the Group was approved by the board of directors on June 25, 2021 to increase the capital of Sandmartin International Holdings Limited. in cash according to the shareholding ratio by HK$2,475,000. In the second quarter of 2021, the requirements for recognition of non-current assets to be sold were reassessed. It is expected the transaction cann't complete within one year . Therefore, the Group ceased to classify them as non-current assets to be sold, and revised the financial statements for the comparative period, and to descibe situation of effect. As follows:

2020.12.31Consolidated Balance Sheet

		Amount before revision	Effect of modified	Amount after revision
Non-current assets classified as held for sale	$	14,953	(14,953)	-
Retained earnings		752,281	(9,836)	742,445
Other equity interest		(956,579)	(5,117)	(961,696)

2020.01.01Consolidated Balance Sheet

		Amount before revision	Effect of modified	Amount after revision
Non-current assets classified as held for sale	$	35,083	(35,083)	-
Retained earnings		1,676,433	(28,781)	1,647,652
Other equity interest		(1,114,697)	(6,303)	(1,121,000)

2020 Consolidated Income Statement

		Amount before revision	Effect of modified	Amount after revision
Other gains and losses,net	$	169,811	18,945	188,756

In addition, the change plan has no significant impact on the operating results of 2021.

(e) Business combination-accquition of subsidiaries

The Group obtained control of the company through the acquisition of 100% of the shares of Shanghai Qianshu Commercial Management Co., Ltd. (hereinafter referred to as Shanghai Qianshu) on June 30, 2021. The merged company's interest in Shanghai Qianshu As a result, it increased from 0% to 100%. The acquisition of the control of Shanghai Qianshu enabled the combined company to expand its department store business.

From the acquisition date to December 31, 2021, the income and net profit contributed by Shanghai Qianshu were $21,981 and $ (3,844) thousand . If this acquisition occurred on January 1, 2021, the management estimated that the income and net loss of the consolidated company for 2021, would reach $5,159,425 thousand and $ (286,551) thousand respectively. When determining these amounts, the management assumed that the acquisition took place on January 1, 2021, and that the provisional fair value adjustments on the acquisition date were the same.

The main types of transfer consideration, assets acquired and liabilities assumed on the acquisition date, and the amount of recognized goodwill are as follows:

1.The main categories of transfer consideration are as follows:

Cash	$	4,313

2.Identifiable assets acquired and liabilities assumed

The fair value details of the identifiable assets acquired and liabilities assumed on the acquisition date are as follows：

Property, plant and equipment	$	15,454
Advance		5,981
Cash and cash equivalents		811
Other non-current financial assets		4
Other payables		(74,394)
Deposits received		(46,278)
Net identifiable assets of fair value	$	(98,422)

3.Goodwill

The goodwill recognized as a result of the acquisition is as follows:

Transfer consideration	$	4,340
Less: net identifiable assets of fair value		(98,422)
	$	102,762

The acquisition price apportionment report of the subsidiary is based on the evaluation of independent evaluators (with relevant recognized professional qualifications and relevant experience in the subject of evaluation

(f) Property, Plants and Equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2021 and 2020, were as follows:

		Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Cost or deemed cost:							
Balance as of Jan 1, 2021	$	4,615,729	24,008	227,997	6,623,373	58,534	11,549,641
Merger and acquisition		-	-	1,243	-	14,211	15,454
Add		-	2,784	4,998	56,738	165,737	230,257
Current Re-classification		-	-	7,446	191,009	(202,652)	(4,197)
Disposal and Abandonment		(2,170)	(3,768)	(12,518)	(91,604)	-	(110,060)
Influenced by Fluctuation of Exchange Rates		(26,335)	(162)	(1,322)	(37,824)	(4,235)	(69,878)
Balance as of Dec 31, 2021	**$**	**4,587,224**	**22,862**	**227,844**	**6,741,692**	**31,595**	**11,611,217**

		Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Balance as of Jan 1, 2020	$	3,615,178	28,267	229,461	6,569,038	962,527	11,404,471
Add		87,827	-	4,743	65,279	154,778	312,627
Current Re-classification		850,307	-	1,858	201,230	(1,053,395)	-
Disposal and Abandonment		-	(4,373)	(10,690)	(292,031)	-	(307,094)
Influenced by Fluctuation of Exchange Rates		62,417	114	2,625	79,857	(5,376)	139,637
Balance as of Dec 31, 2020	**$**	**4,615,729**	**24,008**	**227,997**	**6,623,373**	**58,534**	**11,549,641**

Depreciation and Impairment Losses:							
Balance as of Jan 1, 2021	$	559,324	20,831	172,755	3,695,286	-	4,448,196
Depreciation		107,395	412	13,984	419,144	-	540,935
Disposal and Abandonment		(1,326)	(3,604)	(11,388)	(91,166)	-	(107,484)
Impairment loss					21,379	514	21,893
Influenced by Fluctuation of Exchange Rates		(3,168)	(144)	(1,001)	(21,080)	-	(25,393)
Balance as of Dec 31, 2021	$	662,225	17,495	174,350	4,023,563	514	4,878,147
Balance as of Jan 1, 2020	$	461,091	24,313	162,467	3,541,552	-	4,189,423
Depreciation		90,824	373	18,187	400,195	-	509,579
Disposal and Abandonment		-	(3,936)	(9,940)	(291,671)	-	(305,547)
Influenced by Fluctuation of Exchange Rates		7,409	81	2,041	45,210	-	54,741
Balance as of Dec 31, 2020	$	559,324	20,831	172,755	3,695,286	-	4,448,196
Book Value:							
Dec 31, 2021	$	3,924,999	5,367	53,494	2,718,129	31,081	6,733,070
Jan 1, 2020	$	3,154,087	3,954	66,994	3,027,486	962,527	7,215,048
Dec 31, 2020	$	4,056,405	3,177	55,242	2,928,087	58,534	7,101,445

(i)As of December 31, 2021 and 2020, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to $166,014 thousand and $166,330 thousand, respectively.

