since 2002 Grand Ocean Retail Group Limited 5907

GRAND OCEAN RETAIL GROUP LIMITED

2020 Annual Report

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

VII Directors of Board

Title	Name	Nationality	Main Education and Work Experience
Chairman	Kuo Jen Hao	ROC	Director of Poly Warehouse Director、Chief financial officer of Natural Group Vice president of Private Equity Management Group PWC Transation Services Rothstein Kass Hedge Fund Auditor Merrill Lynch Research Assistant Pace University NY MBA Finance and Accounting major American CPA
Director	First Steamship Company Ltd Representative：Ng Qing Hai	HK	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED
Director	First Steamship S.A Representative：Zhang Jin Guo	CN	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited
Director	Lee Seng Chay	MY	Banhelor of Science,Monash University,Australia. Mulpha International Bhd, General Manager. President/Vice President of Mabuhay Holdings Corporation,
Independent director	Ding Jin Huei	ROC	NCTU Executive Master of Business Administration；Ph.D. in Business Management, Tianjin Nankai University；Certified Public Accountant of the Republic of China Member of School Affairs Fund of NCTU；Director、Secretary of Chinese Association of Valuation；Host of Taipei's bus privatization planning and implementation plan；Independent Director of ASSEM TECHNOLOGY CO., LTD、LUNG HWA ELECTRONIC CO., LTD、TRENDCHIP TECHNOLOGY CO., LTD；Remuneration Committee of TSTI
Independent director	Sher Ching Yee	HK	Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK. Auditor of Deloitte Touche Tohmatsu Limited（HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of Qingdao Mingyu Real Estate Plaza Co., Ltd.
Independent director	Lin Yuk Yan Maya	HK	NEW YORK UNIVERSITY STERN SCHOOL OF BUSINESS/HONG KONG UNIVERSITY OF SCIENCE & TECHNOLOGY M.S.Degree, Global Finance；PARSONS SCHOOL OF DESIGN AAS Degree, Fashion Merchandising w/Honors – PS Dean's Scholarship, PS Dean's List；NEW YORK UNIVERSITY B.S. Degree, Communications w/ Specialization in Advertising & Marketing. LOUIS VUITTON LTD., Hong Kong. Retail Marking Analyst、Assistant Manager FENDI NA INC, NEW YORK. Retail Marking Manager. POSCELIN CO., LTD., Hong Kong. Director. Cartier, Far East, Project Manager.

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One. Report to Shareholders

To Every Shareholder:

2020 marks a catastrophic year: COVID-19 pandemic, Australian bushfire due to climate change, conflict of the presidential election in the United States, BLM protests and Brexit, and chaos seem to take our world upside down. Among them, COVID-19 has been the most disruptive to countries all over the world. Ever since WHO announced that the COVID-19 pandemic has become the “Public Health Emergency of International Concern (PHEIC)” on January 30, 2020, cities that were affected by the pandemic have been “locked down” and people have been “quarantined” on a large-scale all over the world. Aviation transport has plunged greatly, resulting in the halt of all kinds of economic activities of all nations. Social communication has been reduced to the minimum level, and lives of all mankind have been significantly affected. Even though China and its surrounding Asian countries, as well as those pan-pacific nations have effectively controlled the pandemic of COVID-19, many countries in Europe and America are still under the rage of it till the end of 2020.

“Wuhan” was locked down on January 23, 2020, where the influence of COVID-19 is far beyond our imagination. Many local restaurants, shops, malls and other corporations had been requested to end the operation. The government of China’s strong measures on COVID-19 prevention has succeeded in restraining the pandemic from its origins to a significant degree. Along with the gradual ease of COVID-19 in China, Grand Ocean makes the prompt response to initiatively resume operation. All three stores in Wuhan successfully reopened on March 30, 2020, and all the Grand Ocean stores have been completely resurrected for operation.

In response to the pandemic and the new consumption model, Grand Ocean established “the Department of Boundless Retail” in March, 2020, to extend the online businesses of Grand Ocean APP, as well as at the same time actively attempt the mode of livestream selling via WeMall, TikTok, Kwai, etc., which have magnificent progress. Our vision is to become a service retailer with boundless integration of humans, goods, places, and technology. Under such a time of constant change, which haven’t been seen over the past hundred years, Grand Ocean thinks the advantages of both online and offline sell expansion matter at the same level. We shall build the third life space for people and break through the boundaries between online and offline consumption via a digital platform for merchandise sharing and partner services. We shall provide digitalized services for our partners and offer a better consumption experience with more plentiful products for our customers.

The ascending trend of the Chinese economy in the long term remain unchanged. Most of all, the vaccines for COVID-19 have been invented in turn in every country. In summary, we are still fairly confident of the economy this year. Nevertheless, after the pandemic of COVID-19 this time, Grand Ocean has profoundly recognized that the logic in the past can no longer be applied to the future. We could not just sit and wait until the pandemic vanishes, expecting “retaliatory consumption”. Just as Peter F. Drucker said: “The greatest danger in times of turbulence is not turbulence itself, but to act with yesterday's logic.” Therefore we decide to accelerate the transformation of digitalization and to pursue revolution actively.

I. Operation Results 2020

(I) Achievements of Operational Plans

The consolidated operating revenues 2020 of the Group were NT$4,790,864 thousand, which decrease by 27.87% compared with NT$6,642,331 thousand in year 2019; the net loss after taxes 2020 was NT$122,122 thousand, which decreases by 120.23% compared with NT$603,637 thousand in year 2019; also, the loss per share (EPS) was NT$-0.62 in year 2020.

If RMB is used as the denomination unit, then in year 2020 the consolidated operating revenues of the Group were RMB$1,118,631 thousand, and the net loss after taxes was RMB$28,515thousand; in year 2019 the consolidated operating revenues of the Group were RMB$1,482,485 thousand, and the net income after taxes was RMB RMB$134,724 thousand.

(II) Budget Execution Overview

Undisclosed Financial Estimates 2020 of Grand Ocean Retail Group Ltd.

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

(1) Operating Revenues

The consolidated operating revenues 2020 of the Group were NT$4,790,864 thousand, which decrease by 27.87% compared with NT$6,642,331 thousand in year 2019. Where the main reason is that under the impact of the COVID-19 pandemic, the revenue was significantly reduced due to the restrictions on personnel movement by the pandemic prevention and control measures.

(2) Operating Expenses

The consolidated operating expenses 2020 (including operating costs and expenditures) of the Group were NT$4,531,759 thousand, which decrease by NT$823,895 thousand compared with NT$5,355,654 thousand in year 2019 (-15.38%), wherein the operating costs decrease by NT$182,536 thousand (-15.38%), and the operating expenditures decrease by NT$641,359 thousand (-17.82%). The decrease in the Company's operating expenses was mainly due to the continual workforce streamlining and administrative simplification, the efficiency improvement, the reduction of the second-line staff, and Grand Ocean's efforts to obtain rent reductions under the COVID-19 pandemic.

(3) Profitability

The consolidated net operating profit 2020 of the Group was NT$246,480 thousand, which decreases by NT$1,040,197 thousand (80.84%) compared with NT$1,286,677 thousand in year 2019, and the consolidated net profit margin decreases from 19.37% in year 2019 to 5.14% in year 2020. The consolidated non-operating revenues and expenses 2020 were –NT$427,889 thousand, which increase by NT$70,070 thousand compared with –NT$357,819 thousand in year 2019, causing by 2020, the Company recognized an impairment loss at Fengsheng in accordance with IFRS. In addition, the consolidated net loss after taxes 2020 was NT$122,122 thousand, which decreases by NT$725,759 thousand compared with NT$603,637 thousand in year 2019.

(IV) Research & Development

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

II. Overview of Operational Plans 2021

(I) Operating Policies

In 2020, the pain points of global economic growth were highlighted due to the influence of the COVID-19 pandemic. At this desperate time when risks and opportunities coexist, online malls, livestream selling, social media marketing, digitalization and smart applications, on the other hand, are blooming fully. A whole new business model is evolving and metamorphosing at an unprecedented speed. Due to the market's progress and variation, our Company Group proposed the idea of "Centralize The Customers, Build A Platform Exemplified Of Experience Consumption, And Break Through The Boundary of Space-Time Between Online and Offline Shopping With Smartization." as our guidelines for business operations. For all of our managers and supervisors can fully understand and make it happen. Each of our stores shall seek to meet the requirements of the millennium age, and depending on the actual market conditions, continue to make the appropriate adjustments based on our fundamentals. Also, we shall keep optimizing the integration of retail categories and formats, as well as sufficiently utilizing digital technology to accelerate the fusion of online-offline shopping. Thus we are able to fulfill all the needs of shopping and consumption for our customers anytime, anywhere.

(II) Overview of Estimated Operation

According to the press release on Linkshop.com, the sales figures of the domestic cosmetics retail units above designated size in mainland China were RMB 256.9 billion for the first ten months in 2020, which increases 5.9% on a year-on-year basis. This result marks the victory over the market and implies that the crisis of COVID-19 has been broken out and the business improvement is even better than the last year. Even more, based on the data released by the General Administration of Customs (GAC), the total value of imports of beauty products, cosmetics and skincare products from January to October this year was RMB 114.22 billion, increasing 28.4% on a year-on-year basis, while the volume of imports was 379.3 thousand metric tons in the corresponding time period, which has an increase by 4.3%. The outcomes indicate a remarkable performance, reflecting that the market of Chinese imported cosmetics is still under the stage of rapid expansion. All our stores, which are mainly beneficial from famous makeup brands such as Fuzhou Tungjiekou Store, Wuhan Zhongshan Store and Nanjing Xinjiekou Store, still possess a higher market share. Especially in Wuhan Zhongshan Store, we have built a community where we select all of the best international makeup brands by seizing the timing when Dior was stationed, making the "Grand Ocean Modern Shopping Mall" grasp the crown of fashion in Hanyang Dist. Nanjing Jiangbei Store, Wuhan Optics Valley Store, Hefei Store as well as Yichang Store are now all focusing on upgrading the brands of cosmetics to seek breakthrough.

In the environment of post-pandemic COVID-19, "sports and health" are still the topics about what people are most concerned and have therefore become the rigid demands for consumption. Sports equipment has also prosperously grown. Furthermore, the 2022 Winter Olympics will be held in Beijing. This gala event becomes a thrust force accelerating the introduction of various foreign brands of winter sports into mainland China. Traditional sports giants also confront in this market with each other. Grand Ocean shall continue to expand and upgrade the scale of sports equipment for those stores having the advantage. Following the expansion of the Nike counter on floor B1 at Wuhan Optics Valley Store, for example, Adidas will also upgrade and welcome their 650th chain. At the same time, LI-NING will launch the new counter and VANS will release their new apparel, to meet the younger consumers in Optics Valley Dist. Besides, Wuhan Zhongshan Store, Nanjing Xinjiekou Store and Yichang Store all dedicate to speeding up the upgrade of sports equipment.

Because several major traditional franchises have been closed one after another, or, seen better days, such as the online shops or the offline brick-and-mortar shops of La Chapelle; moreover, the reaction of consumer attraction and sales per unit area of some major women's shoe franchises led by BeLLE has declined; as a result, each chain store is accelerating the upgrade of categories and brands for women's footwear and clothing, as well as the transition of different departments, in order to improve the sales performance and sales per unit area.

On the other hand, the market for luxury goods in China is still rising significantly. Fuzhou Store No.2 grasped the opportunity when LOUIS VUITTON returned to the Chinese market, to sustainably solidify its leadership on luxury items and international fashion in Fujian Province.

In accordance with the statistics made by eMarketer, currently, 62% of the total global online sales are contributed by the Asia-Pacific region, where China occupies 41% in this region. Relying on the prosper national logistics system, the total amount of express delivery is reaching 80 billion. In March 2020, our Group founded the Department of Boundless Retail, constructed in an extremely simple framework from none. We utilize diverse livestream platforms, including WeMall, TikTok, Kwai, etc. to deliver up a pretty performance within just nine months. In 2021, we aim at comprehensively developing cosmetics, foods with distinguishing features, clothing, accessories, home-use products, and so forth to acquire better sales performance.

Being the format of experience – a special business type to what younger consumers pay attention to, Grand Ocean is more and more aware of the secrets of success after years of experience of adjustment and management. Starting from initial fundamental measures, we gradually improve our sales performance and appeal to consumers step by step to make profits. We also cooperate with the bellwether of restaurant brands Haidilao, locating five branches in our stores, and also generate great revenues in 2020. Among which there are averagely 24 thousand consumers coming to the restaurant for catering at Fuzhou Store No.2 every month. LELECHA and HEYTEA introduced at Nanjing Xinjiekou Store, as well as Sexy Tea opened at Wuhan Zhongshan Store on January 22, are all the red-hot beverage shops with strong attraction to consumers. Some restaurants of a smaller scale at Nanjing Jiangbei Store also have an eye-opening performance, such as the traditional pastry shop LuXiHe FOOD. Brands founded by Internet celebrities shall be emphasized in 2021 in regard to special categories. Those kinds of brands can significantly appeal to consumers, and we can construct a new pattern of cooperation.

III. Strategies of Future Company Development

At the end of 2020, our company's Mandarin title was renamed as Grand Ocean Business Group Ltd. (the English title remains Grand Ocean Retail Group Ltd.), and the holding headquarters, Grand Ocean Retail Group Ltd. located in China was renamed as Grand Classic Business Group Ltd. The name change marks the transformation of Grand Ocean from department store retailing towards innovative retailing, further demonstrating our original aspiration to keep up with time, as well as to create and innovate. After consecutive site modification, Grand Ocean keeps upgrading its own brand and expanding boundless retail business at the same time, in order to realize the update of market information, as well as to pave a solid basis for the new age of group development. Transformation is not a simple call made in one day but the efforts for years. This is the new milestone of our progress, providing us an even broader platform and more infinite imagination. The retail market in China is currently profoundly changing. The digitalized transformation has become the essential force driving the consumer market in China. A revolution surrounding consumers, formats, brands and marketing domains has been occurring. All of our commercial items possess geographical advantages, and we have the flexibility to absorb diverse brands, making us easier to create our own features in partnership invitation as well as operation. Especially when customers are buying non-standardized merchandise with high unit price, they need a better environment, better service and better guide. This is when the merit of "offline" brick-and-mortar shops are seen and the reason they are more competitive on the market. As business markets vary day by day, new formats, new items, new operational patterns and new consumer habits are emerging. We truly believe China's retail market can be highly anticipated in 2021. 。

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

The pandemic of COVID-19 has produced over six trillion US dollars in deficit globally, equaling one-fifth of the amount of global trade reduction, becoming one of the biggest uncertainties this year. Even so China is still one of the few economies flourishing. The pandemic does not likely vanish immediately, and occasional cases might still take place in a certain period of time in a certain region. However, with the popularization of vaccines, along with the advance of precautionary measures, the negative affection can be maintained.

After the Double 11 in 2020, China's authority started to launch a series of investigations on Alibaba Group, Meituan.com and Vipshop.com due to the antitrust law and issued penalties as a warning. However, the regulatory authority does not only set their eyes on those e-commerce platforms. Recently some related policies have been enacted by the authority consecutively. The target of market monitoring is no longer limited to the improper competition of M&A on traditional investment, but includes the inclinations and behaviors of monopolization of data and channels. The antitrust law aims at restraining the negative externalities of the market, encouraging fair competition, protecting consumer rights, and preventing systematic risk. In recent years the Internet economy has prosperously grown, and a huge volume of network platforms are rapidly emerging. At the moment when the business pattern is innovated, the market economy is filled with numerous new inspirations, and convenience is brought to consumers. The competition with homogeny and multi-fields is also becoming intense even more than ever, resulting in inappropriate competition more magnified. From the Internet giants with complex operations to the vertical e-commerce companies of a smaller scale, the recent actions taken by the national regulatory authority delivered us a clear message: no matter the size, all the corporations and companies shall be equal when it comes to regulations for market monitoring. The authority will not stand by but surveil and control more strictly to reinforce the instructions upon all the issues booming during the development of livestreaming ecommerce.

There were 359 new business registrations in China over the whole year 2020, where there were 121 registers in December only. This indicates that market resurrection is more optimistic than the same month over the past few years, and the curve in regard to new company registration this year is represented as an alphabet “V.” Also, there are many more registers who postpone their business plans due to COVID-19 and will complete the registration this year. A firm source demonstrates that in China, there will be about 800 business boomers in 2021. And the extended new commercial area is 80 million square meters. The gap between supply and demand is further enlarged.

China for the first time proposed “demand-side revolution,” emphasizing the importance of technology as well as improving the stable growth of housing market. Before this, the conference of committee of Central Political Bureau had proposed several projects such as new infrastructure and technological innovation for many times, attempting to pave the guidelines for the “demand-side revolution” for large-scale national circulation as the major measures. In the future, a structural change in market demand will gradually take place in China, and the “demand-side revolution” is the measure with the utmost efficient marginal effect to improve the entire performance of the national economy so far. We think both optimizing consumption and investing in new infrastructure are the most important means.

Upon international situation, the strategical oppression upon China’s innovative high-end technology launched by the US will not end even the new President Joe Biden was elected. In the background where China rises, Biden will definitely guard the national interests of the USA, and contain China on the premise of prevention of Cold War and avoid cutting ties. Certain trade conflicts might be eased off gradually. As the summary, the situation would be seeking progress within confrontation.

“It is the worst time but also the best time as it is.” Grand Ocean will absolutely seize the opportunities to make great progress and welcome our time of harvest.

Grand Ocean Retail Group Limited.

Chairman: GUO REN HAO

Two. Company Introduction

I *Date of Establishment*

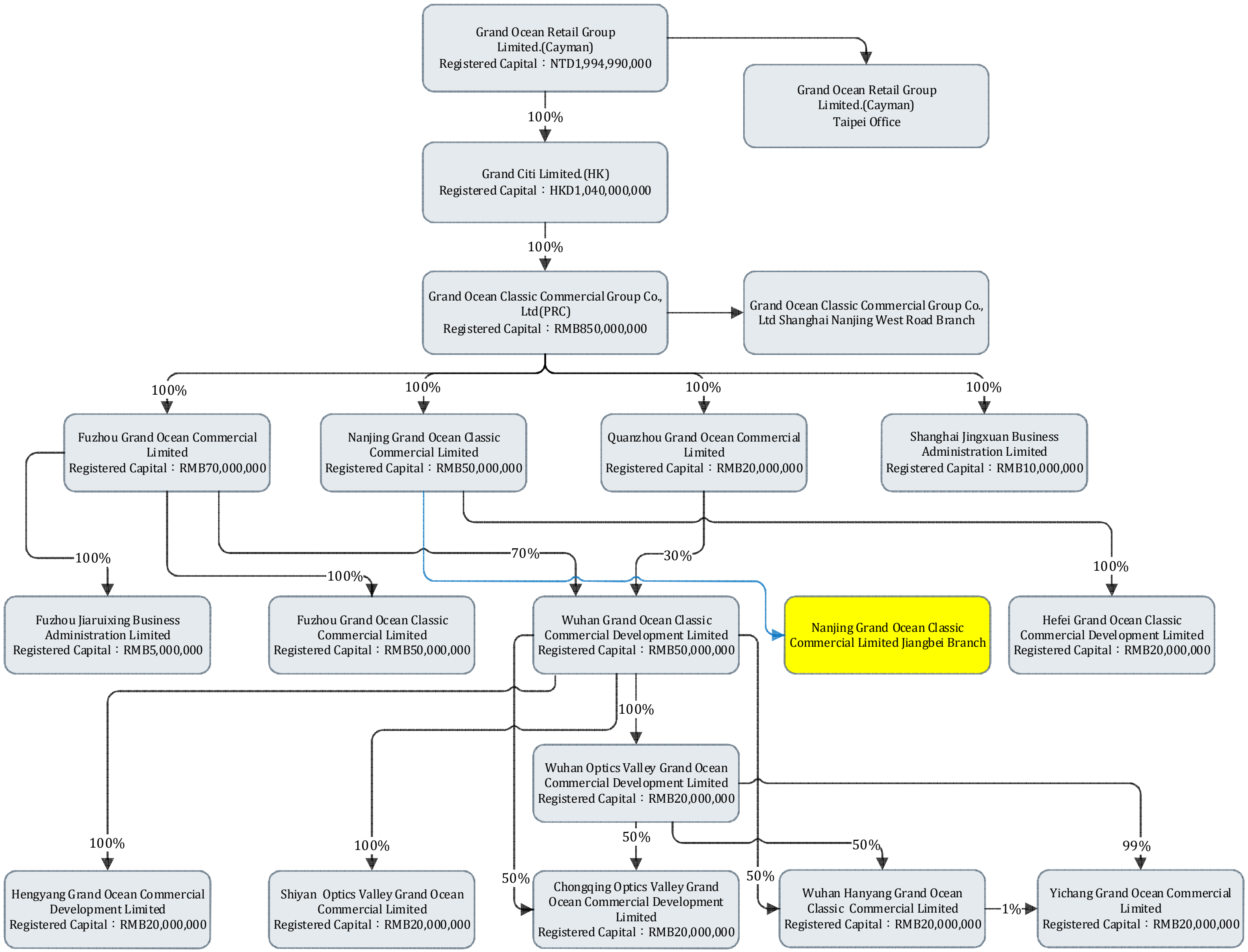
Founded in Dalian, China (P.R.C.) in May 2002

II *Company History*

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

Grand Ocean adopts the “intelligent mall” as a strategical target, and takes the opportunity in the 4th retail revolution to apply the Mobile Internet technologies, connecting customers, malls and commodities closer even more than ever. Grand Ocean has always kept itself sharp toward the market, and cooperated with the top Internet incorporations such as meituan.com, Tencent, JD.COM, Weimob and CHINA POST, creating all the rich scenarios and keeping improving the shopping experience of our customers.

III Group Structure



Important Events

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

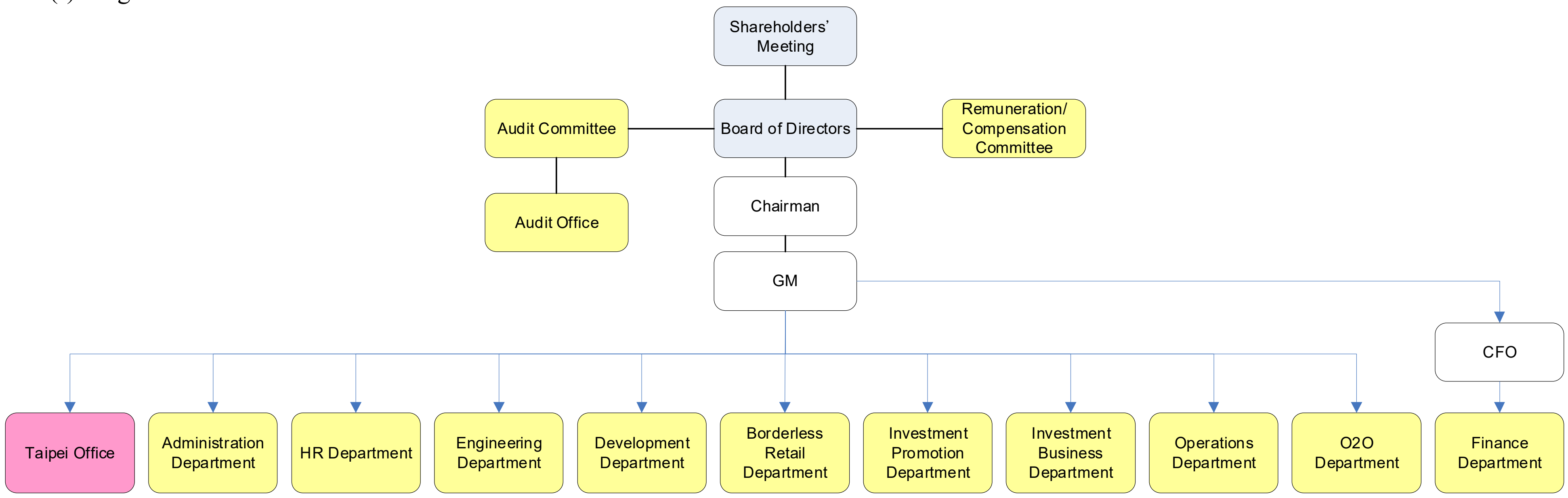
Date	Important Events
Mar 2007	Acquisition of the equity of Fuzhou Grand Ocean Department Store Ltd.
Jul 2007	Wuhan Optics Valley Grand Ocean Department Store Ltd. was founded.
Oct 2007	The organization structure was adjusted. A new holding company – Grand Citi Ltd. was founded in Hong Kong by Regal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

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

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

I Organization System

(I) Organization Structure



(II) Business Scope of Each Primary Departmen

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

Department	Range of Responsibility
	2. To be in charge of regulating the training programs for the Group headquarter and each store, and to follow as well as improve the progress of the entire training programs; also, to manage the training database.
Operations Department	1. To scheme, supervise and execute the annual operating budgets for each store; to be in charge of the operation (for example, projects, art designs, customer services and foreign contractors); to deal with other business such as group purchasing or advertising revenues. 2. To launch the market investigation, orientation and contractor recruitment for a new store; to build, analyze and update the information of a supplier. 3. To institute the adjustment strategies, as well as execute the adjustment plans and assess the efficiency thereof.
Borderless Retail Department	1. Innovative new online technology and new models have been initiatively applied and promoted under the support of the Department of OTO. To launch market research, orientation, and contractor recruitment for each store; to build, analyze, and update the database of supplier information. 2. To propagandize the Grand Ocean APP and to increase the downloads and registrations through the stores and WeChat Public Account. To coordinate with the store to make the Grand Ocean APP Online accomplish certain fundamental missions such as purchase, shipment, after-sales service, etc. 3. To appropriately assign the cadre members of each store to establish the Department of Borderless Retail.
Investment Business Department	Perform feasibility research and analysis on catering, retail, department store and shopping mall-related brands and companies to select potential high-return brands and companies to invest in. Use existing stores and the Group's large platforms to cultivate and participate in management, and promote them to society to achieve the development objectives.
Investment Promotion Department	1. To be responsible for the investment promotion of new projects, among which more than 50%, with the leading brands directly completed on their own, while the project teams were responsible for the rest (non-leading brands). 2. Provid consultation for adjustment, improvement, and optimization to the Group's stores that are already open, and collaboratively developed plans to promote investment. 3. Collect the information of cooperative suppliers from all over the world, established a database in headquarters for the cooperated brands, and communicated with suppliers periodically. 4. Establish standards for the investment promotion and improved control mechanisms.
Development Department	To found a broad commercial information network, studying the development of department store industry in each major city, also to investigate the market and select the store locations in order to provide the basis of correct policies for the possibility of a development project, and then to submit the analysis reports of comprehensive investigation for the development project thereof.
Engineering Department	1. To be responsible for the comprehensive management of fundamental construction projects of the Group and each store; to assist the acceptance of construction delivery and completion for the projects of both building and development of the Group system; to administer, test & accept, renovate and maintain the structures. 2. To launch the designs and plans for decoration, air condition, water & electricity, as well as water supply & drainage of the structures. 3. To supervise and regulate the protection, sanitation, fire control, facility, and warehouse management of each store.
Finance Department	1. To establish the financial system of the Group, containing financing, using, distributing of the funds, as well as making-up and performing of the plans for financial income/expenses and credit loans. To examine and supervise the fund operation of each store, elaborating the fund distribution center of the Group to participate in each important demonstration and policy of the Group. 2. To establish a healthy financial budget, accounting, and control system of cost of the Group, and to reinforce the cost management. To organize the summary of financial budgets of the Group, prepare the final accounts and consolidated financial statements of the Group, as well as summarize and report various economic contracts. Also, to be responsible for the management of financial assets, and to direct the tax planning of each store.
O2O Department	1. To research & develop the information system of the Group, as well as verify the construction projects. To build the firewall for protecting the Group data on the Internet. To construct the system and budget/code/coordination of a new store, also to improve the

Department	Range of Responsibility
	technologies thereof. Moreover, to provide the technique consulting and services, also the related training for each store. 2. To found the platforms and technologies for cooperation between the Group and each e-commerce company.

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

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

Apr 30, 2021

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Chairman Kuo Jen Hao	ROC	M	2020.06.17	2023.06.16	2016.06.23	0	0	0	0	0	0	0	0	Director of Poly Warehouse Director、Chief financial officer of Natural Group Vice president of Private Equity Management Group PWC Transation Services Rothstein Kass Hedge Fund Auditor Merrill Lynch Research Assistant Pace University NY MBA Finance and Accounting major American CPA	Chairman and General manager of First Steamship Company Ltd、Royal Sunway Development Co., Ltd.、Yee Shin Investment Co., Ltd.、Yee Young Investment Co., Ltd Chairman and CEO of Taiwan Environment Scientific Co., Ltd. Chairman of Grand Ocean Retail Group Limited.、Mariner Finance Ltd.、First Steamship S.A.(PANAMA)、Praise Maritime S.A.(PANAMA)、Longevity Navigation S. A.(PANAMA)、Best Steamship S.A. (PANAMA)、Grand Steamship S.A. (PANAMA)、Black Sea Steamship S.A. (PANAMA)、Ship Bulker Steamship S.A. (PANAMA)、Reliance Steamship S.A. (PANAMA)、Alliance Steamship S.A. (PANAMA)、Sure Success Steamship S.A. (PANAMA)、Shining Steamship Investment S.A.(PANAMA)、Excellent Steamship Investment S.A. (PANAMA)、Yong	—	—	—	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
															Heng Huei Investment Co.,Ltd. Director of Sandmartin International Holding Limited.、First Mariner Holding Lrd.、Ahead Capital Ltd.、Media Assets Global Ltd.、Heritage Riches Ltd.、First Mariner Capital Ltd.、Morgan Finance Ltd.、Morton Securities Ltd.、Mariner Capital Ltd.、Mariner Far East Ltd.、Easy Elegant Limited、New Urban Investments Ltd.(BVI)、Grand Citi Limited.、Jiawang Develpoment Asset Co., Ltd. Non-Executive Director of DA YU FINANCIAL HOLDINGS LIMITED. Member of Remuneration/Compensation Committee and Audit Committee of DA YU FINANCIAL HOLDINGS LIMITED.				
First Steamship Company Ltd	ROC	-	2020.06.17	2023.6.16	2014.01.03	6,760	3.35%	7,226	3.70%	0	0	0	0	-	-	-	-	-	-
Representative：Director Ng Qing Hai	HK	M	2020.06.17	2023.6.16	2014.06.27	0	0	2,600	1.33%	0	0	0	0	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED	Shanghai Allied Cement Limited Vice chairman Tongfang Kontafarma Holdings Limited Executive Director Shandong Allied Wangchao Cement Limited Legal representative Shanghai Kaixuanmen Enterprise Development Co., Ltd. Legal representative First Steamship Company Ltd Director	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
															Grand Ocean Retail Group Limited General Manager Grand Citi Limited director Supervisors and GMs of Each Associate（Page191～193）				
First Steamship S.A	PA	-	2020.06.17	2023.6.16	2011.04.24	91,560	45.33%	91,560	46.83%	0	0	0	0	-	-	-	-	-	-
Representative：Director Zhang Jin Guo	CN	M	2020.06.17	2023.6.16	2017.04.01	0	0	0	0	0	0	0	0	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited	Grand Ocean Department Store Group Limited Director、Vice president Supervisors and GMs of Each Associate（Page191～193）	-	-	-	-
Director Lee Seng Chay	MY	M	2020.06.17	2023.6.16	2014.06.27	0	0	0	0	0	0	0	0	Banhelor of Science,Monash University,Australia. Mulpha International Bhd, General Manager. President/Vice President of Mabuhay Holdings Corporation,	Auditor General of Grand Ocean Retail Group Limited Director of Grand Citi Limited、Grand Ocean Department Store Group Limited Responsible person of Shiun Tung Company Limited	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Independent director Ding Jin Huei	ROC	M	2020.06.17	2023.6.16	2020.06.17	0	0	0	0	0	0	0	0	NCTU Executive Master of Business Administration；Ph.D. in Business Management, Tianjin Nankai University；Certified Public Accountant of the Republic of China Member of School Affairs Fund of NCTU；Director、Secretary of Chinese Association of Valuation；Host of Taipei's bus privatization planning and implementation plan；Independent Director of ASSEM TECHNOLOGY CO., LTD、LUNG HWA ELECTRONIC CO., LTD、TRENDCHIP TECHNOLOGY CO., LTD；Remuneration Committee of TSTI	Director of PAN ASIA INTERNATIONAL & CO., CPAs；Arbitrator of CHINESE ARBITRATION ASSOCIATION, TAIPEI；Adjunct Assistant Professor of NCTU；Supervisor of HUANABIOTECH CO., LTD；Director of Preferred Investment Advisors(HK) Ltd；Director of UNION WINNER INTERNATIONAL CO., LTD.(KY)；Independent Director of Taiwan Environment Scientific Co., Ltd	-	-	-	-
Independent director Sher Ching Yee	HK	F	2020.06.17	2023.6.16	2020.06.17	0	0	0	0	0	0	0	0	Master of Practising Accounting, MONASH UNIVERSITY；Bachelor degree from University of London；Member of the Association of Chartered Certified Accountants, UK. Auditor of Deloitte Touche Tohmatsu Limited（HK）；Director of Dehui International（Group）Co., Ltd；Vice Chairman & MG of Xiamen Shijia Chemical Co., Ltd；GM of Qianjing Clothing Co., Ltd.；GM of	Vice Chairman of Dehui International （Group） Co., Ltd；Chairman of Qingdao Mingyu Real Estate Plaza Co., Ltd.	-	-	-	-

Title Name	Nationality or Registration	Gender	Date of Election (Take Office)	Expiry Date of Office	Date of the First Election	Number of Shares at Election		Number of Shares Current		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
						Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
														Qingdao Mingyu Real Estate Plaza Co., Ltd.					
Independent director Lin Yuk Yan Maya	HK	F	2020.06.17	2023.6.16	2020.06.17	0	0	0	0	0	0	0	0	NEW YORK UNIVERSITY STERN SCHOOL OF BUSINESS/HONG KONG UNIVERSITY OF SCIENCE & TECHNOLOGY M.S.Degree, Global Finance；PARSONS SCHOOL OF DESIGN AAS Degree, Fashion Merchandising w/Honors – PS Dean’s Scholarship, PS Dean’s List；NEW YORK UNIVERSITY B.S. Degree, Communications w/ Specialization in Advertising & Marketing. LOUIS VUITTON LTD., Hong Kong. Retail Marking Analyst、Assistant Manager FENDI NA INC, NEW YORK. Retail Marking Manager. POSCELIN CO., LTD., Hong Kong. Director. Cartier, Far East, Project Manager.	Cartier, High Jewellery Direct、Regional High Jewellery Director, Asia. The Hong Kong Ballet Limited, Governor.	-	-	-	-

Major Shareholder as Juridical Person

Apr 12,2021

Name of Shareholder as Juridical Person	Major Shareholder as Juridical Person
First Steamship S.A.	First Steamship Company Ltd (100%)
First Steamship Company Ltd	Capital Securities Corp. in custody for Investment Account of Luk Fook Securities (HK) Ltd.（7.94%）、Henghua Investment Co., Ltd.（7.65%）、KUO, JEN-HAO (5.24%)、Yonghenghui Investment limited（3.13%）、Xundong Investment Co., Ltd.（2.03%）、LIN, CHIEN-MING (0.99%)、Laijie Investment Co., Ltd.（0.59%)、Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Fund（0.46%）、Wangcheng Investment Co., Ltd.（0.41%）、WENG, WEI-LING（0.40%）。

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

Apr 12,2021

Name of Shareholder as Juridical Person	Major Shareholder as Juridical Person
First Steamship Company Ltd	Capital Securities Corp. in custody for Investment Account of Luk Fook Securities (HK) Ltd.（7.94%）、Henghua Investment Co., Ltd.（7.65%）、KUO, JEN-HAO (5.24%)、Yonghenghui Investment limited（3.13%）、Xundong Investment Co., Ltd.（2.03%）、LIN, CHIEN-MING (0.99%)、Laijie Investment Co., Ltd.（0.59%)、Citi Commercial Bank (Taiwan) in custody for DFA Emerging Markets Core Securities Investment Fund（0.46%）、Wangcheng Investment Co., Ltd.（0.41%）、WENG, WEI-LING（0.40%）。
Herng Hwa Investment Company Limited	Sheng Shin Investment Company Limited（100%）
Yong Heng Huei Investment Co.,Ltd.	Kuo Jen Hao、Lai Yi Ying
Shiun Tung Investment Company Limited	Jian Cheng Investment Company Limited（100%）
Sheng Shin Investment Company Limited	HANGLETON HOLDINGS LTD.(100%)
Jian Cheng Investment Company Limited	FORTUNE GOLD INVESTMENTS LTD.(100%)

Professional Knowledge and Independence of Director and Independent Director

Conditions / Name	Having at least 5-year work experience and any professional credentials listed as below			Independence conformity (Note 1)												Number of occupation of Independent Director in other listed companies concurrently
	Teaching experience of at least being the lecturer in a degree-granting institution regarding commerce, laws, finance, accountancy or any other schools necessary for the company business	Teaching experience of at least being the lecturer in a degree-granting institution regarding commerce, laws, finance, accountancy or any other schools necessary for the company business	Teaching experience of at least being the lecturer in a degree-granting institution regarding commerce, laws, finance, accountancy or any other schools necessary for the company business	1	2	3	4	5	6	7	8	9	10	11	12	
Kuo Jen Hao	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
First Steamship Company Ltd Representative: Ng Qing Hai	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
First Steamship S.A. Representative： Zhang Jin Guo	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Lee Seng Chay	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Ding Jin Huei	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Sher Ching Yee	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lin Yuk Yan Maya	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please fill "✓" in the blank beneath the condition code for each Director and Supervisor who conforms with the conditions two years before his/her election as well as his/her term of office, which are described as below.

（1）Where he/she is not employed by the company or its associates.

（2）Where he/she is not a Director or Supervisor of the company or its associates (except for an Independent Director of a parent company or a subsidiary of the company thereof positioned due to the local laws and regulations).

（3）Where a natural person shareholder whose shareholding ratio is more than 1% of the total issued shares, or, as one of the ten highest proportions amongst other shareholders, that is held not by himself/herself, his/her spouse and minor children, or names of others.

（4）A managerial staff who is not listed in item (1), or, the spouse, relative within second-degree or direct relative within third-degree of the personnel who are listed in item (2) and (3).

（5）The Director, supervisor, or employee of a corporate shareholder that indirectly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as the Director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (with the proviso that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

（6）If a majority of the Company's Director seats or voting shares and those of any other company are not controlled by the same person: a Director, supervisor, or employee of that other company (with the provision that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

（7）If the Chairperson, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses: a Director (or Governor), supervisor, or employee of that other company or institution (with the proviso that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

（8）A Director (or Governor), supervisor, managerial staff, or shareholder holding 5% or more of the shares, of a specified company or institution that does not have a financial or business relationship with the Company (with the proviso that if the specified company or institution owns 20 % or more of the shares but do not exceed 50% of the Company, as well as that an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the

Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

(9) A professional individual who, or an owner, partner, Director (or Governor), supervisor, or managerial staff of a sole proprietorship, partnership, company, or institution that, does not provide auditing services to the Company or any affiliate of the Company, or that does not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Consolidation and Acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Where a person as a relative excluding a spouse or within a second-degree relative to any Director.

(11) Where the matter does not concern any reference in Article 30 of the Company Act.

(12) Where the election of government, juridical person or its representative which does not concern any reference in Article 27 of the Company Act.

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

APR 30,2019

Title	Nationality	Name	Gender	Date of Election (Take Office)	Number of Shares		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
					Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
General manager of GORG and President of GOCC	HK	Ng Qing Hai	M	2015.12.21	2,600	1.33%	0	0	0	0	Chinese Certified Public Accountant Director、financial director、Vice chairman of Shanghai Allied Cement Limited Managing Director of Allied Cement Holdings Limited Executive director、Managing Director of CHIANVISION MEDIA GROUP LIMITED	Shanghai Allied Cement Limited Vice chairman Tongfang Kontafarma Holdings Limited Executive Director Shandong Allied Wangchao Cement Limited Legal representative Shanghai Kaixuanmen Enterprise Development Co., Ltd. Legal representative First Steamship Company Ltd Director Grand Ocean Retail Group Limited General Manager Grand Citi Limited director Supervisors and GMs of Each Associate（Page191～193）	—	—	—	—
Auditor General	MY	Lee Seng Chay	M	2014.08.12	0	0	0	0	0	0	Banhelor of Science, Monash University, Australia. Mulpha International Bhd, General Manager. Mabuhay Holdings Corporation,President/Vice President	Director of Grand Ocean Retail Group Limited、Grand Citi Limited、Grand Ocean Classic Commercial Group Co., Ltd Responsible person of Shiun Tung Company Limited	—	—	—	—
Acting chief Financial officer	ROC	Hung Wei Kai	M	2017.12.11	80	0.04%	0	0	0	0	Department of Cooperative Ecomonic, National Chung Hsing University Gratuate Institute of Finance, Ming Chuan University Audit Manager、Accounting Manager、Financial Associate of D-Max INC. Financial &Accounting Assistant of TFC INC. Audit Manager of ERA Design INC.、AVY Precision Technology INC. ERNST & YOUNG auditor	—	—	—	—	—

Title	Nationality	Name	Gender	Date of Election (Take Office)	Number of Shares		Number of Shares Current of Spouse and Minor Children		Number of Shares in Name of Others		Major Education and Experience	Concurrent Position of the Company or Other Companies	Other Managers, Directors or Supervisors Who Have Relation as Spouse, or within Second-degree Relatives			Notation
					Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio	Number of Shares (thousand)	Shareholding Ratio			Title	Name	Relation	
Accounting supervisor	CN	Li Min Fang	F	2017.03.28	0	0	0	0	0	0	Audit director、Financial manager of Shanghai Allied Cement Limited Audit director of Allied Cement Holdings Limited Assistant Professor of Accounting, Tongji University Assistant Professor of Accounting, Shanghai Institute of Building Materials Industry Chinese Certified Public Accountant	—	—	—	—	—
Vice President of GOCC	CN	Zhang Jin Guo	M	2016.04.01	0	0	0	0	0	0	Department of Business Economics Renmin University of China General manager of Beijing Xicheng Department Store Business manager of Beijing Xidan Shopping Center Manager of Beijing Scitech Shopping Center Department store Deputy general manager Of Beijing SOGO Department store group Deputy general manager of Wuhan store Wanda Group: Assistant to the president and Wanda Department Store Deputy general manager Xi'an and Jinan Regional general manager of Wanda Business Management Company Director、Vice president of Grand Ocean Department Store Group Limited	Director、Vice president of Grand Ocean Classic Commercial Group Co., Ltd Personal Information of Directors, Supervisors and GMs of Each Associate（Page191～193）	—	—	—	—

III Remunerations for Director, Independent Director, GM and VGM

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

1 Remunerations for Director (Independent Director included)

Currency: NTD (thousand)