(ii) 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 20years.

(iii) The disposal and obsolescence for 2020 were mainly due to the resolution decided during the board meeting of a subsidiary, Fuzhou Grand Ocean World Department Store Ltd., for not extending the original lease maturing on April 30, 2020, resulting in the related assets to be disposed and scrapped accordingly.

(iv) Fuzhou Grand Ocean Commercial Limited. a subsidiary of the Group, in September 2010, because some shopping mall floors did not reach a lease renewal agreement, the Group cancelled the counters on these floors and recognized impairment losses of RMB 21,379 thousand.

(v) The gas pipeline project of Quanzhou Grand Ocean Commercial Limited., a subsidiary of the Group, has been suspended for a long time, so the Group recognized an impairment loss of RMB 514 thousand in 2021.

(vi) Please refer to the Notes6(t) for disposal profit and loss

(Vii)Guarantee

The property, plant and equipment of the Group had been pledged as collateral for bank borrowings; please refer to note 8 for further details.

(g) Right of use assets

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

	Land	Buildings	Machine equipment	Total
Cost:				
Balance at January 1, 2021	$ 3,294,512	7,268,670	58,751	10,621,933
Additions	-	4,304,748	-	4,304,748
Lease modifications	-	505,204	-	505,204
Derecognition		(402,936)	-	(402,936)
Effect of changes in foreign exchange rates	(18,796)	(40,529)	(335)	(59,660)
Balance at December 31, 2021	$ 3,275,716	11,635,157	58,416	14,969,289
Balance at January 1, 2020	$ 3,254,497	7,331,030	58,037	10,643,564
Derecognition	-	(153,119)	-	(153,119)
Lease modifications	-	3,448	-	3,448
Effect of changes in foreign exchange rates	40,015	87,271	714	128,000
Balance at December 31, 2020	$ 3,294,512	7,268,670	58,751	10,621,933
Accumulated depreciation:				
Balance at January 1, 2021	$ 193,601	1,772,796	14,317	1,980,714
Depreciation	96,228	859,158	7,243	962,629
Derecognition	-	(402,936)	-	(402,936)
Effect of movement in exchange rate	(1,084)	(10,016)	(81)	(11,181)
Balance at December 31, 2021	$ 288,745	2,219,002	21,479	2,529,226
Balance at January 1, 2020	$ 95,625	959,252	6,945	1,061,822
Depreciation	94,981	875,666	7,149	977,796
Derecognition	-	(88,982)	-	(88,982)
Effect of movement in exchange rate	2,995	26,860	223	30,078
Balance at December 31, 2020	$ 193,601	1,772,796	14,317	1,980,714
Carrying amounts:				
Balance at December 31, 2021	$ 2,986,971	9,416,155	36,937	12,440,063
Balance at January 1, 2020	$ 3,158,872	6,371,778	51,092	9,581,742
Balance at December 31, 2020	$ 3,100,911	5,495,874	44,434	8,641,219

(i) For 2021, the company Hefei Grand Ocean Classic Commercial Department Ltd. signed a department store building lease modification agreement to adjust part of the annual rent so that the right-of-use assets and lease liabilities increased by 505,204 thousand

(ii) For 2021, Fuzhou Grand Ocean Commercial Limited. was excluded from the right-of-use assets and accumulated depreciation of RMB 402,936 thousand in the third quarter of 2021 due to the expiry of the leases of some shopping mall floors and no renewal agreement has been reached.

(iii) The Group signed a department store building lease agreement with Shanghai Kaixuanmen Enterprise Development Co., Ltd. as approved by the board of directors on June 30, 2021, and signed a lease agreement on July 9, 2021, with a lease term of 20 years , the starting date is December 2021, resulting in an increase of NT 4,304,748 thousand (RMB 992,108 thousand) in the cost of the right of use and the lease liability at the same time

(h) Intangible Assets

The costs, amortization, and impairment loss of intangible assets for the years ended December 31, 2021 and 2020, were as follows:

		Goodwill	Trademark Rights	Computer Software	Total
Costs:					
Balance as of Jan 1, 2021	$	1,355,778	399,178	25,811	1,780,767
acquired in a business combination		102,762	-	-	102,762
Additions		-	-	1,047	1,047
Reclassification in this period		-	-	4,197	4,197
Disposal		-	-	(5,602)	(5,602)
Derecognition		-	-	(89)	(89)
Influenced by Fluctuation of Exchange Rates		(7,735)	(11,353)	(149)	(19,237)
Balance as of Dec 31, 2021	$	1,450,805	387,825	25,215	1,863,845
Balance as of Jan 1, 2020	$	1,339,311	421,604	64,820	1,825,735
Additions		-	-	344	344
Disposal		-	-	(39,396)	(39,396)
Influenced by Fluctuation of Exchange Rates		16,467	(22,426)	43	(5,916)
Balance as of Dec 31, 2020	$	1,355,778	399,178	25,811	1,780,767
Amortization and Impairment Losses:					
Balance as of Jan 1, 2021	$	-	-	15,578	15,578
Amortization		-	-	4,552	4,552
Disposal		-	-	(5,602)	(5,602)
Derecognition		-	-	(89)	(89)
Influenced by Fluctuation of Exchange Rates		-	-	(91)	(91)
Balance as of Dec 31, 2021	$	-	-	14,348	14,348
Balance as of Jan 1, 2020	$	-	-	50,299	53,236
Amortization		-	-	4,727	4,727
Disposal		-	-	(39,396)	(39,396)
Influenced by Fluctuation of Exchange Rates		-	-	(52)	(52)
Balance as of Dec 31, 2020	$	-	-	15,578	15,578
Book Value:					
Dec 31, 2021	$	1,450,805	387,825	10,867	1,849,497
Jan 1, 2020	$	1,339,311	421,604	14,521	1,775,436
Dec 31, 2020	$	1,355,778	399,178	10,233	1,765,189

(i) Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the years ended December 31, 2021 and 2020:

		2021	2020
Operating Expenses	$	4,552	4,727

(ii) Impairment testing of goodwill

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

	December 31, 2021		December 31, 2020	
	Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Goodwill				

Shanghai Grand Ocean Qianshu Commercial Management Co,.Ltd.	$	102,762	360,641	-	-
Wuhan Grand Ocean Classic Commercial Department Limited	$	189,805	278,526	190,894	487,793
Fuzhou Grand Ocean Commerce Limited		1,158,238	1,437,234	1,164,884	1,546,689
	$	**1,450,805**	**2,076,401**	**1,355,778**	**2,034,482**
Trademark					
Grand Ocean Classic Commercial Group Co., Ltd.	**$**	**387,825**	**690,191**	**339,178**	**636,231**

The recoverable amount of CGU is the higher of fair value less costs of disposal or value in use. If an asset' s recoverable amount is higher than its carrying amount, the Group assumes that there is no doubt about impairment loss. The recoverable amount of CGUs as of December 31, 2021 and 2020 was estimated on its value in use except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal. In addition, the Group acquired Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd. on June 30, 2021. Please refer to Note 6 (V) for details.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of December 31, 20201and 2020, was estimated by market method, which was based on the identical industries in recent market or similar deal prices in the neighborhood, and it was level two input of the fair value hierarchy.

The recoverable amount of three CGUs, Shanghai Grand Ocean Qianshu Commercial Management Co., Ltd. 、Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited, as of December 31, 2021 and 2020, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2021	**December 31, 2020**
Discount rate	10%	10%
Terminal value growth rate	2%~6%	3%

1) The discount rate is a pre-tax earnings ratio based on the government debt of China due in 2040, and adjustments of risk premium to reflect incremental risk of general investment in equity and systematic risk specific to CGU.

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

3) Operating revenue are considered the average growth level of the past three years. Also, managements use data to estimate that the selling price will stably grow at a rate higher than expected inflation rate in the future three years.

4) Operating costs and expenses are estimated based on past experiences and variable factors.

The aforementioned key assumptions represent management's evaluation and best estimates of future economic trend of retail business based on the external and internal historical information.

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

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

		December 31, 2021	December 31, 2020
Other financial assets－current			
Deposits－out for lease	$	559	661
Restricted deposits		43,468	37,179
Others		3,223	2,828
	$	47,250	40,668
Other financial assets－non-current			
Deposits－out for lease	$	211,317	147,063
Deposits－out for investment		-	353,550
Others		4,722	4,480
Less: Allowance for impairment		-	(38,579)
	$	216,039	466,514

(i) Deposits－out for lease is leasing deposit from lessee.

(ii) 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 recoverd 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 aforementioned “Debt Preservation and Conditional Credit Transfer Agreement” stated that the development project of the Fengan property must be restarted before June 30, 2020. However, the progress of approval was delayed because of COVID-19 pandemic; therefore, the development project could not start as expected. As a result, the Group has agreed to extend 6 more months before restarting the development project of Fengan property due to force majeure.

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:

1) Damahua agrees to pay CNY$30,000 thousand before February 9, 2021.

2) Damahua agrees to pay CNY$51,000 thousand before December 31, 2021.

3) Damahua agrees to pay CNY$81,000 thousand before June 30, 2022.

4) 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.

The Group has collected CNY$55,500 thousand for the year ended December 31, 2021 ,and collected CNY$25,500 thousand for the year ended March, 2022. As of December 31, 2021and 2020, the outstanding receivables were $462,201 thousand (NCY$106,500 thousand) and $707,100 thousand (NCY$162,000 thousand).The aforementioned investment receivables due within one year on December 31, 2011 and 2010 have been reclassified to other receivables. Please refer to Note 6 (iii) for details.

In addition, the Group and Damahua renegotiate the method of repayment of the creditor's rights and consider the risk that the above-mentioned creditor's rights may default during the expected period of existence. The Group recognizied expected credit loss of $55,597 thousand (CNY$12,981 thousand) for the year ended December 31, 2020.

(j) Short-term Loans

The details of short-term loans are as below:

	Dec 31, 2021	Dec 31, 2020
Unsecured Bank Loans	$ 857,012	575,866
Secured Bank Loans	1,683,019	1,728,031
Total	$ 2,540,031	2,303,897
Unused Credit Lines	$ 52,947	125,550
Range of interest rates	1.41%~4.35%	1.71%~4.35%

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

(k) Long-term Loans

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

	Dec 31, 2021			
	Currency	Interest Rate Collar	Year of Expiry	Amount
Unsecured Bank Loans	USD	1.72%~2.10%	111~112	$ 671,689
〃	RMB	4.50%~4.94%	111~113	368,892
Secured Bank Loans	RMB	5.23%	111	390,593
				1,431,174
Less: current portion				(907,626)
Total				$ 523,548
Unused Credit Lines				$ -

	Dec 31, 2020			
	Currency	Interest Rate Collar	Year of Expiry	Amount
Unsecured Bank Loans	USD	1.75%~2.20%	110~111	$ 899,968
〃	RMB	4.60%~4.94%	111~112	264,301
Secured Bank Loans	RMB	5.23%	110~111	572,882
				1,737,151
Less: current portion				(604,616)
Total				$ 1,132,535

Unused Credit Lines	$ 98,197

(i) For the collateral of long-term borrowings, please refer to note 8.