Title	Name	Remunerations for Director								Proportion of the Sum of A, B, C and D to Net Income after Taxes		Related Remunerations for Employee with Concurrent Employment								Proportion of the Sum of A, B, C, D, E, F and G to Net Income after Taxes		Any remuneration acquired from reinvestments besides subsidiaries or parent company
		Compensations (A)		Pensions (B)		Remunerations for Director (C)		Operating Expenses (D)				Salaries, Bonuses and Special Disbursements (E)		Pensions (F)		Remunerations for Employee (G)						
		The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company	All the Companies Included in the Financial Statements	The Company		All the Companies Included in the Financial Statements		The Company	All the Companies Included in the Financial Statements	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Chairman	Kuo Jen Hao	2,402	2,402	–	–	–	–	–	–	1.97%	1.97%	–	15,408	–	–	–	–	–	–	1.97%	14.58%	4,966
Director	First Steamship Company Ltd Representative：Ng Qing Hai																					
Director	First Steamship S.A Representative：Zhang Jin Guo																					
Director	Lee Seng Chay																					
Independent Director (Note1)	Ding Jin Huei	1,721	1,721	–	–	–	–	–	–	1.41%	1.41%	–	–	–	–	–	–	–	–	1.41%	1.41%	–
Independent Director (Note1)	Sher Ching Yee																					
Independent Director (Note1)	Lin Yuk Yan Maya																					
Independent Director (Note2)	Yee Swee Choon																					
Independent Director (Note2)	Tieh Chin Chih																					
Independent Director (Note2)	Chiang Shu Huei																					

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

Note1：2020.06.17 Re-elect new directors during shareholders’ meetings.。

Note2：2020.06.17 Re-elect outgoing directors during shareholders’ meetings.。

Table of Remuneration Bracket

Bracket of Remunerations Paid to Each Director of the Company	Name of Director			
	Total Amount of the Remunerations by (A+B+C+D)		Total Amount of the Remunerations by (A+B+C+D+E+F+G)	
	The Company	All the Companies Included in the Financial Statements (H)	The Company	Parent Company and all the Companies Included in the Financial Statements (I)
Less than NTD1,000,000	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Yee Swee Choon; Tieh Chin Chih; Chiang Shu Huei; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; First Steamship S.A. ; First Steamship S.A. ;	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Yee Swee Choon; Tieh Chin Chih; Chiang Shu Huei; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; First Steamship S.A. ; First Steamship S.A. ;	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; Yee Swee Choon; Tieh Chin Chih; Chiang Shu Huei; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya; First Steamship S.A. ; First Steamship S.A. ;	Yee Swee Choon; Tieh Chin Chih; Chiang Shu Huei; Sher Ching Yee; Ding Jin Huei; Lin Yuk Yan Maya;
NTD1,000,000~NTD2,000,000(Excluded)				
NTD2,000,000～NTD3,500,000(Excluded)				
NTD3,500,000～NTD5,000,000(Excluded)	—	—	—	—
NTD5,000,000～NTD10,000,000(Excluded)	—	—	—	Kuo Jen Hao; Ng Qing Hai; Zhang Jin Guo; Lee Seng Chay; First Steamship S.A. ; First Steamship S.A. ;
NTD10,000,000～NTD15,000,000(Excluded)	—	—	—	—
NTD 15,000,000～NTD30,000,000(Excluded)	—	—	—	—
NTD 30,000,000～NTD 50,000,000(Excluded)	—	—	—	—
NTD 50,000,000～NTD 100,000,000(Excluded)	—	—	—	—
More than NTD 100,000,000	—	—	—	—
Total (number of people)	12	12	12	12

2 Remunerations Paid to Each GM and VGM

Currency: NTD (thousand)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salaries (A)</th><th colspan="2">Pensions (B)</th><th colspan="2">Bonuses and Special Disbursements (C)</th><th colspan="4">Remunerations for Employee(D)</th><th colspan="2">Proportion of the Sum of A, B, C and D to Net Income after Taxes (%)</th><th rowspan="3">Any remuneration acquired from reinvestments besides subsidiaries or parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All the Companies Included in the Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Included in the Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Included in the Financial Statements</th><th colspan="2">The Company</th><th colspan="2">All the Companies Included in the Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All the Companies Included in the Financial Statements</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>General manager of GORG and President of GODS</td><td>Ng Qing Hai</td><td rowspan="5">1,314</td><td rowspan="5">20,760</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">1.08%</td><td rowspan="5">16.99%</td><td rowspan="5">480</td></tr>
<tr><td>Auditor General</td><td>Lee Seng Chay</td></tr>
<tr><td>Vice President of GODS</td><td>Zhang Jin Guo</td></tr>
<tr><td>Acting chief financial officer</td><td>Hung Wei Kai</td></tr>
<tr><td>Accounting supervisor</td><td>Li Mig Fang</td></tr>
</table>

Table of Remuneration Bracket

Bracket of Remunerations Paid to Each GM and VGM of the Company	Name of GM and VGM	
	The Company	Parent Company and all the Companies Included in the Financial Statements
Less than NTD1,000,000	Ng Qing Hai Lee Seng Chay Zhang Chin Guo Li Min Fang	—
NTD1,000,000～NTD2,000,000(Excluded)	Hung Wei Kai	Hung Wei Kai
NTD2,000,000～NTD3,500,000(Excluded)	—	Li Min Fang
NTD3,500,000～NTD5,000,000(Excluded)	—	—
NTD5,000,000～NTD10,000,000(Excluded)	—	Ng Qing Hai Lee Seng Chay Zhang Chin Guo
NTD10,000,000～NTD15,000,000(Excluded)	—	—
NTD 15,000,000～NTD30,000,000(Excluded)	—	—
NTD 30,000,000～NTD 50,000,000(Excluded)	—	—
NTD 50,000,000～NTD 100,000,000(Excluded)	—	—
More than NTD 100,000,000	—	—
Total (number of people)	5	5

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

Currency: NTD (thousand)

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

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

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

Currency: NTD (thousand)

Item	The Company				All the Companies Included in the Financial Statements			
	2019	%	2020	%	2019	%	2020	%
Director	5,191	0.86%	4, 123	3. 38%	21,443	3.55%	19, 531	15. 99%
GM and VGM	2,745	0.45%	1, 314	1. 08%	21,473	3.56%	20, 760	16. 99%
Consolidated Net Income	603,637	100.00%	(122, 122)	100. 00%	603,637	100.00%	(122, 122)	100. 00%

2 Policies, Criteria and Combinations of the Remunerations, Procedures of How to Define the Remunerations, as well as the Relativity between Operational Performance and Future Risks

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

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

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

IV Corporate Governance and Operation

(I) Board Operation

(1) Board information

Board Meeting of the Company had been held for 10 times (A) in total last fiscal year, and the attendance of each Director is as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Chairman	Kuo Jen Hao	10	0	100%	
Directo	Ng Qing Hai First Steamship Company Ltd Representative	9	1	90%	
Director	Zhang Jin Kuo First Steamship S.A Representative	9	1	90%	
Director	Lee Seng Chay	10	0	100%	
Independent Director (Note1)	Ding Jin Huei	5	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Director (Note1)	Sher Ching Yee	5	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Directo (Note1)r	Lin Yuk Yan Maya	5	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Director (Note2)	Yee Swee Choon	5	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.
Independent Director (Note2)	Tieh Chin Chih	5	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.
Independent Directo (Note2)r	Chiang Shu Huei	5	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.

Other Recordable Memos:

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

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

(III) Targets (e.g. foundation of the Audit Committee, raise of information transparency, etc.) and execution assessment on reinforcement of functional competency of the Board for the current fiscal year and the last fiscal year:

The Company has constituted the Audit Committee with three Independent Directors, of which the resolution to each material bill by the Audit Committee, as well as the treatment to the comments of the Audit Committee by the Company, shall be disclosed on Page 40~42 of the Annual Report.

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

(1) Targets of Reinforcement on the Board Functions: The Company has founded the Independent Directors within the Board members to strengthen the independence of the Directors. Furthermore, the Company had established the Audit Committee and

Remuneration/Compensation Committee (for the relational operation of both committees, please refer to Page 39～40 and 49) on Aug 9, 2011. Through the setup and operation of these functional committees as above, it is expected to intensify the Board functions. (2) Execution: Any material bill (for example, investment, acquisition or disposal of assets, loans to others or endorsements/guarantees) will not be fulfilled until the Board has it sufficiently discussed and then resolved. Besides, all the material bills resolved by the Board should be fully disclosed on the Market Observation Post System in order to achieve the goal of information transparency.

(2) Board of Directors Assessment Status Information

Evaluation Cycle	Once per year
Evaluation Period	2020.02～2021.01
Evaluation Scope	Board of Directors, Members of the Board of Directors, Audit Committee, Remuneration Committee
Evaluation Method	Board of Directors Internal Self-evaluation, Evaluation of Directors
Evaluation Content	1. Board of Directors performance evaluation: degree of company operations participation, Board of Directors policy quality improvement, Board of Directors composition and structure, election and continuous education of directors, and internal control. 2. Individual director's performance evaluation: ability to master company goals and tasks, awareness of directors' responsibilities, company operations participation, internal relationship management and communication, professionalism and continuous education for directors, and internal control. 3. Functional committee performance evaluation: degree of company operations participation, awareness of functional committee responsibilities, functional committee policy quality improvement, functional committee composition and member election, and internal control.

(II) Audit Committee Operation

Audit Committee meeting of the Company had been held for 7 times (A) in total last fiscal year, and the attendance of each Independent Director is as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Independent Director	Ding Jin Huei	4	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Directo	Sher Ching Yee	4	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Directo	Lin Yuk Yan Maya	4	0	100%	2020.06.17 Re-elect new directors during shareholders' meetings.
Independent Director	Yee Swee Choon	3	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.
Independent Director	Tieh Chin Chih	3	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.
Independent Directo	Chiang Shu Huei	3	0	100%	2020.06.17 Re-elect outgoing directors during shareholders' meetings.

Other Recordable Memos:

I Concerning matters listed in Article 14.5 of the Securities and Exchange Act, as well as any bill which is not ratified by the Audit Committee but resolved through at least two-thirds vote of the total Directors, should be described in details of the date, session, bill contents, resolution results of the Audit Committee, as well as the solutions by the company to this opposite opinion: None.

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

III Communication (for example, any material matter, method or conclusion of the financial and business circumstances of the company) between the Independent Director, Internal Audit Manager and Accountant: Internal Audit Manager of the Company must attend the Audit Committee to communicate with the Commissioners. On Dec 22, 2020, the Company invited the CPA to interact with the Independent Directors about audit items in the financial statements 2020, making the Independent Directors understand the corporate financial situations more adequately.

The results of the resolutions of the audit committee on major resolutions and the company's handling of the opinions of the audit committee

Board of Directors	Contents of Bill and the Subsequent Treatment Thereof	Matters Listed in Article 14.5 of Securities and Exchange Act	Matters resolved through at least two-thirds of the total Directors, yet is not ratified by the Audit Committee
Board of Directors 2020.3.30	1. Annual Business Report and Consolidated Financial Statements 2019.	V	
	2. Statement of Internal Control System 2019 of the Company	V	
	3. Draft on the Amendment to "Articles of Incorporation" of the Company.	V	
	4. Stipulate "Internal Control System - InfoCom Security Inspection" of the Company.	V	
	Resolution Outcome of Audit Committee (Mar 30, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2020.4.28	1. Remuneration Distribution to Employees and Directors 2019.	V	
	2. Assessment on the competency and independence of the new CPA.	V	
	Resolution Outcome of Audit Committee (Apr 28, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2020.05.14	1. The company's 2020 financial budget update case.	V	
	Resolution Outcome of Audit Committee (May 14, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		

Board of Directors	Contents of Bill and the Subsequent Treatment Thereof	Matters Listed in Article 14.5 of Securities and Exchange Act	Matters resolved through at least two-thirds of the total Directors, yet is not ratified by the Audit Committee
Board of Directors 2020.08.13	1. Accounts receivable of RMB¥162 million for Quanzhou Fullshare Group's.	V	
	2. Quanzhou Fullshare Group's "Debt Preservation and Conditional Assignment Agreement" supplementary agreement. ◦	V	
	Resolution Outcome of Audit Committee (Aug 13, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2020.11.12	1. Loan by Quanzhou Grand Ocean Commercial Limited to Quanzhou Sanhe Xiansen Commercial Co. Ltd.	V	
	Resolution Outcome of Audit Committee (Nov 12, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2020.12.22	1. 2021 Annual Audit Plan.	V	
	2. Grand Ocean Retail Group Limited 2021 Financial Budget.	V	
	3. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."	V	
	Resolution Outcome of Audit Committee (Dec 22, 2020) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2021.02.05	1. The Quanzhou Fengsheng Case – the Group's accounts receivable was increased owing to the "Assignment of Claim Agreement."	V	
	Resolution Outcome of Audit Committee (Feb 5, 2021) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2021.03.16	1. Draft on the Amendment to "Articles of Incorporation" of the Company.	V	
	2. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of	V	

Board of Directors	Contents of Bill and the Subsequent Treatment Thereof	Matters Listed in Article 14.5 of Securities and Exchange Act	Matters resolved through at least two-thirds of the total Directors, yet is not ratified by the Audit Committee
	Endorsements/Guarantees by Public Companies."		
	Resolution Outcome of Audit Committee (Mar 16, 2021) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2021.03.31	1. Annual Business Report and Consolidated Financial Statements 2020.	V	
	2. Statement of Internal Control System 2020 of the Company	V	
	3. The Company's 2020 Audit Committee Audit Reports.	V	
	Resolution Outcome of Audit Committee (Mar 31, 2021) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		
Board of Directors 2021.04.27	1. Annual Business Report and Consolidated Financial Statements 2020.	V	
	2. Statement of Internal Control System 2020 of the Company	V	
	3. Assessment on the competency and independence of the new CPA.	V	
	4. Update the Company's 2020 Audit Committee Audit Reports	V	
	Resolution Outcome of Audit Committee (Apr 27, 2021) : Total members of the Audit Committee have ratified it.		
	Treatment to the Opinion Thereof by Company: All the attending Directors have ratified it.		

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

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
I Does the company accord with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to define and disclose the best practice principles of corporate governance?	V		The Company has stipulated the "Corporate Governance Best Practice Principles" and disclosed the Principles on the corporate website as well as the Market Observatory Post System (MOPS).	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
II Shareholding Structure and Shareholder Equity of the Company				
(I) Does the company define an internal operating procedure to treat the comments, doubts, disputes as well as lawsuits from the shareholders, and accord with this procedure?	V		(I) The Company has authorized the professional stock agency to deal with stock services for the shareholders and has designated the specific spokesman to be responsible for responding to the proposals or inquiries from a shareholder. Should there be any legal disputes or litigation, the Company shall authorize the attorneys to take care of such matters.	No significant discrepancy.
(II) Does the company actually grasp the list concerning the major shareholders as well as their final controllers thereof?	V		(II) The Company authorizes the professional stock agency to provide and disclose the list of major shareholders, and is therefore capable of providing the list of final controllers of each major shareholder.	No significant discrepancy.
(III) Does the company establish and exercise the risk control toward its associates as well as the firewall system?	V		(III) Responsibilities regarding assets, network systems as well as financial management of each affiliate of the Company are respectively independent, also the "Management of Transactions for Related Parties and Groups" has been launched into each subsidiary, therefore the risk control is quite complete.	No significant discrepancy.
(IV) Does the company define the internal regulations, forbidding the corporate insiders to use the undisclosed information in the market to transact the marketable securities?	V		(IV) The Company has stipulated the "Management of Prevention of Insider Trading" to regulate and forbid the insiders of the Company to use the undisclosed information in the market to transact marketable securities.	No significant discrepancy.
III Composition and Duty of the Board				

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
(I) Does the Board draft a diversification policy due to the various members, and exactly have it performed?	V		(I) In the "Procedures for Election of Directors and Supervisors" of the Company, it has exactly defined that both diversification and professionalism should be taken into consideration for the election of Directors. The Board composition of the Company currently consists of various professional talents with expertise in diverse fields such as commerce, technology and laws, where the female Independent Director is also included. Therefore, the Board composition complies with the spirit of diversification as well as professionalism has been fulfilled specifically.	No significant discrepancy.
(II) Does the company voluntarily found the committees with other diverse functions besides Remuneration/Compensation Committee and Audit Committee?	V		(II) Currently the Company has established both the Remuneration/Compensation Committee and Audit Committee, and may also increase other functional committees depending on the actual operations.	No significant discrepancy.
(III) Does the company define an assessment and the method thereof to evaluate the Board performance, and has the performance evaluation results been reported to the Board of Directors and used as a reference for individual director remuneration and new-term nomination?	V		(III) The company has established the "Directors Performance Evaluation Method" and set an annual evaluation for the overall Board of Directors, individual board members and functional committees' performances. (IV) The 2020 annual performance evaluation results (evaluation period from February-2020 to January-2021) have been submitted to the Board of Directors on March 19, 2021. Regular performance evaluations will continue to be conducted according to this Method, which will serve as future reference for individual director remuneration and new-term nomination.	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
(IV) Does the company periodically assess the independence of the CPA?	V		(V) The Company periodically reviews independence of the CPA every year to evaluate whether he/she is paid with extra salaries by any Director or shareholder of the Company, or the Company itself, as well as confirm the accounting firm is not the stakeholder thereof. In addition, the CPA should avoid the stakes concerning authorized matters or himself/herself directly or indirectly. Job rotation of the accountants should also be pursuant to the concerned regulations.	No significant discrepancy.
IV Has the TWSE/TPEx listed company deployed competent and appropriate number of corporate governance personnel and designated a head of corporate governance to take charge of corporate governance-related matters (including, but not limited to, providing information required by directors and supervisors to perform operations, assisting directors and supervisors with legal compliance issues, handle Board of Directors and shareholders meeting-related matters in accordance with the law, making Board of Directors and shareholders meeting minutes)?	V		(I) Audit Committee of the Company is responsible for supervision as well as adjustment concurrently of the relevant policies regarding corporate governance. Also, a specific secretary is assigned to the Board, providing necessary information for the Board operations, treating relational matters regarding meetings of the Audit Committee and Remuneration/Compensation Committee, as well as making meeting minutes for the Board Meeting and Shareholders' Meeting. (II) Moreover, specific personnel are assigned to be responsible for company registration and the modification thereof. (III) As for relational matters of the Shareholders' Meeting shall be left to the authorized stock agency.	No significant discrepancy.

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
V Has the company established communications with stakeholders (including, but not limited to, shareholders, employees, customers, and suppliers) and set up a special area for the stakeholders in the company website to appropriately respond to the key corporate social responsibility issues that are of concern to the stakeholders?	V		The Company has installed a special section for the stakeholders on the corporate website, as well as the email and contact number, responding to each critical social issue about which the stakeholders are concerned.	No significant discrepancy.
VI Does the company authorize a professional agent for stock affairs to deal with the affairs of Shareholders Meeting?	V		The Company has authorized KGI Securities to be the stock agency, dealing with the relevant matters for Stockholders' Meeting.	No significant discrepancy.
VII Information Open				
(I) Does the company install a website to disclose the information concerning its financial business and corporate governance?	V		(I) The Company has installed an exclusive website for any shareholders and the public to browse, where the contents thereof adequately disclose the information regarding financial operations as well as corporate governance of the Company. 。	No significant discrepancy.
(II) Does the company conduct any other information disclosure methods (for example, installing the English website, assigning a specific personnel to collect and disclose the company information, practicing the spokesman system, or, uploading the procedures of the institutional investor conference to the company website)?	V		(II) The Company has founded and practice the system of spokesman and deputy spokesman. Also, specific personnel are assigned to be responsible to collect and disclose the corporate information, as well as convene the Institutional Investors' Conference, and upload the contents thereof to the corporate website for any shareholders or the public to browse.	No significant discrepancy.
(III) Has the company announced and			(III) At present, the company has not announced or declared its	No significant discrepancy.

Evaluation Items	Operation			Difference with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons Thereof
	YES	NO	Summary	
declared its annual financial report within two months after the end of the fiscal year; and published the 1st, 2nd, and 3rd quarter financial reports as well as the monthly operating status reports within the prescribed deadline?			annual financial report within two months after the end of the fiscal year. The company is still actively planning the preparation process in order to achieve early financial report announcement and declaration. The remaining quarterly financial reports and monthly operating conditions have been announced and declared prior to the regulation deadlines.	
VIII Does the company have any other information which may be helpful with understanding the corporate governance as well as operation (including but not limited to the employee rights, employee care, investor relations, supplier relations, stakeholders rights, continuing education of the Directors and Supervisors, implementation of the risk management policies as well as the risk measurement criteria, execution of the customer policies, or, purchase of the liability insurance for the Directors and Supervisors by the company)?	V		1. The Company has fulfilled the protection for each right and interest of an employee in compliance with the Labor Standards Act. 2. The Company has setup the “Investor’s Section” on the website, where specific personnel are assigned to deal with the investor relations, as well as reply to each question from an investor. 3. The Company has setup the “Stakeholder’s Section” on the website, where specific personnel are assigned as a communication channel among consumers, suppliers in cooperation with and employees, in order to serve various concerned parties. 4. The Company has designated the Chief Risk Officer (CRO) to coordinate and supervise both operating and financial risks of the Group, as well as direct the audit team to regularly audit the operations and management of each operating location of the Group. 5.The Company has provided liability insurance for the Directors and Supervisors, in order to protect the rights and interests of a shareholder, as well as reduce the damage to the minimum that could be caused to the Company.	No significant discrepancy.
IX Please explain the improvement for corporate governance			(I) Item Improved 1. Evaluation No. 2.17 (Does the Board of Directors evaluate the	

Evaluation Items	Operation			Difference with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons Thereof
	YES	NO	Summary	
evaluation results issued by the Corporate Governance Center of TWSE last fiscal year, and provide the reinforcement and measures in advance for the unimproved items. (no need to fill in if the company is not listed for the evaluation)			independence of the external auditors engaged by the company regularly (no less frequently than once annually), and disclose the evaluation process in detail in the annual report?): Disclosed on page 47 of the Annual Report. (II) Item Unimproved yet Reinforcements and Measures Are Provided First 1. Appraisal Topic 1.7 (Did the Company upload the Shareholders Meeting Agenda Handbook and the supplemental materials thereof 30 days prior to the Shareholders General Meeting?): It is expected to upload the Shareholders Meeting Agenda Handbook and the supplemental materials thereof prior to the due date in 2021, and then the improvement shall be completed. 2. Appraisal Topic 1.9 (Did the Company upload the meeting notice in English version simultaneously 30 days prior to the Shareholders General Meeting?): It is expected to upload the meeting notice in English version prior to the due date in 2021, and then the improvement shall be accomplished.	