(ii) Concerning the risk exposure of interest rates, foreign currencies and current risks of the consolidated company, please refer to note 6 (u).

(l) Accounts Payable

	Dec 31, 2021	Dec 31, 2020
Arising from direct sales	$ 86,889	$ 117,806
Arising from concessionaire sales	1,853,055	2,135,103
Others	65,687	52,735
Total	$ 2,005,631	$ 2,305,644

Most of payable arising from suppliers.

(m) Lease liabilities

The Group's lease liabilities were as follows:

	Dec 31, 2021	Dec 31, 2020
Current	$ 832,236	$ 870,702
Non-current	$ 10,767,895	$ 7,297,423

Please refer to note 6 (u) for maturity analysis.

The amounts recognized in profit or loss were as follow:

	For the year ended December 31	
	2021	2020
Interest on lease liabilities	$ 381,405	$ 417,297
Variable lease payments not included in the measurement of lease liabilities	$ 86,536	$ 88,358
Expenses relating to short-term leases	$ 1,518	$ 1,594
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 35	$ 39
Related rent concessions for Covid-19	$ 31,195	$ 190,193

The amounts recognized in the statement of cash flows for the Group was as follows：

	For the year ended December 31	
	2021	2020
Total cash outflow for leases	$ 1,770,388	1,333,829

(i) Lease of land, housing and construction

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

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

Some leases of retail stores contain variable lease payments which are based on sales that the Group makes at the store. These payment terms are common in retail stores in the country where the Group operates. Fixed and variable retail payments for the year ended December 31, 2021 were as follows:

	2021			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ 111,501	86,536	198,037	865

	2020			
	Fixed payments	**Variable payments**	**Total payments**	**Estimated annual impact on rent of a 1% increase in sales**
Leases with lease payments based on sales	$ 92,813	88,358	181,171	884

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

(ii) 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.

(n) Employee Benefits

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 in 2021 and 2020 were $54,951 thousand and $6,821 thousand respectively.

Note: Due to the impact of COVID-19, China issued document instructions for small and medium-sized enterprises, extending the implementation of the three social insurance exemption policies until the end of 2019.

(o) Income Tax

(i) Income tax expense

The components of income tax were as follows:

	For the year ended December 31	
	2021	2020
Current Income Tax Expense		
Current period	$ 135,573	$ 78,886
Adjustment for prior periods	347	(1,384
	135,920	77,502
Deferred Tax Expense		
Origination and reversal of temporary differences	(174,131)	(136,789)
Income Tax Expense	**$ 310,051**	**(59,287)**

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

	For the years ended December 31	
	2021	2020
(Loss) profit excluding income tax	$ 77,916	$ (162,464)
Income Tax Calculated by Domestic Tax Rate of Consolidated Company	19,479	(40,616)
Effective Influence of Tax Rate by Foreign Jurisdiction	12,815	16,256
Expenses Not Able to Be Offset	12,820	8,007
Investment Losses	(24)	(197,308)
Current Taxing Losses on Unrecognized Deferred Tax Assets	172,031	127,803
Prior Period Underestimation (or overestimation)	347	(1,384)
Tax losses deduction	90,628	-
Others	1,955	27,955
Income Tax Expense	**$ 310,051**	**$ (59,287)**

(ii) Deferred Tax Assets

1) Unrecognized deferred tax assets

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

	Dec 31, 2021	Dec 31, 2020
The carry forward of unused tax losses	$ 540,419	$ 307,404

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Besides, the Law of the People's Republic of China on Enterprise Income Tax allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

Deferred tax assets:

	Rental expenses	Tax losses deduction and other	Total
Balance at January 1, 2021	$ 686,921	364,408	1,051,329
Recognized in profit or loss	(23,574)	(159,812)	(183,386)
Foreign currency translation differences for foreign operations	(3,924)	(2,113)	(6,037)
Balance at December 31, 2021	$ 659,423	202,483	861,906
Balance at January 1, 2020	$ 682,681	195,104	877,785
Recognized in profit or loss	(5,962)	165,654	159,692
Foreign currency translation differences for foreign operations	10,202	3,650	13,852
Balance at December 31, 2020	$ 686,921	364,408	1,051,329

Deferred Tax Liabilities:

	Retained Earnings
Balance as of Jan 1, 2021	$ 61,473
Recognized in profit or loss	(9,255)
Influenced by Fluctuation of Exchange Rates	(1,485)

Balance as of Dec 31, 2021	**$**	**50,733**
Balance as of Jan 1, 2020	$	41,605
Recognized in profit or loss		22,903
Influenced by Fluctuation of Exchange Rates		(3,035)
Balance as of Dec 31, 2020	**$**	**61,473**

3) As of December 31, 2021, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Deficit Year		Deficit without Deduction	Last Year with Deduction
2017	$	408,451	2022
2018		193,241	2023
2019		335,832	2024
2020		625,591	2025
2021		598,561	2026
Total	**$**	**2,161,676**	

(iii) Examination and Approval

The annual tax returns of subsidiaries in China through 2020 were examined and approved by the tax authority.