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

1 Personal Information of Remuneration/Compensation Committee Member

Identity (Note 1)	Conditions / Name	Having at least 5-year work experience and any professional credentials listed as below			Independence conformity (Note 2)										Number of occupation of Remuneration/Compensation Committee member in other listed companies concurrently	Notation (Note 3)
		Teaching experience of at least being the lecturer in a degree-granting institution regarding commerce, laws, finance, accountancy or any other school necessary for the company business	Work experience of a judge, prosecutor, attorney, accountant or other professional occupation by national certificates for special expertise or skills necessary for the company business	Work experience regarding commerce, laws, finance, accountancy or any other experience necessary for the company business	1	2	3	4	5	6	7	8	9	10		
Independent director	Ding Jin Huei	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent director	Sher Ching Yee	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent director	Lin Yuk Yan Maya	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	

Note 1: Please fill in the Director, Independent Director or others in the blank "Identity".

Note 2: Please fill "✓" in the blank beneath the condition code for each Committee member who conforms with the conditions two years before his/her election as well as his/her term of office, which are described as below.

(1) Where he/she is not employed by the company or its associates.

(2) Where he/she is not a Director or Supervisor of the company or its associates (except for an Independent Director of a parent company or a subsidiary of the company thereof positioned due to the local laws and regulations).

(3) Where a natural person shareholder whose shareholding ratio is more than 1% of the total issued shares, or, as one of the ten highest proportions amongst other shareholders, that is held not by himself/herself, his/her spouse and minor children, or names of others.

(4) A managerial staff who is not listed in item (1), or, the spouse, relative within second-degree or direct relative within third-degree of the personnel who are listed in item (2) and (3).

(5) The Director, supervisor, or employee of a corporate shareholder that indirectly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as the Director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act (with the proviso that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

(6) If a majority of the Company's Director seats or voting shares and those of any other company are not controlled by the same person: a Director, supervisor, or employee of that other company (with the provision that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

(7) If the Chairperson, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses: a Director (or Governor), supervisor, or employee of that other company or institution (with the proviso that if an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

(8) A Director (or Governor), supervisor, managerial staff, or shareholder holding 5% or more of the shares, of a specified company or institution that does not have a financial or business relationship with the Company (with the proviso that if the specified company or institution owns 20 % or more of the shares but do not exceed 50% of the Company, as well as that an Independent Director set up according to the Principles, or laws and regulations of the local country, holds several positions concurrently in the Company and its parent company or subsidiary, or a subsidiary subordinated to the same parent company, is not subject to the restriction).

(9) A professional individual who, or an owner, partner, Director (or Governor), supervisor, or managerial staff of a sole proprietorship, partnership, company, or institution that, does not provide auditing services to the Company or any affiliate of the Company, or that does not provide commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. Provided, this restriction does not apply to a member of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Consolidation and Acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Where the matter does not concern any reference in Article 30 of the Company Act.

Note 3: Please explain whether it conforms to Article 6.5 in the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" or not if one of the Commissioners is also a Director.

2 Operation Information of Remuneration/Compensation Committee

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

2.2 Current Term of Office of Commissioner: From Jun 17, 2020 till Jun 16, 2023, Remuneration/Compensation Committee meeting had been held for 4 times (A) in total last fiscal year, and the qualification and attendance of each commissioner are as below:

Title	Name	Count for Actual Attendance (B)	Count for Attendance by Representative	Actual Attendance Rate (%)(B/A)	Notation
Convener	Ding Jin Huei	2	0	100%	Appointment on June 17, 2020
Member	Sher Ching Yee	2	0	100%	Appointment on June 17, 2020
Member	Lin Yuk Yan Maya	2	0	100%	Appointment on June 17, 2020
Convener	Tieh Chin Chih	2	0	100%	Resignation on June 17, 2020
Member	Yee Swee Choon	2	0	100%	Resignation on June 17, 2020
Member	Chiang Shu Huei	2	0	100%	Resignation on June 17, 2020

Other Recordable Memos:

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

II Any bill resolved in the Remuneration/Compensation Committee which is recorded or proclaimed in writing with an objection or qualified opinion by a Commissioner, should be described in details of the date, session, bill contents, other comments from every Commissioners, as well as the solutions by the company to this opposite opinion: None. 。

3 Organization and duty of the Remuneration/Compensation Committee of the company are listed as below:

3.1 To define and periodically review the performance evaluation, as well as the policies, systems, standards and structures of remuneration/compensation for the Directors, Supervisors and managers.

3.2 To periodically assess and define the remunerations/compensations for the Directors, Supervisors and managers.

4 Date, content of motions and results of resolutions of 2020 Remuneration & Compensation Committee Meeting, as well as the Company's Treatment of the Opinions made to the Remuneration & Compensation Committee:

Remuneration/ Compensation Committee	Contents of Motions and the Subsequent Actions taken Thereof	Results of Resolutions	How the Company treats the Opinions of Remuneration & Compensation Committee

2020.02.27	I. Proposal to amend the company's 2017 and 2019 management equity incentive plans. II. Proposal to adjust the company's two equity incentive plans due to the COVID-19 outbreak.	All the members of the Committee consent to.	Conduct in accordance with the resolution passed by the Remuneration & Compensation Committee.
2020.03.30	I. Remuneration Distribution to Employees and Directors 2019.	All the members of the Committee consent to.	Conduct in accordance with the resolution passed by the Remuneration & Compensation Committee.
2020.06.17	I Elected the convener and chairman of the company's remuneration committee.	The new members elected Independent Director Chin-Hui Ting as the convener.	Conduct in accordance with the resolution passed by the Remuneration & Compensation Committee.
2020.12.22	I Discussion on Principles of Bonus Distribution to Managers of the Company II Making the 2021 Remuneration & Compensation Committee Annual Work Plan。	All the members of the Committee consent to	Conduct in accordance with the resolution passed by the Remuneration & Compensation Committee.
2021.03.31	I Remuneration Distribution to Employees and Directors 2020.	All the members of the Committee consent to.	Conduct in accordance with the resolution passed by the Remuneration & Compensation Committee.

5 Other Recordable Memos:

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

(V) Corporate Social Responsibility (CSR) Fulfillment

Evaluation Items	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
I Does the Company follow the Materiality Principle to exercise the risk assessment on the issues in regard with environments, society and corporate governance incurred by the corporate operation, as well as to stipulate the risk management policies or strategies?	V		The Company has stipulated the "Corporate Social Responsibility Best Practice Principles" to practice corporate governance, to develop sustainable environment, to defend social welfare, as well as to enhance CSR information disclosure, following the spirit of our corporate governance to fulfill our corporate social responsibility.	No significant discrepancy.
II Has the company set up a specific unit (sole or concurrent duty) to promote the CSR, where the unit is to be treated by the executive management authorized directly by the Board, and to reported to the Board regarding the progress?	V		The Company has established the CSR concurrent unit.	No significant discrepancy.
III Environmental Issues				
(1) Has the Company built an environmental management system which is appropriate based on the industrial characteristics thereof?	V		(1) The Company shall secure the work environment according to the Public Building Act, Fire Services Act, Occupational Safety and Health Act, as well as the related laws and regulations in regard to energy conservation and carbon reduction.	No significant discrepancy.
(2) Does the Company make efforts to increase the utilization efficiency of each resource, and launch the recyclable materials to reduce impact towards the environment as much as it can?	V		(2) LED lights are fully adopted in the Taipei office, and extinguishment of the lights have been demanded at noon. Energy-saving lights and air conditioners have been utilized in all our department stores and malls in China, and the concept of energy conservation has been further propagandized to reduce unnecessary waste of electricity consumption.	No significant discrepancy.

Evaluation Items	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof
	YES	NO	Summary	
(3) Does the Company assess the potential risks and opportunities towards the corporation for now and for the future incurred by climate change, as well as adopting the countermeasures thereof?	V		(3) The Company has always intently paid attention to climate change, as well as initiatively propagandizing the importance of energy conservation to each of our departments, aiming for sustainable operation.	No significant discrepancy.
(4) Does the Company gather the statistics in regard to the total volume of greenhouse gas emissions, water usage and waste over the past two years, as well as stipulating the management policies for energy conservation, carbon reduction, greenhouse gas reduction, or reduction of water consumption and other waste?	V		(4) The emissions of greenhouse gases as well as the volume of water consumption of the Company over the past two years have both been simultaneously disclosed in the CSR Reports of First Steamship Group. Furthermore, water and energy consumption have been reduced due to the adoption of conservation devices among our department stores and malls sited in China in the recent years. We have also briefed all our sites to reduce energy consumption and reduce unnecessary waste.	No significant discrepancy.
IV Social Issues (1) Does the Company follow the related laws, regulations, as well as the International Bill of Human Rights, to make its management policies and procedures?	V		(1) The Company has always emphasized labor safety as well as welfare and shall deal with the relevant matters in compliance with the related labor standards act. The Company has been certificated for contribution to human rights and environmental protection by numerous important customers, sufficiently demonstrating that our Company has been approved for we respect labor rights and the working environment.	No significant discrepancy.

Evaluation Items	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof
	YES	NO	Summary	
(2) Does the Company stipulate and exercise the reasonable welfare measures for its employees (including remunerations, compensation, vacations and other welfare), as well as properly reflecting the operating performance or outcomes to the remuneration and compensation of the employees?	V		(2) The Company has stipulated the employment regulations including pay and leave in accordance with the local labor standards act, providing the employees to enjoy legal welfare. Remuneration shall be offered based on an employee’s performance every year, and any cadres whose positions are at least managerial level shall be offered correspondent stock options.	No significant discrepancy.
(3) Does the Company provide the safe and healthy work environments for its employees, as well as regularly implementing safety and health education towards them?	V		(3) A health examination is held every two years in the Taipei office. Training programs in regard to occupational safety and health are held occasionally. Warning signs are put up in hazardous areas. Employee health checkups are held annually in the department stores in China. All the new recruitments must participate in the programs in regard with mall safety management as well as fire safety training. A fire drill is held every half year.	No significant discrepancy.
(4) Does the Company set up the training programs for its employees to develop their effective occupational competency?	V		(4) The Company provides the training programs with systematical and professional service quality through our own educational mechanism. Moreover, the Company shall aim at electronic training system in the future.	No significant discrepancy.

Evaluation Items	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
(5) Does the Company follow the related laws, regulations and international standards to guarantee the health, safety, consumer privacy, marketing and labeling of those customers who buy the products or utilize the service from the Company, as well as stipulating the related policies and appeal procedures to protect the consumer rights?	V		(5) All our department stores and malls sited in China have strictly followed the related laws and regulations in regard with consumer safety and product label. Three channels are provided for consumer complaints, and the Department of Customer Service shall oversee answering the complaints.	No significant discrepancy.
(6) Does the Company stipulate the supplier management policies to request every supplier to obey and exercise all the related standards in regard with environmental protection, occupational safety and health, or labor rights?	V		(6) Personnel management shall be listed as one of the formal items within a contract cosigned with our suppliers, also we have always requested our suppliers to follow the local laws and regulations, as well as that all the operational approvals in regard with fire safety, public security, environmental protection, and epidemic prevention must be acquired to follow the administrative system of the Company.	No significant discrepancy.
V Does the Company refer to the guidelines or instructions in regard with report compilation which have been widely accepted internationally to compile the CSR reports disclosing the non-financial information of the Company in the reports? Do the reports indicated in the preceding item acquire an authentication or guarantee from the third party of verification?		V	The non-financial information disclosed in the CSR Reports is calculated and summarized by the internal competent authority, and shall be represented via the index calculation methodologies which have been generally used internationally, where the information shall be reviewed and confirmed by the supervisor of each competent authority. Any confirmation or guarantee which has not yet been verified by a third party	Shall need the verification hereto from a third party depending on the situation in the future.
I Please explain the difference between actual operation and regulated principles, if the company has complied with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" to define its own CSR principles: The Company has stipulated and implemented the Corporate Social Responsibility Best Practice Principles according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies".				

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

II Other Material Information Helping with Understanding CSR Operation:

1. Nanjing Grand Ocean Department Store ’s uremia employee proposed a charitable initiative, raising a donation of RMB 26,972. We wish him a speedy recovery.
2. The Company is concerned about the hardship of people's livelihood. As a member of Gulou District of Fuzhou City, Fuzhou Zhongcheng Grand Ocean Department Store is willing to repay the society and actively devote in poverty alleviation charities, hence we donated RMB 20,000.

Besides the social public welfare described as above, the Company shall also seek to fulfill the CSR, pursuing the idea of sustainable operation of an enterprise where the benefits between enterprises, shareholders and societies can be satisfied.

III Company product or CSR Report should be described in details if any of it has been verified through the relational authentication institutions: None.

(VI) Execution and Measures of Ethical Corporate Management of the Company

Item	Operation			Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof
	YES	NO	Summary	
I Definition of Policies and Projects of Ethical Management				
(I) Has the company formulated an integrity management policy approved by the Board of Directors, expressed the integrity management policy and practices in regulations or external documents and have the Board of Directors and senior management actively implemented the management policies?	V		(I) The Company has defined the “Ethical Principles for Business” and has it disclosed openly on the corporate website, proclaiming that the Company shall adopt the policy of “zero tolerance” toward bribery and take the policy into consideration as a basis for employee promotion.	No significant discrepancy.

Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
(II) Has the company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	V		(II) "Ethical Principles for Business" of the Company precisely defines the "Solution and Scope of Prevention for Unethical Behavior." In addition, the SOP is seen as a compass, and an appeal channel is also built through the provisions in the personnel unit as well as external email. Once an accused object is confirmed to be guilty, the Company shall implement the relevant punishment in accordance with the Principles of Employee Code of Conduct.	No significant discrepancy.
(III) Has the company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans; implemented them accordingly to prevent dishonest behavior; and reviewed and revised them on a regular basis?	V		(III) Under "Solution and Scope of Prevention for Unethical Behaviors" of the "Ethical Principles for Business" of the Company, any matters included in each clause of Article 7.2, or any operating activity with the higher risks due to unethical and prohibited behavior shall be precisely referred to under the relevant regulations. ◦	No significant discrepancy.
II Practice of Ethical Management				
(I) Does the company evaluate the ethic records of its counterparty, and explicitly stipulate the articles concerning ethical behaviors in the contract cosigned	V		(I) The Company evaluates the ethical status and requests the business licenses as well as trademark authorization of each contractor in cooperation prior to establishing the business collaboration with one. Also, concerning ethical	No significant discrepancy.

Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
with the counterparty?			clauses, they shall be precisely defined in the business contracts and the Company shall avoid any transaction as much as possible with those ones who have unethical records.	
(II) Has the company established a full (part) time unit under the board of directors to promote corporate integrity management and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise their implementation status?	V		(II) The Company founds an audit unit being directly responsible to the Board, which launces the audits on each operations following the Ethical Principles for Business, and regularly reports the audit results thereof to the Board adequately, ensuring the fulfillment of the principles.	No significant discrepancy
(III) Does the company make the policies to prevent a conflict of interest, provide an adequate channel for appeals, and perform them exactly?	V		(III) Article 7, 8 and 9 of the "Ethical Principles for Business" of the Company all detail the policies regarding conflict of interest, and the internal auditor shall randomly examine whether the system is fulfilled or not at any time.	No significant discrepancy

Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
(IV) Has the company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans based on the dishonesty risk evaluation results of the internal audit unit, and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?	V		(IV) The Company ratifies the internal control system through the Board, where it covers the relational demands for an ethical operating system, of which the internal auditor shall periodically perform examination to assure the fulfillment of ethical operations.	No significant discrepancy.
(V) Does the company regularly host the internal/external education programs of the ethical management?	V		(V) The Company arranges all the related courses regarding enterprise ethics as well as job specifications in the educational programs and training for a new employee, and launches the propaganda of resolutions in ethical business for the Directors and managers during the periodic management meetings. Additionally, managers of each department shall also promote the importance of ethical business through internal routine meetings or in-service trainings.	No significant discrepancy.
III Operation of Whistleblower System of the Company				

Item	Operation			Difference by Comparing with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", as well as the Reasons thereof
	YES	NO	Summary	
(I) Does the company specifically found a system of whistleblowing and reward, build a fast channel for whistleblowing, and designate an adequate personnel specially to handle with the accused objects?	V		(I) The Company has setup the specific mailboxes of both internal personnel unit and external website, providing the access for whistleblowing. All the relational units with responsibility shall uphold the confidentiality of the whistleblowers and the contents of the accusation. Furthermore, the Company shall define a reward system for whistleblowing depending on the actual situations in the future.	No significant discrepancy.
(II) Has the company established standard operating procedures for accepting complaint reports, and adopted the follow-up measures and related confidentiality mechanisms after the investigation is completed?	V		(II) The Company has designated the personnel unit to accept the whistleblowing, where the GM shall designate the relevant units to audit depending on the actual situations if necessary. Any information of a whistleblower shall be kept absolutely confidential and not be leaked out under any circumstance.	No significant discrepancy.
(III) Does the company take any measure protecting a whistleblower from being improperly treated due to the whistleblowing?			(III) The Company strictly demands all the responsible personnel of related units to uphold the confidentiality of the identity of the whistleblower and accusation contents. Should there be any violation thereof, punishment shall be justified.	No significant discrepancy.
IV Reinforcement of Information Disclosure				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operation</th><th rowspan="2">Difference by Comparing with “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, as well as the Reasons thereof</th></tr>
<tr><th>YES</th><th>NO</th><th>Summary</th></tr>
<tr><td>(I) Does the company disclose the information concerning the contents and efforts of ethical management on its official website as well as on the Market Observation Post System?</td><td>V</td><td></td><td>(I) The Company has disclosed the articles of “Ethical Principles for Business” on the corporate website, and all the efforts as well as outcomes shall be also disclosed subsequently depending on the execution progress.</td><td>No significant discrepancy.</td></tr>
<tr><td colspan="5">V Please explain the difference between the actual operations and “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” if the company complies with it to make one: The Company has defined the related regulations and principles in “Ethical Principles for Business” to request all the Directors and managers to follow it exactly, and any unethical behavior is strictly prohibited. Audit unit of the Company shall also directly be responsible to the Board, supervising and examining if each manager has abided by the ethical principles for business, in order to strengthen the Company operation. Hence, there is no material discrepancy due to execution.</td></tr>
<tr><td colspan="5">VI Other material information that helps with an understanding of the ethical management and operations of the company (for example, review or amendment to the ethical principles for business of the company) : “Rules of Procedure for Board of Directors Meetings” of the Company defines the system of interest avoidance of the Directors. Any bill listed in the Board should be taken the stakes of itself or the juridical person represented by itself into consideration, and avoidance should be implemented when discussing and resolving.</td></tr>
</table>

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

The Company has formulated the Corporate Governance Best Practice Principles, Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Code of Ethical Conduct, where all the related regulations in regard to corporate governance described as above are disclosed on MOPS and the corporate website for anyone who concerns the Company to review and examine.

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

(IX) Execution of Internal Control System

1 Statement of Internal Control System

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Statement of Internal Control System

Date: Mar 31, 2021

Statement is made here for internal control system for the year 2020 of the Company and its subsidiaries, according to the conclusions of self-evaluation:

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

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

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

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

V Based on the conclusions of evaluation described as above, the Company and its subsidiaries recognize that as of Dec 31, 2020, design and implementation of the internal control system (containing the supervision and management to the subsidiaries), including comprehension of the operating outcomes and targets approach of the efficiency, also reliability, immediacy and transparency of the reports, as well as obedience to the related standards, laws and regulations, are effective, being capable of reasonably ensuring the achievement of the targets as above.

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

VII This statement had been ratified through the Board Meeting on Mar 31, 2021, where no one had objection to it among seven attendees of the Directors; all the attendees in the Board Meeting had the contents of this statement ratified; the statement is made here thereupon.

G.O.R.G.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman Signature: Kuo Jen Hao

General Manager Signature: Ng Qing Hai

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

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

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

	Date	Topic Discussions
Board of Directors	2020.02.07	1. Amendment to Incentive Plan for Equity of Management 2017 Ver. and 2019 Ver. of the Company. 2. Draft on Incentive Plan for Equity twice due to COVID-19 Outbreak.
Board of Directors	2020.03.30	1. Annual Business Report and Consolidated Financial Statements 2019. 2. Remuneration Distribution to Employees and Directors 2019. 3. Statement of Internal Control System 2019 of the Company. 4. Full Re-election of Directors. 5. Relief of Competition Limitation for New Elected Directors. 6. Stipulate “Corporate Social Responsibility Practice Manual“ of the Company. 7. Stipulate “Procedures for Ethical Management and Guidelines for Conduct“ of the Company. 8. Stipulate “Codes of Ethical Conduct“ of the Company. 9. Draft on the Amendment to “Articles of Incorporation“ of the Company. 10. Draft on the Amendment to the Part of Articles in “Procedural Rules of Board Meeting“ of the Company. 11. Draft on the Amendment to the Part of Articles in “Procedural Rules of Shareholders Meeting“ of the Company. 12. Matters in regard with the Annual Shareholders Meeting 2020, the convention time, location, reasons, and the term for suspension of share transfer, etc.. 13. Matters in regard with the acceptance of proposals submitted by the shareholders in the Annual Shareholders Meeting 2020. 14. Matters in regard with the nomination of the Independent Director nominees by the shareholders in the Annual Shareholders Meeting 2020. 15. Stipulate “Corporate Governance Best Practice Principles“ of the Company. 16. Stipulate “Internal Control System - InfoCom Security Inspection“ of the Company. 17. Draft on the Amendment to “Audit Committee Charter“ of the Company. 18. Draft on the Amendment to “Remuneration and Compensation Committee Charter“ of the Company.

	Date	Topic Discussions
Board of Directors	2020.04.28	1. Remuneration Distribution to Employees and Directors 2019. 2. 2020 Proposals by Shareholders' Proposal Rights 3. 2020 List of Independent Director Candidates Nominated by Shareholders 4. List of Independent Director Candidates Nominated by the Board of the Company 5. Assessment on the competency and independence of the new CPA.
Board of Directors	2020.05.14	1. The company's 2020 financial budget update case.
Board of Directors	2020.06.12	1. Proposal by Grand Ocean Retail Group to change the Chinese name of the Group and its subsidiaries.
Board of Directors	2020.06.17	1. Proposal to appoint a new remuneration committee member for the company.
Board of Directors	2020.08.13	1. Set the company's ex-dividends baseline date. 2. Proposal to add a borderless retail division. 3. Accounts receivable of RMB¥162 million for Quanzhou Fullshare Group’s. 4. Quanzhou Fullshare Group's "Debt Preservation and Conditional Assignment Agreement” supplementary agreement.
Board of Directors	2020.09.16	1. Third property purchase advance payment in an amount of RMB¥20 million to Hubei Ocean Huayu Investment Co. 。
Board of Directors	2020.11.12	1. Loan by Quanzhou Grand Ocean Commercial Limited to Quanzhou Sanhe Xiansen Commercial Co. Ltd.
Board of Directors	2020.12.22	1. 2021 Annual Audit Plan. 2. Grand Ocean Retail Group Limited 2021 Financial Budget. 3. Grand Ocean Group established an investment business department. 4. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the “Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.”
Board of Directors	2021.02.05	1. The Quanzhou Fengsheng Case – the Group’s accounts receivable was increased owing to the "Assignment of Claim Agreement.”
Board of Directors	2021.03.16	1. Draft on the Amendment to the Part of Articles in “Procedural Rules of Board Meeting“ of the Company. 2. Draft on the Amendment to the Part of Articles in “Codes of Ethical Conduct“ of the Company. 3. Draft on the Amendment to “Articles of Incorporation“ of the Company. 4. Draft on the Amendment to the Part of Articles in “Procedural Rules of Shareholders Meeting“ of the Company. 5. Draft on the Amendment to the Part of Articles in “Rules Governing the Scope of Powers of Independent Directors “ of the Company.

	Date	Topic Discussions
		6. Draft on the Amendment to the Part of Articles in "Audit Committee Charter " of the Company. 7. Draft on the Amendment to the Part of Articles in "Remuneration Committee Charter " of the Company. 8. Stipulate "Risk Management Guidelines" of the Company. 9. Matters in regard with the Annual Shareholders Meeting 2021, the convention time, location, reasons, and the term for suspension of share transfer, etc.. 10. Matters in regard with the acceptance of proposals submitted by the shareholders in the Annual Shareholders Meeting 2021. 11. Check whether the amounts under the company's accounts receivable, other receivables, pre-payments, deposit margins or other items are considered as capital loans according to the "Q&A for Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
Board of Directors	2021.03.31	1. Annual Business Report and Consolidated Financial Statements 2020. 2. Remuneration Distribution to Employees and Directors 2020. 3. Statement of Internal Control System 2020 of the Company. 4. The Company's 2020 Audit Committee Audit Reports 5. The Company plans to establish a " Investment Promotion Department."
Board of Directors	2021.04.23	1. Remuneration Distribution to Employees and Directors 2020. 2. 2021 Proposals by Shareholders' Proposal Rights 3. Assessment on the competency and independence of the new CPA. 4. Update the Company's 2020 Audit Committee Audit Reports 5. Modify the convention reasons in regard with the Annual Shareholders Meeting 2020.

Note: Contents of Material Resolutions and the Execution Thereof in Shareholders General Meeting 2020:

I Ratification on the Annual Business Report and Consolidated Financial Statements 2019.

II Ratification on the Earnings Distribution 2019.

Execution Sep 8, 2020 is defined as the ex-dividend date, and Sep 25, 2020 is defined as the payment date. (dividend distribution in cash at NT$2.2 per share)

III Ratification on the amendments to "Articles of Incorporation" of the Company.

Execution: Ratified articles had been submitted to the competent authorities for verification and had been announced on the Company website. ◦

IV Approved the amendment of the Company's " Procedures of Loaning Capital to Others ".

Implementation situation: implemented in accordance with the revised provisions.

V Approved the amendment of the Company's " Rules of General Meeting of Members ".

Implementation situation: implemented in accordance with the revised provisions.

VI Fully re-elect the members of the Board of Directors.

Implementation status: the shareholders' meeting elected new directors and executed their powers in accordance with the law.

VII Lifted the non-competition restriction for new directors.
Implementation status: lifted the non-competition restrictions in accordance with the resolution of the shareholders' meeting.

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

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

V Information on Professional Fees of Accountant

Name of Accounting Firm	Name of Accountant	Term of Audit	Notation
KPMG Taiwan	Zhang Shuying, Lian Shuling	2020/1/1～2020/12/31	

Fees/Amount Brackets		Audit Fees	Non-audit Fees	Total
1	less than NT$2,000 thousand		V	
2	NT$2,000 thousand (included) ~ NT$4,000 thousand			
3	NT$4,000 thousand (included) ~ NT$6,000 thousand			
4	NT$6,000 thousand (included) ~ NT$8,000 thousand			
5	NT$8,000 thousand (included) ~ NT$10,000 thousand			
6	more than NT$10,000 thousand (included)	V		V

(I) Non-audit fees paid to a CPA, the CPA's affiliated office and its associated which are more than one quarter of the audit fees: None.

The 2020 non-audit fees paid by the Company occupies 3.2% of the audit fees, of which the service content is as follows:

Name of Accounting Firm	Name of Accountant	Audit Fees	Non-audit Fees					Term of Audit	Notation
			System Design	Corporate Registry	Human Resource	Others	Sub-total		
KPMG	Chang Shu-Ying Lai Li-Chen	12,571	0	374	28	3	405	2020/01/01 ～ 2020/12/31	Non-audit Fees - other fees which do not achieve 25% of the audit fees

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

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

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

Items
1. Up to the latest certification practice, there's no such circumstance with working for the company for seven years in a row.
2. No major financial interested relationship with the client.
3. Avoiding any improper relationship with the client.
4. The accountant should supervise their assistants to strictly comply with honesty, justice and independence.
5. The accountant is prohibited from auditing certification for the company's financial report where he/she has served in within the previous two years.
6. The accountant's identification is forbidden to be infringed by another
7. The accountant does not hold any shares in the company or in its subsidiaries.
8. The accountant does not owe any debt to the company or its subsidiaries.
9. The accountant is not in any joint investment or benefit-sharing relationship with the company or its subsidiaries.
10. The accountant is not employed and paid regularly by the company or its subsidiaries.
11. The accountant does not interfere with any management function towards decision-making in the company or its subsidiaries.
12. The accountant does not run any business which will probably deprive him/her of audit independence.
13. The accountant is not related to any of the company's management personnel in the following relations: Spouse, blood-related relatives, direct relatives by affinity, second-degree of blood-related relatives, collateral blood-related relatives.
14. The accountant does not receive any commission which is occupational-related.
15. Up to now, the accountant hasn't been punished for violating any audit independence principle.

VI Information on Accountant Change:

(I) About the Former Accountant:None.

(II) About the Succeeding Accountant:None.

(III) Reply from the former accountant toward Article 10.6.1 and 10.6.2.3 in "Regulations Governing Information to be Published in Annual Reports of Public Companies": None.

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

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

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

Unit: share

Title	Name	Year 2020		as of Apr 30 of Current Year	
		Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares	Number of Increase (Decrease) of Held Shares	Number of Increase (Decrease) of Pledged Shares
Chairman of the Board	Kuo Jen Hao	—	—	—	—
Chairman as well as GM	First Steamship Co., Ltd.	—	(3,000,000)	—	7,000,000
	Representative: Ng Qing Hai	—	—	—	—
Director of the Board	First Steamship S.A	—	—	—	—
	Representative: Zhang Jin Guo	—	—	—	—
Director of the Board	Lee Seng Chay	—	—	—	—
Independent Director (Note1)	Ding Jin Huei				
Independent Director (Note1)	Sher Ching Yee				
Independent Directo (Note1)r	Lin Yuk Yan Maya				
Independent Director (Note2)	Yee Swee Choon	—	—	—	—
Independent Director (Note2)	Tieh Chin Chih	—	—	—	—
Independent Directo (Note2)r	Chiang Shu Huei	—	—	—	—
CFO	Hung Wei Kai	—	—	—	—
Accounting Manager	Li Mig Fang	—	—	—	—
Shareholder who has at least 10% Shareholding	First Steamship S.A	—	—	—	—

註 1：2020/6/17 re-elect new directors during shareholders' meetings.
註 2：On June 19, 2020, the shareholders meeting elected to resign as independent directors

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

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

Apr 12, 2021 ; unit: share ; %

Name	Self-owned Shares		Number of Shares of Spouse and Minor Children		Number of Shares in Name of Others		The top ten shareholders have the titles or names and relationships complying with the definition of spouse or second-degree relative in FASB6.		Notation
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or Name)	Relation	
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A. Principal：Kuo Jen Hao	91,560,000	46.83%	—	—	—	—	First Steamship Company Ltd Ahead Capital Limited	Parent company	—
	—	—	—	—	—	—	—	—	—
Yee Youn Investment Co., Ltd Principal：Kuo Jen Hao	11,474,000	5.87%	—	—	—	—	First Steamship Company Ltd	Parent company	—
	—	—	—	—	—	—	—	—	—
Farglory Life Insurance Co., Ltd. Principal：Meng Jiaren	9,131,000	4.67%	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
Grand Ocean Retail Group Limited Mainland China Area Employees Collective	7,562,000	3.87%	—	—	—	—	—	Staff	Employees Collective
First Steamship Company Ltd Principal：Kuo Jen Hao	7,226,000	3.70%	—	—	—	—	First Steamship S.A. Yee Youn Investment Co., Ltd	Parent company	—
	—	—	—	—	—	—	—	—	—
AHEAD CAPITAL LIMITED Principal：Kuo Jen Hao	3,500,000	1.79%	—	—	—	—	First Steamship S.A.	Parent company	—
	—	—	—	—	—	—	—	—	—
CTBC Bank Employee Stock Ownership Trust Account of Grand Ocean Retail Group Limited	2,945,000	1.51%	—	—	—	—	—	Staff	Employee Stock Ownership Trust
Liu Hung Jun	2,345,000	1.25%	—	—	—	—	—	—	—
AmTrust Investment Consulting Corp. Principal：Lin Xin Yi	1,500,000	0.77%	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—
Huang Shih Chieh	1,152,000	0.59%	—	—	—	—	—	—	—

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

unit: share ; %

Reinvested Business (Note)	Investment of the Company		Investment Controlled Directly or Indirectly by Directors or Managers		Comprehensive Investment	
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio
Grand Citi Limited	1,040,000,000	100.00	—	—	1,040,000,000	100.00
Sandmartin International Holding Limited	117,859,347	3.59	833,000,000	25.41	950,859,347	29.00
Grand Ocean Classic Commercial Group Co., Ltd (Grand Ocean Department Store Group Limited)	Note1	100.00	—	—	Note1	100.00
Nanjing Grand Ocean Classic Commerce Limited (Nanjing Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Fuzhou Crand Ocean Commerce Limited (Fuzhou Zhongcheng Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Quanzhou Grand Ocean Commerce Limited (Quanzhou Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Wuhan Grand Ocean Classic Commercial Development Limited (Wuhan Zhongshan Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Whhan Optics Valley Grand Ocean Commercial Development Limited (Wuhan Optics Valley Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Wuhan Hanyang Grand Ocean Classic Commercial Limited (Wuhan Longyang Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Fuzhou Grand Ocean Classic Commerce Limited (Fuzhou Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Chongqing Optics Valley Grand Ocean Commercial Development Limited (Chongqing Optics Valley Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Hengyang Grand Ocean Commercial Development Limited (Hengyang Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Yichang Grand Ocean Commerce Limited (Yichang Grand Ocean Department Store Limited)	Note1	100.00	—	—	Note1	100.00
Hefei Grand Ocean Classic Commercial Development Limited (Nanjing Grand Ocean Department Store Hefei Limited)	Note1	100.00	—	—	Note1	100.00
Shiyan Optics Valley Grand Ocean Commercial Limited (Shiyan Grand Ocean Modern Shopping Limited)	Note1	100.00	—	—	Note1	100.00
Shanghai Jingxuan Business Administration Limited	Note1	100.00	—	—	Note1	100.00
Fuzhou Jiaruixing Business Administration Limited	Note1	100.00	—	—	Note1	100.00

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

Four.Financing Situation

I Capital and Shares

(I) Sources of Share Capital

1. Formation of Share Capital

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

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

2. Share Classifications Which Have Been Issued

unit: thousand shares

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

(II) Shareholder Structure

Apr 12,2021；share

Shareholder Structure and Number	Government	Financial Institution	Other Juridical Persons	Individual	Foreign Institution and Foreigner (Note 1)	Total
Number of Person	0	8	14	6,238	48	6,501
Shares in Hand	0	12,225,000	21,291,505	55,080,496	106,933,999	195,531,000
Shareholding Ratio	0.00%	6.25%	10.89%	28.17%	54.69%	100.00%

Note1：Wherein the shareholding ratio of China investment is 3.87%, where there are 7,562,000 shares. These shares are meant to distribute to the employees by a treasury stock project, letting the China employees to have the options. So far they are kept in the account “Special Integrated Account for China Employees” in CTBC Bank.

(III) Equity Dispersion

Apr 12,2021；unit: share/NT$10 per share

Shareholding Grading	Number of Shareholder	Shares in Hand	Shareholding Ratio
1 to 999	273	16,566	0.01%
1,000 to 5,000	4,388	9,292,471	4.75%
5,001 to 10,000	796	6,537,417	3.34%
10,001 to 15,000	250	3,239,000	1.66%
15,001 to 20,000	158	3,008,000	1.54%
20,001 to 30,000	144	3,730,347	1.91%
30,001 to 50,000	127	5,143,000	2.63%
50,001 to 100,000	85	6,133,100	3.14%
100,001 to 200,000	46	6,690,600	3.42%
200,001 to 400,000	16	4,571,500	2.34%
400,001 to 600,000	9	4,388,999	2.24%
600,001 to 800,000	4	2,577,000	1.32%
800,001 to 1,000,000	2	1,718,000	0.88%
Above 1,000,001	10	138,485,000	70.82%
Total	6,308	195,531,000	100.00%
Holding less than 0.1% Shareholding	6,259	42,193,501	21.58%

(IV) List of Major Shareholder

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

Apr 12,2021；shares

Name of major shareholder	Shares in Hand	Shareholding Ratio
Mega International Commercial Bank Co., Ltd. Acting as Custodian for the Investment Account of FIRST STEAMSHIP S.A.	91,560,000	46.83%
Yee Youn Investment Co., Ltd	11,474,000	5.87%
Farglory Life Insurance Co., Ltd.	9,131,000	4.67%
Grand Ocean Retail Group Limited Mainland China Area Employees Collective	7,562,000	3.87%
First Steamship Company Ltd	7,226,000	3.70%
AHEAD CAPITAL LIMITED	3,500,000	1.79%
CTBC Bank Employee Stock Ownership Trust Account of Grand Ocean Retail Group Limited	2,945,000	1.51%
Liu Hung Jun	2,435,000	1.25%
AmTrust Investment Consulting Corp.	1,500,000	0.77%
Huang Shih Chieh	1,152,000	0.59%

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

Item \ Year			2019 (Note 5)	2020 (Note 5)	Current Year As of Mar 31, 2021
Market Price per Share	Maximum		38.00	28.25	20.01 元
	Minimum		28.00	15.10	18.65 元
	Average		32.03	22.82	21.25 元
Net Worth per Share	before Distribution		45.54	43.53	43.32
	after Distribution		43.34	42.53	Not Applicable
Earnings per Share	Weighted Average Number of Shares		194,852 thousand shares	195,531 thousand shares	195,531 thousand shares
	Earnings per Share		3.10	(0.62)	0.05
Dividends per Share	Cash Dividends		2.20	1.00	Not Applicable
	Share Allotment for Free	Share Allotment by Earnings	—	—	Not Applicable
		Share Allotment by Capital Reserves	—	—	Not Applicable
	Accumulated Unpaid Dividends		—	—	Not Applicable
Analysis of Return on Investment	PER (Note 1)		10.33	Not Applicable	Not Applicable
	PDR (Note 2)		14.56	22.82	Not Applicable
	Cash Dividend Yield (Note 3)		6.87%	4.38%	Not Applicable

Note 1: PER=Current Average Closing Price per Share/Earnings per Share.
Note 2: PDR=Current Average Closing Price per Share/Cash Dividends per Share.
Note 3: Cash Dividend Yield=Cash Dividends per Share/Current Average Closing Price per Share.
Note 4: Earnings Distribution 2020 had been ratified at NT$1 through the Board Meeting on Apr 27, 2021, but not resolved yet by the Shareholders Meeting.
Note 5: Net worth per share, earnings per share will be measured in compliance with the regulations of IFRS.

(VI) Dividend Policies and Execution of the Company

1 Dividend Policies Defined in the Articles of the Company:

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

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

(1) The tax payable in accordance with the law;
(2) Compensate for the accumulated losses of previous years (if any);
(3) 10% of the legal reserve is required by the applicable law, but exception is made if the legal reserve has reached the Company's paid-in capital;
(4) Applicable by law or by the competent authority to provide special earnings reserve; and
(5) According to the amount of the current year's earnings after deducting the above items (1) to (4), the accumulated undistributed earnings in the previous period are the available earnings. The available earnings can be distributed through the Board

Meeting and then submitted to the Shareholders General Meeting. Applicable decrees are assigned after ordinary resolutions.

(6) 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. 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.

2 Current Dividends Distribution Resolved:

Due to the Company's 2020 annual earnings distribution case, the cash dividend of shareholders resolved through the Board Meeting on APR 27, 2021 is NT$195,531,000, and will be submitted to the Shareholders General Meeting for further approval.

3 Descriptions for Expected Material Variation: None.

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

The Company's 2020 annual earnings distribution approved by the Board on APR 27, 2021, does not distribute stock dividends, so this item is not applicable.

(VIII) Remunerations for Employees and Directors

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

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

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

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

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

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

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

3 Ratification on Remuneration Distribution through the Board

3.1 The Board of the Company passed a resolution on MAR 31, 2021, that the proposed staff is entitled to remunerate NT$0 and the Directors remunerate NT$0. The employee bonus and Directors' reimbursement are the same as the original accounting estimate.

3.2 The Company did not distribute the stock bonus to the employees.

3.3 The basic earnings per share after considering the proposed bonus distributed to employees and Director as remuneration:None.

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

The Company's 2019 financial statements recognize that employee bonuses and Directors' remuneration are NT$9,430,035 and NTD$4,715,017, respectively. The employee bonus and Director's remuneration allotted by the Shareholders Meeting are NT$9,450,000 and NTD$0, and the total difference is NT$4,695,052 , mainly due to changes in accounting estimates, has been adjusted to profit or loss for 2020.

(IX) Shares Repurchase of the Company:None

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

III Preferred Stock Treatment: None.

IV Overseas Depositary Receipt Treatment: None.

V Employee Stock Option Certificate Treatment: None.

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

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

VIII Treatment of Funds Operation Plan: NA.

Five. Operation Overview

I Business Contents

(I) Business Scope

1 Major Contents of Owned Business

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

2 Main Products and Operation Weight

Currency: NTD (thousand) ; %

Main Products	Year 2019		Year 2020	
	Amount	Rate (%)	Amount	Rate (%)
Joint Counter	2,522,661	37.98%	1,512,406	31.57%
Direct Counter	1,920,388	28.91%	1,685,987	35.19%
Rent, other income and management consulting fees	2,199,282	33.11%	1,592,471	33.24%
Total	6,642,331	100.00%	4,790,864	100.00%

3 Current commodities of the company: Same as 1.

4 New products and services for future project development: Continue to increase product mix and brand richness; increase cooperation with market-active online red brands, increase catering service support; interact with customers; develop management store model, increase management Consultant fee income. To make full use of the exploration and development results of the Borderless Retail Department, and expand the cooperation model with each e-commerce corporation, and emphasize the development and adoption on online sales to accomplish more diverse retail channels. Investment Bisiness Department was established to perform feasibility studies and market analysis on brands in restaurants, retailers, department stores and shopping centers, so that investments can be made on the brands and target companies with high potential for return.