(p) Capital and Other Equity

As of December 31, 2021 and 2020, the number of authorized ordinary shares were both 5,000,000 thousand shares, with par value of $10 per share. The total value of authorized ordinary shares was amounted to both $500,000 thousand. Also, the number of issued and outstanding shares were both 195,531 thousand shares. All issued shares were paid up upon issuance.

(i) Capital surplus

The components of the capital surplus were as follows:

		Dec 31, 2021		Dec 31, 2020
Premium on Issued Shares	$	5,041,030	$	5,041,030
Treasury Stock Trading		25,333		24,461
	$	**5,066,363**	**$**	**5,065,491**

(ii) 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.

1) 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.

2) 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 No. 1010012865, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

A resolution was passed during the shareholders' meeting held on July 29, 2021 and June 17, 2020 for the reversal of special earnings reserve of $158,119 thousand and the appropriation of special earnings reserve of $371,862 thousand, respectively.

3) Earnings distribution

On July 29, 2021 and June 17, 2019, resolutions were passed during the special shareholders' meeting and shareholders' meeting, respectively, to appropriate the 2020 and 2019 earnings, respectively. These earnings were appropriated as follows:

	For the years ended December 31	
	2020	2019
Dividends of Common Stock		
Cash	$ 195,531	430,168

(iii) Treasury stock

1) As of December 31, 2021 and December 31, 2020, total treasury share were both cancelled.

In accordance with the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of total issued shares. Also the value of the repurchased shares should not exceed the sum of the Company’ s retained earnings, share premium, and realized reserves.

On February 27, 2020, the Group was approved by the board of directors to amend the trust period agreed with the employees as follows：

Management share incentive plan	1st	2nd
The period which employees must comply with after shares have been granted	A.The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date. B.After the 24th from the subscription date, the employees can choose to sell all of the original shares subscripted or postpone the sale.	

The details for transferring treasury shares to employees:

(In thousands of shares)

	For the years ended December 31	
	2021	2020
Outstanding at January 1	10,507	11,882
Vested during the year	(1,500)	(1,375)
Outstanding at December 31	$ 9,007	10,507

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of December 31, 2021 and 2020, these prepaid salaries amounting to $141,093 thousand and $183,676 thousand were recognized under prepaid account, respectively. Considering the crisis the industry is facing and the impact caused by COVID-19, a resolution was passed during the board of directors' meeting to defer the repayment of advanced employees' salary for 2023 on August 31, 2021.

(iv) Other Equity (net income after tax)

	Exchange Difference on Translation of Foreign Operations
Balance as of Jan 1, 2021	(961,696)
Exchange Difference on Translation of Net Assets of Foreign Operations	(30,574)
Share of translation differences between affiliates using the equity method	(322)
Balance as of Dec 31, 2021	**(992,592)**
Jan 1, 2020	(1,121,000)
Exchange Difference on Translation of Net Assets of Foreign Operations	159,304
Balance as of Dec 31, 2020	**(961,696)**

(q) Earnings per Share

Calculations of the basic as well as diluted earnings per share of the consolidated company in 2021 and 2020 are listed as below:

	For the years ended December 31	
	2021	**2020**
Basic Earnings per Share		
Net Profit Attributed to Shareholder of Common Stock of Company	$ (232,135)	$ (103,177)
Weighted Average Common Shares Outstanding	195,531	195,531
Basic Earnings per Share (NTD)	$ (1.19)	$ (0.53)
Diluted Earnings per Share		
Net Profit Attributed to Shareholder of Common Stock of Company	$ (232,135)	$ (103,177)
Weighted Average Common Shares Outstanding (basic)	195,531	195,531
Influence of Potential Common Stock with Dilution Function	-	- (Note)
Weighted Average Common Shares Outstanding (diluted)	195,531	195,531
Diluted Earnings per Share (NTD)	$ (1.19)	$ (0.53)

Note: Antidilutive effect on earnings per share was not calculated.

(r) Revenue from Contracts with Customers

(i) Details of Revenue

		For the years ended December 31		
		2021		2020
Main Regional Markets:				
China	$	5,159,425	$	4,790,864
Main Product/Service:				
Commissions revenue (Retail revenue – concessionaire sales)	$	1,695,646		1,512,406
Commodity sales (Retail revenue – direct sales)		1,546,443		1,685,987
Lease revenue (Note)		954,479		709,330
Service revenue and others		962,857		883,141
	$	5,159,425	$	4,790,864

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

(s) 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. Directors' remuneration is in cash only

The compensation to employees amounted to $787 thousand for the year ended December 31, 2021. The remunerations to directors amounted to $0 thousand for the year ended December 31, 2021. These amounts were calculated using the Company's net profit before tax without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the approved by the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

As the operations for the year 2020 resulted in a net loss, no employee compensation and directors' remuneration were estimated and accrued. The compensation to employees amounted to $9,430 thousand for the year ended December 31, 2019. The remunerations to directors amounted to $4,715 thousand for the year ended December 31, 2019. On March 30, by board resolutions, the company had accounted for $9,450 thousand, respectively, as the rewards for employees, as well as accounting for $0 thousand, respectively, as the rewards for board members, where the differences between actual distribution and estimation were $4,695 thousand, respectively. They will be treated as the changes in accounting estimates and recognized as the profit or loss of 2020, respectively. All the relational information can be referred in the Market Observation Post System.