(II) Industry Overview

1 Current Status and Development of the Industry

A sudden pandemic in early 2020 imposed an unprecedented challenge on the global economy. As the world grappled with COVID-19, the total retail spending in China dropped 3.9% in 2020 year-over-year to CNY 39,198.1 billion. Among these, the retail spending totaled CNY 14,332.3 billion, down 1.9%, with enterprises above the designated revenue threshold. The total retail spending in China grew 4.6% year-over-year in the fourth quarter, 3.7% higher than the previous three quarters. Last year, China's foreign trade and international market share hit record highs. It was the only major economy with trade growth last year. At the outset of the pandemic, China triggered the first-degree response nationwide to this major and sudden event in public health. Ta Yang Group suspended operation, as required by the government, for all 15 stores until January 24. The three stores in Wuhan were closed for 66 days. Ta Yang took a proactive approach to respond to the pandemic.

① In collaboration with the government by resuming operation the earliest among peers.

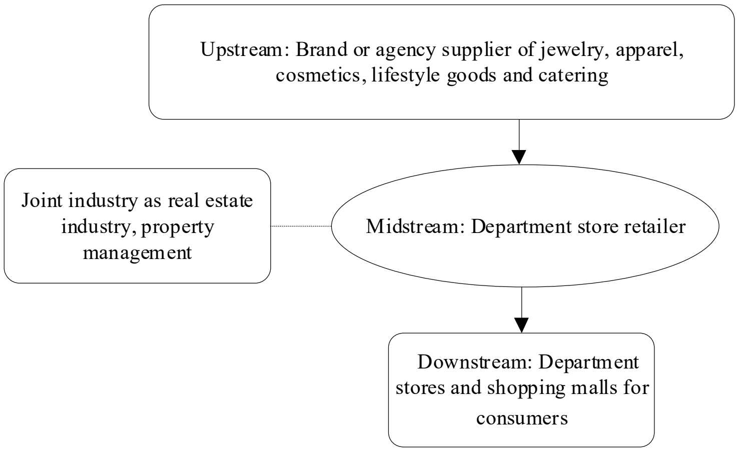
② Response to the authority's policy by using "evening economy" to resurrect consumer flow.
③ Pay all the expenses on time, relieve the rent for our partnerships when our stores were closed, as well as deposit-free, rent and fees reduction after our stores reopened.
④ Leverage of stimulus programs and employment incentives offered by local governments – CNY 850,000 subsidy for Nani; CNY 14.22 million in subsidies and CNY 47.43 million revenue generated by using the government's spending vouchers and Meituan Dianping for three stores in Wuhan in May and June
⑤ In March, The Group took a swift decision to set up an Unbounded Retail Department from scratch and with an extremely streamline structure in order to develop online retail business by using live stream platforms such as mcmore, Douyin and Kuaishou. The annual sales target of CNY 380 million was achieved within a short period of nine months.

The department store industry in China accelerated its online presence in 2020 with the O2O (online-to-offline) approach and the omni-channel strategy. Department stores launched apps, Douyin shops and WeChat malls in order to interact with consumers and stimulate spending via social media such as live streaming, short videos, WeChat groups and mini-apps. As it is widely known that Tmall Double 11 spending in 2020 reached CNY 498.2 billion, up by 85% year-over-year. This number was unprecedented. What was even more eye-catching was the combination of department stores and retailers with short videos and Internet celebrities in shopping over Douyin. An increasing number of department stores have established strategic cooperation with Douyin.

The staying-put policy for the Chinese New Year this year benefited Tier 1 and Tier 2 cities from the Chinese New Year Eve to January 6 of the lunar calendar (from February 11 to February 17). Major retailers and food & beverage businesses in China posted a total revenue of CNY 821 billion, up by 28.7% compared to the Chinese New Year golden week in 2020 and up by 4.9% compared to the Chinese New Year golden week in 2019. Among these, the demand for restaurants, high-end and experience-oriented products, and duty-free shops was strong. During the Chinese New Year, jewelry, fashion, communication equipment and household and digital appliances under the monitoring of the Ministry of Commerce monitored posted 160.8%, 107.1%, 39.0% and 29.9% growth, respectively, year-over-year. Some e-commerce shops for sports equipment witnessed 49% growth year-over-year. Ta Yang Group also enjoyed significant growth during the seven-day Chinese New Year holiday compared with the Chinese New Year in 2019.

2 Relativity between Upstream, Midstream and Downstream of Retail Industry

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



Information Source: Yuanta Securities

3 All kinds of development trend of products

The pandemic is a “double-bladed sword.” First, the impact on the industry goes beyond logistics and sales. It has changed the management philosophy for commercial properties, business models and spending trends. Internet celebrities generating sales via live streaming has become the prevalent marketing technique for offline retailers. The business model of digitalization and online-and-offline is widely accepted. Consumers are more willing to spend on health. Meanwhile, there has been some saving grace during the pandemic. Shopping malls demonstrated generosity by cutting rents. This enhanced the bond between malls and retailers. The retail industry exhibited four characteristics in 2020:

（1） he Chinese market posted impressive growth, especially in the third and fourth quarters last year. This is evidenced with the regular queues in front of luxury goods stores.

（2） Whilst the pandemic posed an immense challenge to the fashion industry, it pushed forward the digital development of brands. Many companies described in their financial reports the strong sales during the 2020 Double 11. Meanwhile, the launch of new products by brands is no longer limited to fashion week catwalks.

（3） The capital market for luxury goods companies remains active. Last year saw LVMH’s acquisition of Tiffany&Co.，Moncler’s acquisition of Stone Island. VF’s acquisition of Supreme, Greenlands’ acquisition of the French independent jewel brand KORLOFF.

（4） Brands continued to innovate their brick-and-mortar presence to create a better experience for consumers. This is particularly the case for retail brands. The offering of coffee and meals in conjunction with eye-dazzling technology creates an interactive experience. It is something that both consumers and businesses have been looking forward to. LV Café and Le Chocolat V in Louis Vuitton’s shop in Ginza Tokyo are a case in point.

The pandemic has, to a degree, changed consumer habits and philosophy. This will bring both opportunities and challenges to the retail industry in China. Going forward, the development of the retail industry will come with the following five features:

（1） Optimization and focus on quality for products supply. Quality enhancement is a key characteristic of consumption upgrade and important content for quality development for retailers and resident service providers. Given the megatrend for high-quality consumption, retailers will continue to boost the supply levels, exercise stricter control over the quality of imported goods, enrich the product portfolios, improve the shopping environment, enhance service quality and strengthen brand competitiveness. This will foster the development of brands and quality in the consumer market in China.

(2) Satisfaction of new experience and new demand by centering on the information technology. China is speeding up the new generation of information infrastructures such as 5G, artificial intelligence, industry of internet, and Internet-of-Things. Retailers and resident service providers are the important domain for the application of information technology. The information technology infrastructure and application deployment will continue to speed up, to enhance the efficiency and competitiveness of the retail market, offer consumers newer experiences, satisfy new needs and promote industry innovation and high-quality development.

(3) Acceleration of new merchandise and consumption hotspots with smart products 5G, artificial intelligence, industry of internet and Internet-of-Things in China are all developing apace and leading the world on certain fronts. The rapid deployment and commercialization of information technology will drive the development of many smart products such as smartphones, smart home appliances, smart cars, smart wearables, smart kitchens, smart in-bed products, smart health monitoring products, and smart education products. The market for smart products will be tremendous. It will be a gigantic consumption hotspot in the future. This will entail the smartness of traditional consumer products and the mass production of new consumer products.

(4) Promotion of in-depth fusion of retail and service patterns with an orientation on services. As the growth in merchandise spending continues to decelerate, but the growth in residential services spending continues to accelerate, the retail industry is speeding up the development and integration with sectors such as tourism, sports, culture, entertainment, health and retirement. This is the megatrend for the transformation, innovation and high-quality development of the retail industry. Good and mutually beneficial interaction between retailers and residential service industries can attract customers, expand the menu of products/services and create jobs.

Enhancement of the sense of happiness for residents with community businesses as the center. In the context of the rapid development and in-depth online and offline industry for both retailers and residential service operators in China, community businesses are increasingly playing a pivotal role in product distribution, consumer experience, and humanistic concern. Community governance and community businesses have contributed significantly to the control and prevention of COVID-19. Going forward, community businesses will change their same-old-look and adjust the product mix according to the demographic structure, age profile and specific needs of residents. Cultural elements, humanistic touch and service projects will be integrated into community businesses to provide a differentiated and personalized experience to community residents.

4 Competetion

Links Shop and Commercial Real Estate & Retail Research (CRR) surveyed 20 cities in mainland China (excluding Hong Kong, Macau and Taiwan). This survey covered 114 malls, consisting of 12 department stores, 93 shopping centers and 9 outlets. The sampled data indicates that the total sales of these 114 malls reached CNY313.5 billion in 2020.

The league of the retailers with revenues over CNY 10 billion remained strong compared to 2019. SKP Beijing maintained its No 1 place as a standalone mall with sales of CNY 17.7 billion. Nanjing Impressions (Deji Plaza) ranked No. 2 with 2020 sales exceeding CNY 15 billion. Both malls enjoyed double-digit growth year-over-year and reported sales higher than the CNY 15 billion mark.

SKP Beijing remains the most lucrative brand in China. Its 2020 sales of CNY 17.7 billion were a growth of 15%. Both the single-shop sales and sales per square meter were the highest in the world. The yield per square meter was simply astounding. SKP Xian also posted a 36% year-over-year growth. The sampled data suggests that 13 malls (or 11.4%) reported 2020 sales between CNY 5 billion (inclusive) and CNY 10 billion (exclusive). These 13 malls consist of 5 departments and 8 shopping centers. These 6 malls (or 5.26%) generated sales between CNY 4 billion (inclusive) and CNY 5 billion (exclusive). These 6 malls consist of 2 department stores, 2 shopping centers, and 2 outlets. These 11 malls (or 9.6%) posted sales between CNY 3 billion (inclusive) and CNY 4 billion (exclusive). These 11 malls consist of 1 department stores, 8 shopping centers, and 2 outlets.

The year 2020 was extremely challenging for retailers and department stores. It was a year of transformation for the industry and a year of efforts starting to pay off. Reform is always a long-term process. How to adhere to the central themes of the 145 Plan in this process, adjust the structure accordingly and cater to the market development is a topic worthy of deliberation by all the retailers and department stores.

(III) Technology and R&D Overview

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

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

1 Short-term Business Development Plans of the Company

1.1 Rising the training, and implement customer service for providing a caring consumer environment.

1.2 Creating new ideas for consumption. Enrich service content. Improve VIP customer loyalty.

1.3 We continue our promo campaigns in the established Weibo and WeChat fan groups and we are seeking to generate sales in live streaming apps such as mcmore, Douyin and Kuaishou. We continue to explore ways of interactive services via the industry of internet and develop a diversity of e-payment mechanisms to enhance customer stickiness. 。

1.4 Reducing non-core business. Gradually implement the upgrading of traditional department stores. Focus on improving customer service and internal control to ensure the company’s operating efficiency.

1.5 Providing customers with a diversified and convenient way of settlement. Replace manual reconciliation with new technology. Reducing labor expenditure in short term for attraction customers. We can improve operational performance and reduce operating expenses.

2 Our mid-long term business development plans.

1.1 Deeply cultivate the existing market for improving customers loyalty.

1.2 Keep expanding new markets. Increasing market share and brand influence.

1.3 Borderless retail department increases the scope of electronic business. Providing a simple, convenient and refined shopping experience.

1.4 Investment Businesas Department was established to expand our Company’s footprint in strategic investments. We use the existing stores and group platforms to incubate and manage investees.

1.5 Adjust brand structure. Keep improving brand positioning.

1.6 Actively cultivate professional talents. Keep the competitiveness of our group.

3 Competitive Strategies

The Group has two different development patterns due to different orientations, which are Grand Classic and Grand Ocean, respectively, where the former aims at high-end boutique markets, when the latter aims at fashionable department stores, for different cities and different commercial areas. After the market survey, we can promptly find the appropriate orientation to enter the markets for the Group. Meanwhile in 2018, we commence involving shopping mall as well as underground shopping area surrounding rail transport.

In addition, we shall continue to maintain the second-tier and third-tier cities' deep-plowing strategies and the growth advantage, aiming to become the regional retail leader, fully grasping the consumer dynamics, controlling the market share, improving the business performance, and at the same time seeking the suitable purchases or negotiate management store opportunities to expand our operations in a timely manner. The Company established Borderless Retail Department in March last year and shall also continue to promote electronic media marketing and to carry out new internet interactive services, and also established Investment Business Department in November last year, feasibility studies and market analysis are conducted on premier brands such as restaurants among retailers, department stores, and shopping centers. The purpose is to screen, identify and invest in the brands and companies with the potential for a higher return.. IN addition to improve various electronic payment mechanisms, increase of the business scope of e-commerce, and implementation of the services such as online-to-offline consumer interaction, service industry integration, and so on. It is estimated that the overall strategy will maintain its regional competitive advantage and expand the influence of department store brands, actively build department store brand awareness and maintain the competitive advantage over the market.

4 Business Target

4.1 Offline shops as the enjoyable, third living space for customers

Grand Ocean offline shops introduce premier brands and boost operating performance by leveraging the Group’s strength. As customers' purchasing potential gradually increases, the product portfolio of the Group will be upgraded to cater to the changes in customers' tastes and consumption habits. We strive to provide an authentic and pleasant environment to meet the customers’ needs in food, drinks, shopping and entertainment. We aim to create the third living space that is professional, thematic and scenario-based by integrating offerings such as food & beverage, entertainment, training & education and immersive experience.

4.2 VIP System to Further Increase Customer Loyalty

The Company will enhance its app features and analyze consumers’ spending behavior by using Big Data., as well as sending the required service information to our major customers and loyal consumers to raise the numbers of likes and fans for the WeChat Public Account of each store. The physical store service shall be detailed, humanized, and intelligentized, maximizing the pleasure of the consumption process. Also to enhance online software and hardware services in each store by using the latest technology to help us meet the needs from our consumers better and their expectations for convenience, option and shopping experience, where the goal is to enable our customers to utilize all the channels of resources at the same time shopping anywhere.

4.3 Expansion of O2O Digital Sales Introduction

Acceleration of mcmore mall upgrade; removal of the membership barrier between online and offline; development of the new retail model; a diversity of channels to integrate online and offline; the enhancement of shopping experience with a human touch. Combination of O2O and secondary marketing in the channel model; creation of smart retail by incorporating the Internet into brick-and-mortar; boosting sales with delivery assurance; expansion of product consumption experience into unlimited dimensions by continuously offering interrelated services in order to capitalize on the value of customers.

II Market and Products Selling Overview

(I) Market Analysis

1 Main Products Sales Region

NTD (thousand) ; %

Region	Year 2019		Year 2020	
	Amount	Rate	Amount	Rate
Asia (China)	6,642,331	100.00%	4,790,864	100.00%
Total	6,642,331	100.00%	4,790,864	100.00%

2 Market Share

Our Company's business projects are known for great locations, all in city centers and main shopping areas. Among our 14 stores, 9 stores are connected to the metro system. In fact, four of these stores are at the connecting points between two lines. Our SME (small-and-medium enterprise) project is known for a nimble approach in the attraction of brands, recruitment of businesses and management of operations. This is particularly important for the marketing of high-unit-priced and non-standardized products. A good environment and services are necessary to encourage spending. Our advantage offline remains meaningful and competitive in the marketplace. The market keeps evolving, with new businesses, new products, operational models, and consumption patterns. Shops continue to improve as necessary, with adjustment in the layout, integration of traffic flows, and optimization of product offerings. There is a newly created space to enhance the spending experience. Many popular brands have been introduced for differentiation. All these efforts are starting to pay off.

In 2020, the retailers of cosmetics products with toplines above certain levels in China reported an aggregate sales of CNY 340 billion, up by 9.5% year-over-year. This segment outperformed the retail market as a whole and has finally left COVID-19 behind. According to the data released by the General Administration of Customs of the People's Republic of China, China imported a total of CNY 142.2 billion worth of beauty, cosmetic and skincare products during the first ten months of last year, up by 28.4% year-over-year. The imported volume was 379,300 metric tons, up by 4.3% year-over-year. This significant overall growth indicates the continued rapid growth of the imported cosmetics market in China. The Group has been a top performer in the cosmetics market, with revenues of CNY 873 million in 2018, CNY 939 million in 2019 and CNY 819 million in 2020. Our stores such as Fuzhou East Street (Dongjie), Nanjing New Street (Xinjiekou) and Wuhan Zhongshan have a strong cosmetics business and maintain high market shares. It is worth mentioning that Wuhan Zhongshan store has introduced DIOR this year and become a hub of international tier 1 cosmetic brands. This has strengthened Ta Yang's status as a trendsetter in the Hanyang region. Nanjing Jiangbei, Wuhan Guanggu, Hefei and Yichang stores are speeding up the upgrade of cosmetic product lineups, with a breakthrough in imported products.

Sports and health remain the biggest concern for the Chinese people in the wake of COVID-19. This has become an inelastic demand. Sports equipment has also prosperously grown. Beijing's hosting of the 2022 Winter Olympics is also driving this trend. Many foreign winter sports brands are accelerating their entrance into the ice and snow sports market in China. Long-standing heavyweights in the sports market are also fighting for their shares in this market. Ta Yang will continue to extend and enhance its portfolio of sports products for selected stores. In the example of the Wuhan Guanggu store, Nike expanded its space on the B1 floor of store. Adidas upgraded into the 650 shops. Li-Ling expanded its presence. Vans revamped its space. All these efforts aim to cater to the young consumers in Guanggu. Wuhan Zhongshan, Wuhan Zhongshan and Yichang stores are all speeding up the upgrade of lineups of sports products.

Quite a few old fashion brands have closed their online and offline shops or simply become out of fashion. Some women's shoe brands are less effective in attracting customers and generating lower revenues per square meter. Our shops have been busy calculating, updating and changing the portfolio of women's shoe brands.

The luxury goods market in China continues its strong growth. Fuzhou's second store witnessed 27% growth year-over-year in 2020. The return of LV this year serves as the catalyst for further expansion of our luxury goods, high-end watches and trendy international brands. This has enhanced the store's leadership in the luxury goods market in Fujian.

Dining experience at restaurants is the service young consumers care about. After years of recruitment and operation, our Company has established some success, by enhancing the basic offering to gradually contribute to customer flows and profits. The Group worked with the leading restaurant brand "Haidilao" in five stores and generated CNY 110 million in revenue in 2020. The Haidilao restaurant in Fuzhou's second store enjoyed a topline of CNY 43.83 million in 2020, with an average of 24,000 customers per month. Nanjing New Street (Xinjiekou) generated sales of nearly CNY 30 million last year by introducing LELECHA and Heytea. Tung Fa To is the new addition this year. Wuhan Zhongshan store recently welcomed Modern China Tea Shop to its lineup. These are all popular offerings able to attract customer flows. Nanjing Jiangbei's food and beverage department reported sales of CNY 112 million. The traditional Chinese pastry shop Luxihe generated sales of CNY 13.4 million. The Special Business Department will continue to follow up with top internet celebrities to generate traffic and construct a prosperous ecosystem.

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

3.1 Future Supply and Demands of Market

In 2020, the total number of new commercial property projects was 359, including 121 started in December alone. The level of rebound surpassed the same period last year. This sharp V-shaped recovery of newly launched projects during the year was largely due to delay by COVID-19. Some projects were pushed into 2021, as there are over 1,000 projects scheduled to kick up in China with a total area of 100 million square meters. According to Win Shang Data's survey in 19 tier 1/2 cities in China during the second half of 2020, nearly 1,000 operating shopping centers have been accelerating adjustment. The overall occupancy remained low, with vacancy rates up from 11.77% to nearly 32.5% year-over-year. Among these, the shopping malls enjoyed an occupancy rate of over 95% accounted for about 38.3%, down by 9.3% year-over-year. Meanwhile, approx. 40% of shopping malls had a vacancy rate of over 10%. Less than 90 shopping malls were fully occupied.

According to the statistics from Links Shop's retail research center, a total of 573 commercial properties in East China are scheduled to start business in 2021. (This excludes professional markets, hotels, office buildings or commercial buildings with over 20,000 square meters). The GFA (gross floor area) of commercial buildings stands at 48.8307 million square meters in total and 85,200 square meters each. Jiangsu leads in both quantity and capacity. A total of 287 commercial property projects in South China are planning to open for business in 2021. (This excludes professional markets, hotels, office buildings or commercial buildings with over 20,000 square meters). The newly added commercial area is 22.6482 million square meters in total and 78,900 square meters each. Guangzhou, Foshan and Shenzhen in Guangdong (excluding Hong Kong, Macau or Taiwan) are particularly vibrant. In addition, the “duty free fever” in Hainan is fueling up the investment in commercial properties in the region. There are 241 commercial property projects in Central China ready to open for business. (This excludes professional markets, hotels, office buildings or commercial buildings with over 20,000 square meters). The newly added commercial area is 21.089 million square meters in total and 87,000 square meters each. In 2021, there will be 116 shopping centers joining the market in Henan. This number is much higher than the other two provinces in Central China, 68 for Hubei and 57 for Hunan. Compared to 2020, the pent-up supply of commercial property projects is pouring into the market in the three provinces of Central China.

3.2 Change of Future Demands of Market

3.2.1 Big Data and precision marketing online and offline

Customer data is the source of precision marketing. It enables to precisely target customers. Department stores and retailers analyze consumers’ data to profile their purchasing power, loyalty, and preference to accurately segment customers for product positioning and precision marketing. Big Data precision marketing focuses on the management of the lifelong value of customers. Lifelong value management is to establish a lifelong file for each customer. This is about long-term following up, constant recording and updating customer data in order to stay on top of any change and identify potential demand. The purpose is to make customers stay with our Company for life. For instance, Haidilao classified customers according to occupation, age and gender so as to enhance stickiness and customer relations. In sum, Big Data precision marketing enables long-term and stable growth. Department stores can use search engines and Big Data technology to boost keyword accuracy, link targeting, web page optimization, and search marketing capability. Meanwhile, personalized recommendations are a prerequisite for retailers and department stores for Big Data precision marketing. The establishment of personalized recommendations on the app achieves precision marketing online and offline. The system matches the user’s profile and the product’s profile, so that the recommendation system can process and generate accurate suggestions. This is a start contrast with general marketing in the past. Personalized suggestions are far more effective and precise.

3.2.2 Upgrade of consumer experience by creating an immersive shopping environment

Construction of a customer-centric, experience-focused demo platform. The interactive and immersive experience with the first-person feeling has become the new favorite to consumers and urban businesses over recent years in China. The most-watched immersive projects are vintage restaurant chains such as Super

Wenheyou, Hepingguoju, and the thematic mall "The Hill." Compared to traditional department stores, the immersive projects are a step further in terms of functionality. Shopping centers are also social-life hubs. The conventional single-minded and passive marketing has given way to marketing via a comprehensive sensory experience. In the era of upgraded consumption, these Chinese commercial projects have completed the "evolution" in terms of functionality as places to hang out and spend money. As the New Middle Class and Generation Z are on the rise, shopping centers today are more of a social venue offering rich content, powerful experience and warmth. They have become part of the history and culture of the cities they are located. In addition to shopping, dining, and entertainment, shopping centers are also a place for fun and checking in on social media. After Changsha, Beijing and Changchun, our Company will have the first immersive business complex in Nanjing. Theater Lane is the brand new immersive tour and cultural complex created jointly by Jiangsu Dream Maker Management and Qinhuai Wenlv Group. This project received many positive comments immediately after launch and has become a landmark in Fuzimiao. In contrast to the shopping center serving as a mere box, the department store complex offering an immersive experience can better represent the color and temperament of the city and the retail brand.

3.2.3 Keeping up with the times and updating the offerings to meet consumer needs

The days when any products could sell were long gone. Businesses today need to provide good services to cater to customer needs and create a better consumer experience in order to attract traffic and retain repeated customers. First: Enrich offerings according to customer segments. Trendy brands, sports products and cosmetics command higher market shares. The millennials spend on what they enjoy. Cultural marketing and IP marketing have become massively popular over recent years. The toplines were strong and the traffic was incoming. Second: Consumers demand products and a long list of value-added services. This is the reason why we strive to create a comfortable environment for a pleasant experience and personalized offerings with comprehensive pre-sale and post-sale services. We are always here for customers. Third: We keep up with the times and create new growth opportunities according to emerging demand from society and the economy. Examples are services and health products for the aging population and pets.

3.2.4 Reformation and innovation of management techniques to service customers with efficiency and effectiveness

Full utilization of modern management techniques is the foundation for the transformation of department stores. Traditional department stores must speed up the migration from conventional management to integrate procurement and distribution to the modern management style of focusing on the venues and customers. This is a paradigm shift from price cuts, ad-hoc promotion and product exclusivity to the marketing mix and strategic branding. New retailers and department stores should also take full advantage of the

Internet for the online to offline model. The department store apps are a showcase of a large variety of products so that customers instantaneously would want to shop. The information about product launches and promotions can also be published on site. There is also an interactive section where customers can inquire and lodge complaints. These interactions with customers help to resolve their problems. In addition, information technology can be applied to logistics management. Digitalization of products information management on the transaction platform ensures timely supplies from suppliers, reduces the warehousing turnovers, enhances operating efficiency and enables better customer services.

4 Competition Benefits

4.1 Excellent Geographical Location

Grand Ocean Department Store prefer the business district with massive crowds and mature business atmosphere when selecting the site. For the 15 stores which are in operation for example, currently 9 of them are located at the exit of the newly opened MRT stations. Among them, 5 stores are directly connected to the MRT underground passage, especially Nanjing Grand Ocean Classic Commerical Limited,Wuhan Zhongshan Store, Wuhan Longyang Store and Fuzhou Secondary Store have become two subway line transfer stations, respectively. In addition, 10 department stores are located in mainstream businesses that gather people and cash flow, and have a convenient transportation shopping are. Shiyan Store and Dongjiekou underground shopping streets which are newly opened in 2018 are also both located at the very center of the traditional commercial area in the city.

4.2 Experienced Department Store Management Talents

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

4.3 Years-accumulated Customer Groups

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

4.4 Management styles up to date

Creation of a customer-centric experience demo platform; breaking of the boundary between online and offline, anytime and anywhere, with smart technology. Ta Yang has always been innovating and keeping up with the times. On November 11, 2020, Ta Yang Department Store was formally renamed Grand Ocean Classic Commerical Co., Ltd, as an indication of our transformation from a traditional department store to a new retailer. This demonstrates our determination to continue innovations and stay current and relevant. It is a milestone for the Group and opens up the horizon for imagination and further development. The global pandemic in 2020 was a heavy blow to offline retailers and department stores. In response, we created the Unbounded Retail Department to develop online retail business and break the barrier between online and offline, anytime and anywhere. We launched our own app and maintained our existing membership. We established multiple traffic channels online and offline and constructed our own flow pool via our private domain. This resulted in the self-circulating system with growing traffic and created flow growth through multiple channels, highly efficient multiplications, transactions via various touchpoints and spontaneous transmission. We have set up a Broadcasting Sales Department to continuously advocate our premium brand and strengthen our presence among other brands. With live streaming and short videos over Douyin, Weimob, and WeChat, we launched exclusive online campaigns by working with other brands. This advanced the omni-channel integration, online and offline, and created a new business model with a remarkable impact.

5 Merit, Demerit and Countermeasure of Development Prospect

5.1 Merit

5.1.1 China's economy continues to grow, and the potential of consumption continues to raise.

The total retail spending in China was CNY 39.2 trillion in 2020, down 3.9% year over year. The 2020 pandemics caused an unprecedented blow to the Chinese consumer market. Retail spending in January and February dropped 20.5% year-over-year, the sharpest decline since the reform. However, as China achieved the major strategic result in COVID-19 control and measures such as domestic demand expansion and consumption stimulus, the consumer spending rebounded and gradually recovered. According to the numbers released by the National Bureau of Statistics of China in 2021, the retail spending on restaurants totaled CNY 3.95 trillion in 2020, down by 16.6% from 2019. However, the revenue in December reached CNY 49.49 billion in December, up 0.4% from the same period in 2019. The gradual recovery was particularly noticeable with brick-and-mortar retailers. Retail product sales amounted to CNY 35.2 trillion, down by 2.3%. Among these, the retail spending in December totaled CNY 3.5 trillion, up by 5.2% year-over-year. As far as retail types are concerned, the supermarkets with sales above a certain threshold in 2020 witnessed a 3.1% growth from the previous year. The revenues of department stores, specialty shops and exclusive shops narrowed by 6.8%, 3.8%, and 5.4%, respectively, from the previous nine months. Data suggests that merchandise retail was at a level similar to the previous year. The spending in restaurants continued to recover.

5.1.2 Stronger Online Sales Day by Day

Online retail spending in China totaled CNY 11.76 trillion in 2020, up by 10.9% year-over-year. Online sales of physical goods reached CNY 9.76 trillion, an annual increase of 14.8% and 24.9% of national retail spending. Among the online sales of physical goods, food and products increased by 30.6% and 16.2%, respectively. Online sales continue to play a pivotal role in promoting consumption, stabilizing foreign trade, creating jobs and protecting the economy. This contributes to the momentum of developing dual circulation in China and overseas by anchoring on the mega circulation in China. Great market potential in the "dual-circulation" economy The pandemic brought outbound spending by the Chinese consumers back home. The end-end market segment in China bucked the trend and witnessed tremendous growth. This is evidence of the great potential of consumers supporting domestic circulation. In the meantime, the government adjusted multiple policies on a timely basis to release and expand the domestic demand dividend and boost the market confidence. According to eMmarketer, 62% of the online sales in the world came from the Asia Pacific. Online sales in China accounted for 41% of the Asia Pacific's. This was underpinned by China's well-developed logistics, with the number of express deliveries reaching 80 billion last year. Group's Unbounded Retail Department will build on the foundation laid down last year by full leveraging live streaming platforms such as mcmore, Douyin and Kuaishou in order to generate higher sales in beauty products, cosmetics, specialty & fine foods, fashion, accessories, and home appliances.

5.1.3 National Support on Retail Reform

At the end of 2020, the term "Demand-side Reform" was mentioned in China for the first time, emphasizing the importance of technology and the stable development of the property market. The Political Bureau of the Central Committee has spoken many times in its meetings about new infrastructures and technological innovations. "Demand side Reform" will pave the way for mega circulation in China, with gradual and structural change on the demand side. Demand side reform centers on the expansion of domestic demand, the upgrade of investments, and the development of investments. This will benefit sectors such as strategic technology, emerging consumer industries and new energy vehicles. It implies the shift to a domestic demand driven by consumers. Going forward, the distribution system will be enhanced, by encouraging the consumption of key products and improving the consumption environment, in order to better support public finance. The tangible measures include the increase of incomes to the low-income groups, higher penetration of cars in rural areas, replacement of old home appliances, relaxation of restrictions on relocation and purchase of cars, and development of the after-sale market for cars. Meanwhile, the construction of infrastructures such as 5G, data centers and charging points will be stepped up. All these policy dividends will eventually materialize in the retail market.

5.1.4 Excellent Brand Images

Since its establishment in 2002, Grand Ocean Department Store has been developing retail industry. It has accumulated many years of practical experience in department store operations. It has successively expanded its position among the riverbanks of Yangtze River and gradually expanded its business scope. All of them have excellent sales performance, trusted and affirmed profoundly by the China consumers.

5.1.5 Experienced Department Store Management Talents

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

5.2 Demerit

5.2.1 Cost pressure continues to rise

In addition to the continuous increase in rents and labor that are common in the retail industry, the cost pressure of the department store industry also includes: the new cost of store adjustment; the cost of artistic beauty and the new cost of experience marketing such as IP; Online selling incurs extra operating costs for collaboration with internet celebrities on different platforms, and increased costs due to the application of new technologies, including passenger flow collection, data analysis, and the introduction of marketing and drainage tools.

<u>Countermeasure</u>:

In response to the increase in China's domestic basic wages, the company is committed to employee education and training, strengthening human development and talent cultivation, in order to rapidly improve the competitiveness of talents and the use of human resources, thereby reducing the needs of manpower in operating activities. On the other hand, the Company had successively introduced various electronic systems, introduced a multi-channel payment model, and achieved over-the-counter payment. By investing in new technologies, it can not only provide customers with better services, improve accounting accuracy, but also effectively reduce the background manpower expenditure. Expenses for online selling can be reduced with cost-sharing with branded product suppliers and signing contracts with live streamers.

5.2.2 Expanded branches in the same industry and the development of shopping centers, making the competition in department store retailing fiercer than ever.

Due to the rapid development of China's commercial real estate market, department stores have gradually expanded their branches. In addition, large-scale composite retail stores, shopping malls, chain convenience stores, chain convenience supermarkets and online shopping have joined and split market, diversion of customers and reduction of supplier resources, making it more competitive than ever and increasing the pressure of the Company.

Countermeasure:

In addition, to enhance the competitiveness of each store, the Company shall continue to strengthen the customer service. In line with the principles of service priority to be reluctant to satisfy the customers, and to constantly adjust the business models, reposition and modification, and strengthening cross-industry cooperation by strategy in response to changes in consumer behavior. With clear and good store planning, more precise market segmentation and marketing strategy planning, creating the barriers from other market formed by the peers to ensure the market share.

5.2.3 Internet and Variance of Consumer Habits

Due to the development of the Internet and mobile networks, consumers are provided with convenient and fast consumption channels, creating a new consumption pattern that gradually erodes into the traditional consumer channel market.

Through the analysis of VIP customers' big data, we can deeply grasp the customers' shopping habits and needs, and seek their experienced services such as novelty, fashion, pleasure and value.

Countermeasure:

O2O network marketing (through WeChat, Weibo, etc.), to increase the visibility of the Company in the network, and expand the identity from the network's emerging consumer group. Also, to increase the collection and utilization of VIP customer information, to analyze and to judge consumer shopping habits and preferences. Conducting one-to-one accurate marketing, which will help to enhance consumer experience and raise the loyalty. We established the “Borderless Retail Department” last year to develop an integrated online distribution strategy. Whilst we expand online business via the Ta Yang app, we also sell products on mcmore and work with live streamers on “Douyin” and “Kuaishou”.

5.2.4 Mounting talent shortage

Given the rapid expansion of commercial property projects, the industry is seeing a talent shortage of different levels, not only in senior managers but also in junior managers, brand buyers, store managers and senior shop attendants.

Countermeasure:

Our Company has spared no effort in the training and education of employees, the development of talent pipelines and the enhancement of human resources. The purpose is to quickly improve our manpower competitiveness and human resources utilization efficiency. During the past two years, we have recruited many management trainees from key universities. Under our development program, they have become an important workforce in our shops and Unbounded Retail Department.

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

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

(III) Supply of the Major Materials

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

(IV) List of Major Purchase/Sales Customers

1 Information on Major Supplier over the Past 2 Years

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

2 Information on Major Sales Customer over the Past 2 Years

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

(V) Production Volume over the Past 2 Years

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

(VI) Sales Volume over the Past 2 Years

Currency: NTD (thousand)

Main Products	Year 2019				Year 2020			
	Domestic Sales (Note 1)		Foreign Sales (Note1 & Note 2)		Domestic Sales (Note 1)		Foreign Sales (Note1 & Note 2)	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Joint Counter	—	2,522,661	—	—	—	1,512,406	—	—
Direct Counter	—	1,920,388	—	—	—	1,685,987	—	—
Rentals and Others	—	2,199,282	—	—	—	1,592,471	—	—
Total	—	6,642,331	—	—	—	4,790,864	—	—

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

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

III Number of Employee in the Past 2 Years

Year		2019	2020	2021/3/31
Number of Employee	Manager	14	16	18
	General Employee	1,543	1,402	1,357
	Total	1,557	1,418	1,375
Age in Average		35.85	36	36.8
Average Year of Service		6.4	7.2	7.4
Academic Education Distribution Rate	Ph.D.	0.00%	0.00%	0.00%
	Master	0.58%	0.78%	0.94%
	Bachelor	61.46%	62.76%	62.04%
	Senior High School	25.50%	24.75%	26.33%
	below Senior High School	12.46%	11.71%	10.69%

IV Information on Green Expenses

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

V Labor Relations

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

1 Employee Welfare

In addition to the various welfare measures, the Group has a special department responsible for planning and implementing employee benefits to promote the development of the company's human resources. At present, the Company provides employee insurance benefits measures in addition to the employee's medical insurance, basic employee pension insurance, unemployment insurance, employee injury insurance, maternity insurance and housing provident fund, as well as personal accident insurance. In addition to the insurance and welfare measures, the employees of the Group also enjoy welfare measures such as company feeding (employees at department stores), paid holidays, birthday cake coupons, health checks and condolences, and enjoy the festival bonuses during the Spring Festival and Mid-Autumn Festival. Bonus and year-end bonuses are determined based on the monthly performance of each store and the approved level of personnel assessment.

2 Education and Training

In order to improve the quality and work skills of our employees, and to strengthen the efficiency and quality of work, the Company has compiled a budget for education and training expenses for employee training. Each department store arranges new employee induction training and professional skills training, where in 2020 there had been 116 sessions of New Employee Induction Training completed, of which there had been 302 trainees; 212 sessions of New Shop Assistant Training completed, of which there had been 3,199 trainees; 128 sessions of Professional Skills Training completed, of which there had been 1,836 trainees (wherein there were 2 sessions of Official Document Writing Norms completed, of which there had been 52 trainees; 11 sessions of Supervisor Education and Training completed, of which there had been 489 trainees; 15 sessions of annual meeting spiritual theme of Chairman complete, of which there had been 610 trainees); 60 sessions of Service Skills (I) completed, of which there had been 256 trainees; 40 sessions of Service Skills (II) completed, of which there had been 429 trainees; 113 sessions of Group Mini Program completed, of which there had been 1,184 trainees; 51 sessions of Cpos Training completed, of which there had been 1,647 trainees. 28 sessions of Online training completed, of which there had been 3,938 trainees. Additionally, outdoor recruitment expo is held at least once per year, to meet our purpose to cultivate extraordinary talents.

3 Retirement System and Implementation

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

4 Labor Coordination

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

5 Various Employee Rights Maintenance Measures

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

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

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

VI Material Contract

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Finance Contract	The Company and Bank of Taiwan	2019/9/20~2021/9/20	The Company and the Bank of Taiwan had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and Bank of Taiwan	2020/9/21~2022/9/21	The Company and the Bank of Taiwan had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and Land Bank of Taiwan	2020/9/21~2022/9/21	The Company and Land Bank of Taiwan had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and Bank of Panhsin	2020/9/21~2022/9/21	The Company and Bank of Panhsin had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and HUA NAN Bank	2020/11/20~2021/11/20	The Company and HUA NAN Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and CTBC Bank	2021/1/29~2023/1/04	The Company and CTBC Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and Entie Commercial Bank	2020/6/22~2021/7/16	The Company and Entie Commercial Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Finance Contract	The Company, Grand Citi Ltd. and BEA	2020/4/08~2021/4/08	The Company, Grand Citi Ltd. and BEA had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and KGI Bank	2020/12/30~2022/12/30	The Company and KGI Bank had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	The Company and FEIB	2021/02/19~2021/09/30	The Company and FEIB had cosigned a letter of credit for the financing amount and banking services provided by the latter.	NO
Finance Contract	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. and Hankou Bank Co., Ltd. Jianghan Branch	2017/9/24~2022/9/25	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. acquired a credit facility of real estate mortgage loan from Hankou Bank Co., Ltd. Jianghan Branch.	Real Estate Mortgage Setting
Finance Contract	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. and Hankou Bank Co., Ltd. Jianghan Branch	2018/2/8~2021/2/9	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. acquired a credit facility of real estate mortgage loan from Hankou Bank Co., Ltd. Jianghan Branch.	Real Estate Mortgage Setting
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and China Merchants Bank Co., Ltd. Shanghai Tianshan Branch	2019/7/15~2022/7/14	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility of real estate mortgage loan from China Merchants Bank Co., Ltd. Shanghai Tianshan Branch.	Real Estate Mortgage Setting
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2019/7/23~2022/8/5	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NO
Finance Contract	Grand Ocean Classic Commerical Group Co., Ltd. and CTBC Bank Shanghai Branch	2020/11/16~2023/11/15	Grand Ocean Classic Commerical Group Co., Ltd. acquired a credit facility from CTBC Bank Shanghai Branch	NO

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Insurance Contract	The Company and Fubon Product Insurance Co., Ltd.	2020/10/1~2021/10/1	The Company and Fubon Product Insurance Co., Ltd. has cosigned a liability insurance contract for Directors and managers.	NO
Lease Contract	Taiwan Office of the Company and the Final Parent Company – First Steamship Co., Ltd.	2020/9/1~2021/8/31	Taiwan office of the Company leased an office from First Steamship Co., Ltd.	NO
Lease Contract	Grand Ocean Classic Commerical Group Co., Ltd. and Shanghai Tianan Center Building Co., Ltd.	2016/5/1~2022/4/30	Grand Ocean Classic Commerical Group Co., Ltd. leased an office from Shanghai Tianan Center Building Co., Ltd.	NO
Lease Contract	Fuzhou Grand Ocean Commerical Limited and the 285 Sub-owners who Possess a Part of Properties as Operation Location by Grand Ocean Classic Commerical Group Co., Ltd.	2011/10/1~2021/9/30	Grand Ocean Classic Commerical Group Co., Ltd. leased the properties from the 285 Sub-owners who possess a part of properties as operation location by Grand Ocean Classic Commerical Group Co., Ltd.	NO
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Tiandu Industrial Co., Ltd.	2003/1/1~2022/12/31	Nanjing Grand Ocean Classic Commerical Limited leased the department store location from Nanjing Tiandu Industrial Co., Ltd.	NO
Lease Contract	Nanjing Grand Ocean Classic Commerical Limited and Nanjing Red Sun Real Estate Development Co., Ltd.	2011/5/1~2031/4/30	Nanjing Grand Ocean Classic Commerical Limited leased the properties as the department store location for Nanjing Secondary Store from Nanjing Red Sun Real Estate Development Co., Ltd.	NO
Lease Contract	Hefei Grand Ocean Classic Commerical Development Limited and Anhui Meiyuan Investment Real Estate Co., Ltd.	2012/9/30~2032/9/30	Hefei Grand Ocean Classic Commerical Development Limited leased the department store location from Anhui Meiyuan Investment Real Estate Co., Ltd.	NO
Lease Contract	Wuhan Grand Ocean Classic Commerical	2004/12/18~2024/12/31	Wuhan Grand Ocean Classic Commerical Develpoment Ltd. leased the department store	NO