(t) Non-operating Income and Expenses

(i) Interest Income

The details of other income were as follows:

	For the years ended December 31	
	2021	2020
Interest of Back Deposit	$ 19,822	$ 19,250
Open-end Funds	937	989
Other	5,000	6,003
Total	$ 25,759	$ 26,242

(ii)Other Income

The details of other income were as follows:

	For the years ended December 31	
	2021	2020
Dividend income	$ 2,639	2,796

(iii)Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	$ (2,348)	(1,113)
Foreign exchange gain (losses)	6,295	576
Net gain (loss) on financial assets at fair value through profit or loss	25,191	69,706
Impairment losses on non-financial assets	(21,893)	-
Other Gains and Losses (such as fees and charges of credit card, etc.)	140,194	119,587
Total	$ 147,439	188,756

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2021	2020
Interest Expense	$ 148,175	142,813
Interest on Lease liabilities	381,405	417,297

Total	$	529,580	560,110

(u) Financial Instruments

(i) Credit risks

1) Exposure of Credit Risk

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

2) 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.

3) Credit risk of receivables

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

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(g).

Part of investment receivables, please refer to note 4(i).

The movement in the allowance for impairment for other receivables and other financial assets for the year ended December 31, 2021 and 2020 were as follows:

	For the years ended December 31		
		2021	2020
Balance at January 1	$	56,662	-
Recognized Gain on reversal		(5,572)	66,628
Amounts written off		-	(11,032)
Influenced by Fluctuation of Exchange Rates		(325)	1066
Balance at December 31	$	50,765	56,662

(ii) Liquidity risks

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

	Carrying Amount	Contract Cash Flows	within 1 Year	1 – 5 Years	over 5 Years
Dec 31, 2021					
Non-derivative Financial Liabilities					
Floating Rate Instruments	$ 1,528,701	1,558,151	1,138,858	419,293	-
Fixed Rate Instruments	2,484,010	2,578,663	2,468,218	110,445	-
Non-interest-bearing	3,510,436	3,510,436	2,839,737	-	670,699
Lease liabilities	11,600,131	15,732,260	1,366,773	5,480,195	8,885,292
	$ 19,123,278	**23,379,510**	**7,813,586**	**6,009,933**	**9,555,991**
Dec 31, 2020					
Non-derivative Financial Liabilities					
Floating Rate Instruments	$ 1,475,834	1,507,817	951,503	556,314	-
Fixed Rate Instruments	2,565,214	2,688,131	2,089,601	598,530	-
Non-interest-bearing	3,546,094	3,546,094	3,047,395	-	498,699
Lease liabilities	8,168,125	10,042,843	1,247,628	4,648,640	4,146,575
	$ 15,755,267	**17,784,885**	**7,336,127**	**5,803,484**	**4,645,274**

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

(ii) Interest rate analysis

The Group's significant exposure to interest rate risk was as follows:

	Carrying Amount	
	December 31, 2021	**December 31, 2020**
Fixed interest rate		
Financial Asset	$ 43,468	36,776
Financial Liability	(2,484,009)	(2,265,214)
	$ (2,440,541)	**(2,528,438)**
Variable interest rate		
Financial Asset	$ 3,515,259	3,745,644
Financial Liability	(1,528,701)	(1,475,834)
	$ 1,986,558	**2,269,810**

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 had increased or decreased by 0.5%, the Group's profit before tax would have increased or decreased by $9,933 thousand and $11,439 thousand, which is mainly due to the Group's borrowings at variable rates and demand deposits for the years ended December 31, 2021 and 2020, respectively, given that all other variable factors remaining constant.

(iv) Other market price risk

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

	For the years ended December 31			
	2021		2020	
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	**$ -**	**2,810**	**-**	**3,075**
5% Decrease	**$ -**	**(2,810)**	**-**	**(3,075)**

(v) Information of Fair Value

1) 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).

2) 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:

	Dec 31, 2021				
		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	$ 69,476	69,476	-	-	69,476

	Dec 31, 2020				
		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	$ 74,619	74,619	-	-	74,619

3) 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.

4) 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.

5) Fair value of the financial assets as well as liabilities at each level in 2021 and 2020 did not transfer at all.

(v) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

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

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

(iii) Credit risk

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

1) Trade and other receivables

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

2) Other Receivables

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

3) Investment

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

4) Guarantee

Policies of the consolidated company can merely provide the financial guarantee for the ownership of the subsidiaries. As of 2021 and Dec 31, 2020, the consolidated company had not provided any endorsement and guarantee to the outside.

(iv) Liquidity risk

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

Because the consolidated company has the characteristics of retail business, cash flows coming from the operating activities are plenty sufficient. Generally, the consolidated company makes sure it will have enough cash to expend for the operating expense requirements in the next 60 days to 90 days, yet this is an expectation excluding the potential influence of the extreme conditions which cannot be reasonably predicted, for example: natural disaster. In addition, unused credit lines of the loans as of 2021 and Dec 31, 2020 of the consolidated company were $486,939 thousand and $223,747 thousand respectively.

(v) Market Risk

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

1) Currency risk

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

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

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

2) Interest Rate Risk

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

3) Other market price risk

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

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

(w) Capital management

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

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

The consolidated company supervises the capital structure through debt-to-capital ratios as well as cash flows. Debt-to-capital ratios of 2021 and Dec 31, 2020 are shown as below:

	Dec 31, 2021	**Dec 31, 2020**
Total Liabilities	$ 19,238,606	$ 15,829,553
Deduction: Cash and Cash Equivalents	(3,525,958)	(3,757,428)

Net Liabilities	$ 15,712,648	$ 12,072,125
Total Equity	$ 8,038,801	$ 8,496,491
Total Capital	$ 23,751,449	$ 20,568,616
Debt to capital Ratio	66.15%	58.69%

(x) Changes in liabilities arising from financing activities

(i) The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2021 and 2020 were as follows:

			Non-cash changes		
	January 1, 2021	Cash Flows	Foreign exchange movement	Other	December 31, 2021
Short-term borrowings	$ 2,303,897	265,852	(29,718)	-	2,540,031
Long-term borrowings	1,737,151	(277,955)	(28,021)	-	1,431,175
Guarantee deposits	498,699	128,540	(2,818)	(Note1)46,278	670,699
Lease liabilities	8,168,125	(1,300,894)	(45,857)	(Note2) 4,778,757	11,600,131
Total liabilities from financing activities	$ 12,707,872	(1,184,457)	(106,414)	(4,825,035)	16,242,036

			Non-cash changes		
	January 1, 2020	Cash flows	Foreign exchange movement	Other	December 31, 2020
Short-term borrowings	$ 2,184,324	131,142	(11,569)	-	2,303,897
Long-term borrowings	1,452,806	318,461	(34,116)	-	1,737,151
Guarantee deposits	552,538	(59,493)	5,654	-	498,699
Lease liabilities	9,153,596	(826,541)	31,263	(Note3) (190,193)	8,168,125
Total liabilities from financing activities	$ 13,343,264	(436,431)	(8,768)	(190,193)	12,707,872

Note1: The Group obtained 46,278 thousand, please refer to Note 6(v) for details

Note2: It is mainly the lease, which modify amounting to $505,204 thousand and it is mainly the rent concession, which decreases operating expenses amounting to $31,195 thousand and increase $4,304,748 thousand in this period.

Note3: It is mainly the rent concession, which decreases operating expenses amounting to $190,193 thousand.

(7) Related-party transactions:

(a) Parent Company and Final Controller

First Steamship Co., Ltd. is the parent company of the consolidated company as well as the final controller over the group, who possesses 58.31% common shares outstanding of the company. First Steamship Co., Ltd. has prepared the consolidated financial statements for the public.

(b) Names and Relations of Related Parties

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

Name of Related Party	Relation to the Consolidated Company
First Steamship Co., Ltd.	Final Parent Company of the Consolidated Company
First Steamship S.A.	Parent Company of the Consolidated Company
Ahead Capital Ltd.	Same Final Parent Company as the Consolidated Company
Yee Shin Investment Co., Ltd.	Same Final Parent Company as the Consolidated Company
Mariner Finance Ltd	Same Final Parent Company as the Consolidated Company
Morgan Finance Ltd.	Same Final Parent Company as the Consolidated Company
Nanjing Heaven Capital Industrial Co., Ltd.	Manager of the consolidated company is the chairman of this company.
Shanghai Tian An Center Building Co., Ltd.	Manager of the consolidated company is the board member of this company.
Huizhou Tianan Xinghe City Management Co., Ltd.	Substantial Related Parties
Huiyang Tamsui New Sun City Construction Co., Ltd.	Substantial Related Parties
Shanghai Green GUORUITONGSHUN Technology Development Co., Ltd.	Substantial Related Parties
Shanghai Qianshu Commercial Management Co., Ltd.	Substantial Related Parties
Shanghai Kaixuanmen Enterprise Development Co., Ltd.	Substantial Related Parties
Shanghai Tianrong Real Estate Co., Ltd.	Substantial Related Parties
Tianan (Shanghai) Investment Co., Ltd.	Substantial Related Parties
Shanghai Haiguang Real Estate Management Co., Ltd.	Substantial Related Parties
Nanjing Grand Ocean Dongfadao Catering Co., Ltd.	An associate

(c) Significant transactions with related parties

(i) Prepayments

	December 31, 2021	December 31, 2020
Parent Company	$ 120	120
Other related parties- Nanjing Heaven Capital(Note)	106,668	49,291
Other related parties-other	16,665	-
	$ 123,453	49,411

Note: It is a short-term prepaid lease fee and a monthly fixed prepaid variable rent of the Group, which is settled at the end of the year.

(ii) Other Receivables

	December 31, 2021	December 31, 2020
Other related parties	$ 1,302	-

(iii) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2021	December 31, 2020
Other payables	Other related parties	$ 1,406	3,200

(iv) Borrow from related parties

The amount borrowed by the Group from related parties is as follows

	December 31, 2021	December 31, 2020
Parent company	$ 41,505	-

The Group borrowed from related parties with an annual interest of 3.5% and 10%, and the interest recognized was 11,889 thousand in 2022.

(v) Lease

1) Liabilities lease

		Lease liabilities		
Relationship	**Purpose**	**December 31, 2021**	**December 1, 2020**	**January 1, 2020**
Other related parties	Office building and department store	$ 22,526	50,590	76,266
Other related parties	Office building and department store	4,295,335	-	-
Other related parties	Energy-saving renovation engineering	40,775	47,905	53,811

equipment

Relationship	Purpose	Interest Expense 2021	2020
Other related parties	Office building and department store	$ 7,254	2,987
Other related parties	Energy-saving renovation engineering equipment	2,144	2,439

2) Operating lease

Relationship	Account	Rent expense 2021	2020
Parent Company (Note)	Office building	$ 1,440	1,440
Other related parties (Note)	Office building and department store	67	143
		$ 1,507	1,583

Relationship	Account	Payments that are not included in the measurement of the lease liabilities 2021	2020
Other related parties	Office building and department store	83,612	85,934

Relationship	Account	Property management fee 2021	2020
Other related parties	Office building and department store	3,727	3,679

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.

3) Rental deposit

Item	Relationship	2021.12.31	2020.12.31
Other financial assets- non-current	Parent Company	$ 240	240
Other financial assets- non-current	Other related parties- Shanghai Kaixuanmen	65,099	-
Other financial assets- non-current	Other related parties	11,900	11,968
		$ 77,239	12,208

(vi) Others

1) The Group provided management consulting services and shopping mall service and signed service contracts with other related parties. For the years ended December 31, 2021 and 2020, the revenue from consulting services was $10,766 thousand and $3,481 thousand.

2) For the years ended June 30, 2021 the Group signed an equity transfer agreement with Shanghai Kaixuanmen Enterprise Development Co., Ltd. and paid RMB 1,000 thousand acquire 100% equity of the subsidiary of Shanghai Qianshu Commercial Management Co., Ltd. Please refer to Note 6 (V) for relevant information about the merger and acquisition of the subsidiary.

(d) Key management personnel compensation

(i) Key management personnel compensation comprised:

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$ 25,675	23,131

(ii) The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2021 and 2020, those prepaid salaries amounting to $39,572 thousand (CNY$9,118 thousand) and $41,291 thousand (CNY$9,460 thousand), respectively, were recorded as non-current assets.

(8) Pledged assets:

The carrying amount of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, Plants and Equipment	Bank Loans	$ 3,016,386	$ 3,123,895
Other Financial Assets			
Restricted Deposit	Bank depository funds	43,468	37,179
		$ 3,059,854	$ 3,161,074

Note1：Include land use rights and right of use assets.

(9) Commitment of Material Contract or Not Recognized Contract due to Liabilities

(a) 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.

(b) The subsidiaries of the Group, Chongqing Guanggu Grand Ocean Department Store Co., Ltd., negotiated with the lessor, Chongqing ZhengSheng Real Estate Ltd., to reduce the lease payments and to shorten the length of lease because its business was not able to operate as expected and its lease payments were higher than those within the vicinity. Meanwhile, the subsidiaries negotiated with the lessor about rent concessions due to the COVID-19 pandemic during 2020. The aforementioned negotiation about lease payments reduction and rent concessions failed to reach an agreement, resulting in the lessor to file a lawsuit against Chongqing Guanggu Grand Ocean Department Store Co., Ltd. in November 2020 for overdue payments. The aforementioned overdue payments include rent in dispute, which the lessor claimed that the lessee had occupied the area not mutually agreed on. As of the reporting date, the trial has yet to be conducted. For the years ended December 31, 2021, The Group has set aside rent in accordance with the original lease contract and the force majeure time limit stipulated by the government.

In addition, the Group also counter-sued for the rent pricing of the case, requesting a reduction in rent. Currently, the case has been lost in the first instance, and the second instance is being appealed.

(c) Wuhan Optics Valley Grand Ocean Commercial Development Limited , a subsidiary of the Group, has purchased commercial properties from the first floor to the ninth floor of the Shiyan International Financial Center Project from Hubei Dayang Huayu Investment Co., Ltd. The sale and purchase agreement stipulated that the real estate property rights should be registered with the Group. The Group filed a lawsuit on September 6, 2021,and the court has formally accepted it. Since the purchase of the property has already completed the advance notice registration, it is illegal to dispose of the real estate without the consent of the Group according to law. Effective, so the Group has sufficient protection.

In addition, Hubei Huayu filed a lawsuit against Dayang Classic and Wuhan Optics Valley Dayang in the third quarter of 2021, claiming RMB 93 million for the dispute over the equity investment in Hubei Huayu before the year in 2017. According to the evaluation of the Group, the right of claim it made occurred in 2017, and the three-year limitation period for the protection of civil rights has exceeded the three-year limitation period according to the law, and according to the subsequent equity capital reduction agreement signed by the two parties, both parties negotiated and agreed that the Group has paid on time. Therefore, it is judged that the Group has no obligation to compensate.

(10) Material Loss due to Disaster: None.

(11) Material Subsequent Events: None.

(12) Other

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

	For the years ended December 31					
Function	2021			2020		
Item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	-	475,665	475,665	-	435,654	435,654
Health and labor insurance	-	617	617	-	724	724

Pension	-	54,951	54,951	-	6,821	6,821
Others	-	85,803	85,803	-	77,660	77,660
Depreciation	-	1,503,564	1,503,564	-	1,487,375	1,487,375
Depletion	-	-	-	-	-	-
Amortization	-	4,552	4,552	-	4,727	4,727

(13) Other disclosures:

(a) 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:

(i) Loans to other parties: Appendix 1.

(ii) Guarantees and endorsements for other parties: Appendix 2.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Appendix 3.

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300,000 thousand or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100,000 thousand or 20% of the capital stock: Appendix 4.

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions: Appendix 5.

(b) Information on investees: Appendix 6.

(c) Information on investment in mainland China: Appendix 7.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A.	91,560,000	46.82%
First Steamship Co., Ltd.	18,949,000	9.69%

(14) Segment Information

(a) General Information:

Main revenues of the Group come from department store retail business, and the main operating decision makers are to assess the performance based on the entire operating results. Therefore, the consolidated company is an individual operating department, and the information of operating department in 2021 as well as 2020 is identical with the consolidated financial statements.

(b) Information of Products and Services: The consolidated company belongs to department store retail business.

(c) Information of Regional Finance: Sales regions of the retail commodity are all in China.

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