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
	Develpoment Ltd. Wuhan Wanda Commercial Plaza Co., Ltd. and Wuhan Holding Company Ltd.		location from Wuhan Holding Company Ltd.	
Lease Contract	Wuhan Optics Valley Grand Ocean Commerical Development Limited and Wuhan Lijia Real Estate Co., Ltd.	2008/8/1~2028/7/31	Wuhan Optics Valley Grand Ocean Commerical Development Limited leased the department store location from Wuhan Lijia Real Estate Co., Ltd.	NO
Lease Contract	Wuhan Hanyang Grand Ocean Classic Commercial Limited and Wuhan Trade State-owned Holding Group Co., Ltd.	2009/6/30~2029/6/30	Wuhan Hanyang Grand Ocean Classic Commercial Limited leased the department store location from Wuhan Trade State-owned Holding Group Co., Ltd.	NO
Lease Contract	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2011/9/10~2031/9/9	Yichang Grand Ocean Commerical Limited leased the department store location from Yichang Xinhengji Investment Development Co., Ltd.	NO
Lease Contract Supplementary Agreement	Yichang Grand Ocean Commerical Limited and Yichang Xinhengji Investment Development Co., Ltd.	2017/10/10~2031/9/9	To increase the area of the leased basement floor, with an area of approximately 5,300 square meters.	NO
Lease Contract	Chongqing Optics Valley Grand Ocean Commerical Development Limited and Chongqing Zhengsheng Real Estate Co., Ltd.	2009/3/1~2029/2/28	Chongqing Optics Valley Grand Ocean Commerical Development Limited leased the department store location from Chongqing Zhengsheng Real Estate Co., Ltd.	NO
Lease Contract	Fuzhou JIARUIXING Business Administration Limited and Fujian Dongbai Group Co., Ltd.	2018/8/2~2028/8/2	Fuzhou JIARUIXING Business Administration Limited leases the location for department store business from Fujian Dongbai Group Co., Ltd.	NO

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
Management Agreement	Grand Ocean Classic Commerical Group Co., Ltd. and Shanghai 1000 Trees Business Administration Ltd.	2019/10/1~2021/9/30	Grand Ocean Classic Commerical Group Co., Ltd. bids for the 1000 Trees commercial project to assist the business operation and management of Shanghai 1000 Trees Business Administration Ltd.,	NO
Contract on Commodity Housing Transaction	Quanzhou Grand Ocean Commerical Limited and Quanzhou Fuhua Commercial Building Co., Ltd.	2012/2/21	Quanzhou Grand Ocean Commerical Limited purchased the department store location from Quanzhou Fuhua Commercial Building Co., Ltd. (property certificate of B1F garage, B2F garage, B1F mall, 1F mall, 2F mall, 3F mall and 5F mall had been acquired; property certificate of 4F mall is still under processing)	NO
Contract on Commodity Housing Pre-sale	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited and Hubei Grand Ocean Sino-Universe Investment Co., Ltd.	2017/1/18	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited purchased the properties in “Shiyan International Financial Center” from 1F to 7F with an area of approximately 36,000 square meters from Hubei Grand Ocean Sino-Universe Investment Co., Ltd., which is planned to serve as a follow-up department store location.	NO
Contract on Commodity Housing Transaction (Pre-sale)	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited and Hubei Grand Ocean Sino-Universe Investment Co., Ltd.	2017/12/7	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited newly purchased the properties in “Shiyan International Financial Center” from 8F to 9F with an area of approximately 11,800 square meters from Hubei Grand Ocean Sino-Universe Investment Co., Ltd., which is planned to serve as a follow-up department store location.	NO
Contract on Commodity Housing Transaction (Pre-sale)	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited and Hubei Grand Ocean Sino-Universe Investment Co., Ltd.	2019/7/4	Wuhan Optics Valley Grand Ocean Commerical Develpoment Limited newly purchased the properties in “Shiyan International Financial Center” from 1F to 2F with an area of approximately 2,169.44 square meters from Hubei Grand Ocean Sino-Universe Investment Co., Ltd.,	NO

Characteristic of Contract	Party	Date of Start and Expiration of Contract	Major Contents	Clause of Limitation
			which is planned to serve as a follow-up department store location.	

Six. Financial Overview

I *Concise Financial Information over the Past 5 Years*

Concise Balance Sheet and Comprehensive Income Statement

(I) Concise Balance Sheet

Currency: NTD (thousand)

Item \ Year		Financial Analysis over the Past 5 Years (Note 1) 2016	2017	2018	2019	2020	2021 Q1 (Note 2)
Current Assets		9,802,333	8,503,378	7,695,337	5,680,778	5,131,625	4, 403, 938
Property, Plant and Equipment		5,110,274	6,868,394	6,624,600	7,215,048	7,101,445	6, 939, 234
Intangible Assets		1,899,784	1,839,797	1,838,929	1,775,436	1,765,189	1, 757, 637
Other Assets		5,229,803	4,795,814	4,775,809	11,547,471	10,342,738	10, 002, 627
Total Assets		22,042,194	22,007,383	20,934,675	26,218,733	24,340,997	23, 103, 436
Current Liabilities	before Distribution	6,976,948	9,108,111	7,194,719	7,401,648	6,839,423	6, 185, 236
	after Distribution	7,159,827	9,335,210	7,525,905	7,831,816		Not applicable
Non-current Liabilities		5,550,048	3,144,430	3,910,056	9,913,540	8,990,130	8, 447, 335
Total Liabilities	before Distribution	12,526,996	12,252,541	11,104,775	17,315,188	15,829,553	14, 632, 571
	after Distribution	12,709,875	12,479,640	11,435,961	17,745,356		Not applicable
Owner`s Equity		9,506,805	9,749,811	9,829,596	8,903,545	8,511,444	8, 470, 865
Share Capital		1,994,990	1,994,990	1,974,690	1,955,310	1,955,310	1, 955, 310
Additional Paid-in Capital		5,143,330	5,144,696	5,092,360	5,063,420	5,065,491	5, 066, 001
Retained Earnings	before Distribution	3,322,430	3,481,498	3,708,750	2,999,512	2,447,222	2, 457, 777
	after Distribution	3,139,551	3,254,399	3,377,564	2,569,344		Not applicable
Other Equity		(481,745)	(554,374)	(742,835)	(1,114,697)	(956,579)	(1, 008, 223)
Treasury Stock		(472,200)	(316,999)	(203,369)	-	-	-
Non-controlling Interest		8,393	5,031	304	-	-	-
Total Equity	before Distribution	9,515,198	9,754,842	9,829,900	8,904,545	8,511,444	8, 470, 865
	after Distribution	9,332,319	9,527,743	9,498,714	8,473,377		Not applicable

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2021 has been examined by the accountant.
Note 3: Regarding the Earnings Distribution of Year 2020, the Board had resolved the draft on cash dividends distribution to the shareholders of the total amount at NT$195,531 thousand, waiting for the resolution by the Shareholders Meeting 2021.

(II) Concise Comprehensive Income Statement

Currency: NTD (thousand)

Item \ Year	Financial Analysis over the Past 5 Years (Note 1)					2021 Q1 (Note 2)
	2016	2017	2018	2019	2020	
Operation Revenues	6,400,147	6,041,927	6,457,831	6,642,331	4,790,864	1,457,857
Gross Profit	5,258,259	4,759,211	5,015,146	4,886,137	3,217,206	966,815
Operation Profit or Loss	874,829	885,800	977,640	1,286,677	246,480	148,507
Non-operation Income and Expense	(191,187)	(270,036)	(218,018)	(357,819)	(427,889)	(71,222)
Earnings before Tax	683,642	615,764	759,622	928,858	(181,409)	77,285
Current Net Profit of Continued Operating Unit	307,718	338,788	490,621	603,637	(122,122)	10,555
Losses on Discontinued Unit	-	-	-	-	-	-
Current Net Income (Loss)	307,718	338,788	490,621	603,637	(122,122)	10,555
Current Other Comprehensive Profit or Loss (Net Amount after Tax)	(924,729)	(72,832)	(188,464)	(371,862)	158,118	(51,644)
Current Total Comprehensive Income	(617,011)	265,956	302,157	231,775	35,996	(41,089)
Net Profit Attributed to Owner of Parent Company	310,419	341,947	495,345	603,941	(122,122)	10,555
Net Profit Belongs to Non-controlling Interests	(2,701)	(3,159)	(4,724)	(304)	-	-
Total Amount of Comprehensive Income Attributed to Owner of Parent Company	(613,471)	269,318	306,884	232,079	35,996	(41,089)
Total Amount of Comprehensive Income Belongs to Non-controlling Interests	(3,540)	(3,362)	(4,727)	(304)	-	-
Earnings per Share	1.65	1.87	2.71	3.10	(0.62)	0.05

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2021 has been examined by the accountant.

II Financial Analysis over the Past 5 Years

Financial Analysis

Item	Year	Financial Analysis over the Past 5 Years (Note 1)					2021 Q1 (Note 2)
		2016	2017	2018	2019	2020	
Financial Structure (%)	L/A Rate	56.83%	55.67%	53.04%	66.04%	65.03%	63.34%
	Rate of Long-term Funds to Property, Plant and Equipment	294.64%	187.73%	207.40%	260.80%	246.45%	243.81%
Solvency (%)	Current Ratio	140.50%	93.36%	106.96%	76.75%	75.03%	71.20%
	Quick Ratio	130.67%	85.04%	97.38%	69.11%	66.48%	60.54%
	Interest Coverage Ratio	6.74	6.38	6.31	2.43	-	1.58
Management Capacity	Receivables Turnover Rate (times)	30.68	20.62	20.27	27.47	27.98	31.33
	Average Collection Days	11.89	17.70	18.00	13.28	13.04	11.65
	Inventory Turnover Rate (times)	5.44	6.26	6.07	6.37	5.21	5.93
	Payables Turnover Rate (times)	0.27	0.31	0.37	0.52	0.59	0.94
	Average Sales Days	67.09	58.30	60.13	57.29	70.05	61.55
	Property, Plant and Equipment Turnover Rate (times)	1.14	1.01	0.96	0.96	0.67	0.83
	Total Assets Turnover Rate (times)	0.27	0.27	0.30	0.28	0.19	0.25
Profitability	Return on Assets (%)	1.65%	1.93%	2.79%	4.63%	1.18%	1.87%
	Return on Equity (%)	3.06%	3.52%	5.01%	6.44%	(1.40)%	0.50%
	Pre-tax Net Profit as a Percentage of Paid-up Capital (%)	34.27%	30.87%	38.47%	47.5%	(9.28)%	15.81%
	Net Profit Rate (%)	4.81%	5.61%	7.60%	9.09%	(2.55)%	0.72%
	Earnings per Share (NTD)	1.65	1.87	2.71	3.10	(0.62)	0.05
Cash Flows	Cash Flow Ratio (%)	14.49	7.67%	12.64%	22.93%	4.26%	Note3
	Cash Flow Allowable Ratio (%)	142.88	76.12%	69.22%	78.66%	87.44%	Not Applicable
	Cash Reinvestment Ratio (%)	5.72	3.70%	4.79%	6.23%	(0.67)%	Note3
Leverage	Operating Leverage	3.63	3.31	3.18	3.38	12.52	1.13
	Financial Leverage	1.16	1.15	1.17	2.02	(0.79)	1.16

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

1. Interest Protection Multiples: Due to the pandemic, the government has tightened control over group gatherings and limited the crowd sizes in specific areas. As consumers are worried about the infection with COVID-19, they have changed their spending habits in the physical stores. Although all stores have taken the initiative to obtain rent reductions from its tenant landlords, fixed operating expenses, such as water and electricity, salaries, etc. did not decrease likewise, resulting in a decrease in profitability, and a net loss before tax.
2. Average Inventory turnover days: Affected by the pandemic, operating costs also declined as the revenue fell.
3. Property, plant and equipment turnover (time): Same as item 2。
4. Total assets turnover (time) : Same as item 3。
5. Return on Assets (ROA): Same as item 1。
6. Return on Equity: Same as item1。
7. Ratio of Net Profit before Tax to Paid-in Capital: Same as item 1。
8. Net Income to sales: Same as item 1。
9. Earning per Share: Same as item 1。
10. Cash Flow Ratio: Affected by the pandemic, the revenue and the profit decreased significantly.
11. Cash Flow Reinvestment Ratio: Same as item 10。
12. Operating Leverage: Same as item 10。
13. Financial Leverage: Same as item 1。

Note 1: All the financial statements over the past 5 years have been certificated by the accountant.
Note 2: Financial information as of Mar 31, 2021 has been examined by the accountant.
Note 3: The net cash flow from operating activities is a net cash outflow and is therefore not presented here.

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

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

Note 5: The formula for calculating the earnings per share should be paid attention to the following:

1. It is based on the weighted average number of common shares but not the number of shares issued at the end of the year.
2. For those who have transactions regarding cash replenishment or treasury shares, of which the circulation period should be considered to calculate the weighted average number of shares.
3. Regarding the earnings or capital reserves transferred to capital increase will be retrospectively adjusted according to the proportion of capital increase when calculating the earnings per share of the previous year and the semi-annual, and there is no need to consider the issue period of the capital increase.
4. If the preferred stock is a non-convertible accumulative one, its current year's dividend (whether or not it is paid) should be deducted from the net profit after tax, or increase the net loss after tax. If the preferred stock is non-cumulative, in the case of net profit after tax, the preferred stock dividends shall be deducted from the net profit after tax; if it is a loss, it shall not be adjusted.

Note 6: Cash flow analysis should be paid attention specially to the following items when measuring:

1. Net cash flow from operating activities refers to the net cash inflows from operating activities in the cash flow statement.
2. Capital expenditure refers to the number of cash outflows per year of capital investment.
3. The increase in inventory is only included when the balance at the end of the period is greater than the opening balance. If the inventory at the end of the period is reduced, it is calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred shares.
5. Gross property, plant and equipment are the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 7: The issuer shall classify various operating costs and operating expenses into fixed and variable terms according to the nature thereof. If there is any estimation or subjective judgment, they should be paid attention to their rationality and maintain the consistency.

Note 8: If the company's stock is not denominated or the denomination is not NT$10, the calculation of the proportion of the paid-up capital in the preceding paragraph shall be calculated based on the equity ratio of the balance sheet attributable to the owner of the parent company.

Audit Report of Audit Committee

The Board of Directors produced the Company's 2020 Annual Business Report and Consolidated Financial Statements. The consolidated financial statements were entrusted by the CPAs Zhang Shuying, and Lai Lizhen of KPMG Taiwan to verify the audit and issued an audit report. Business report, consolidated financial statements and earnings distribution bill as above have been checked by the Audit Committee, and incompatibility is not yet found. Thus Article 14.4 of Securities Exchange Act as well as Article 219 of Company Act of R.O.C. are to be adopted for the report, please be informed.

Sincerely

GRAND OCEAN RETAIL GROUP LTD. Shareholders General Meeting 2020

GRAND OCEAN RETAIL GROUP LIMITED

Audit Committee Coordinator: Sher Ching Yee

APR 27, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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 for the year ended December 31, 2020 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. We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants , Rule No. 1090360805 issued by the FSC 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(n), 5(b), 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 uncertainty of assumptions in assessment of impairment of goodwill and trademark privileges, as well as details of impairment of goodwill and intangible assets, respectively.

Description of key audit matter:

As of December 31, 2020, 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.

How the matter was addressed in our audit

We casted professional doubt on the model that the Group’s management used to assess the impairment of goodwill and trademark, including to evaluate whether management had identified cash generating units (“CGU”) which might have impairments, and to consider all the assets that had to be tested had been included in the assessment. We also reviewed 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(n), 5(a), 6(e), and 6(f) 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, 2020, the carrying amounts of property, plant and equipment and right- of- use assets constitute 60% 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 casted professional doubt on the model that the Group's management used to assess assets impairment, 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(h) 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, 2020, the carrying amounts of other receivables, originated from uncollected prepaid investments, amounted to $707,100 thousand, and constituted 3% 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 31, 2021

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Currency: NTD (thousand)

	Assets	Dec 31, 2020 Amount	%	Dec 31, 2019 Amount	%
	Current Assets:				
1100	Cash and Cash Equivalents (Note 6 (a))	$ 3,757,428	15	4,641,324	18
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current (Note 6 (b))	74,619	-	61,504	-
1170	Accounts Receivable of Net Amount (Note 6 (c))	198,626	1	143,880	1
1200	Other Receivables (Note 6 (c),(h) &7)	460,733	2	190,029	1
1300	Inventories – Merchandising Business	314,428	1	289,697	1
1410	Pre-payments (Note 7)	270,170	1	275,939	1
1461	Non-current Assets Held for Sale (Note 6 (d))	14,953	-	35,083	-
1476	Other Financial Assets – Current (Note 6 (h) and 8)	40,668	-	43,322	-
		5,131,625	20	5,680,778	22
	Non-current Assets:				
1600	Property, Plants and Equipment (Note 5 (c) · 7&8)	7,101,445	29	7,215,048	27
1755	Right of use asset (Note 6 (f)&8)	8,641,219	36	9,581,742	37
1780	Intangible Assets (Note 6 (g))	1,765,189	7	1,775,436	7
1840	Deferred Tax Assets (Note 6 (n))	1,051,329	5	877,785	3
1980	Other Financial Assets – Non-current (Note 6 (h) & 7)	466,514	2	873,889	3
1990	Other Non-current Assets (Note 6 (o) and 7)	183,676	1	214,055	1
		19,209,372	80	20,537,955	78
	Total Assets	$ 24,340,997	100	26,218,733	100

	Liabilities and Equity	Dec 31, 2020 Amount	%	Dec 31, 2019 Amount	%
	Current Liabilities:				
2100	Short-term Loans (Note 6 (i))	$ 2,303,897	9	2,184,324	8
2171	Accounts Payable (Note 6 (k))	2,305,644	9	3,045,515	12
2219	Other Payables (Note 6 (e),(r) and 7)	741,751	4	753,279	3
2230	Current Tax Liabilities	2,671	-	131,525	-
2280	Current lease liabilities(Note 6 (l)and 7)	870,702	4	936,558	4
2322	Current portion of long-term borrowings (Note 6 (j))	604,616	2	350,447	1
2399	Other current liabilities	10,142	-	-	-
		6,839,423	28	7,401,648	28
	Non-current Liabilities:				
2541	Long-term Loans of Bank (Note 6 (j))	1,132,535	5	1,102,359	4
2570	Deferred Tax Liabilities (Note 6 (n))	61,473	-	41,605	-
2580	Non-Current lease liabilities(Note 6 (l) and 7)	7,297,423	30	8,217,038	32
2645	Deposit Received	498,699	2	552,538	2
		8,990,130	37	9,913,540	38
	Total Liabilities:	15,829,553	65	17,315,188	66
	Equity of Owner of Parent Company (Note 6 (o)):				
3100	Share Capital	1,955,310	8	1,955,310	8
3200	Additional Paid-in Capital	5,065,491	21	5,063,420	19
3310	Legal Reserve	580,244	2	580,244	2
3320	Appropriated Retained Earnings	1,114,697	5	742,835	3
3350	Retained Earnings	752,281	3	1,676,433	6
3400	Other Equity	(956,579)	(4)	(1,114,697)	(4)
	Total Equity	8,511,444	35	8,903,545	34
	Total Liabilities and Equity	$ 24,340,997	100	26,218,733	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, 2020 and 2019

Currency: RMB (thousand)

	Assets		Dec 31, 2020 Amount	%	Dec 31, 2019 Amount	%
	Current Assets:					
1100	Cash and Cash Equivalents (Note 6 (a))	$	860,844	15	1,076,423	18
1110	Financial Assets Measured at Fair Value through Profit or Loss – Current (Note 6 (b))		17,696	-	14,264	-
1170	Accounts Receivable of Net Amount (Note 6 (c))		44,506	1	33,369	1
1200	Other Receivables (Note 6 (c),(h) &7)		105,556	2	44,072	1
1300	Inventories – Merchandising Business		72,037	1	67,187	1
1410	Pre-payments (Note 7)		61,897	1	63,996	1
1461	Non-current Assets Held for Sale (Note 6 (d))		3,426	-	8,137	-
1476	Other Financial Assets – Current (Note 6 (h) and 8)		9,317	-	10,047	-
			1,175,679	20	1,317,495	22
	Non-current Assets:					
1600	Property, Plants and Equipment (Note 5 (c) · 7&8)		6,126,974	29	1,673,325	27
1755	Right of use asset (Note 6 (f)&8)		1,979,743	36	2,222,212	37
1780	Intangible Assets (Note 6 (g))		404,413	7	411,762	7
1840	Deferred Tax Assets (Note 6 (n))		240,864	5	203,577	3
1980	Other Financial Assets – Non-current (Note 6 (h) & 7)		106,881	2	202,674	3
1990	Other Non-current Assets (Note 6 (o) and 7)		42,801	1	49,644	1
			4,400,956	80	4,763,194	78
	Total Assets	$	5,576,635	100	6,080,689	100

	Liabilities and Equity		Dec 31, 2020 Amount	%	Dec 31, 2019 Amount	%
	Current Liabilities:					
2100	Short-term Loans (Note 6 (i))	$	527,833	9	506,592	8
2171	Accounts Payable (Note 6 (k))		528,234	9	706,321	12
2219	Other Payables (Note 6 (c),(r) and 7)		169,938	3	174,701	3
2230	Current Tax Liabilities		612	-	30,504	-
2280	Current lease liabilities(Note 6 (l)and 7)		199,482	4	217,208	4
2322	Current portion of long-term borrowings (Note 6 (j))		138,520	3	81,2763	1
2399	Other current liabilities		2,325	-	-	-
			1,566,944	28	1,716,602	28
	Non-current Liabilities:					
2541	Long-term Loans of Bank (Note 6 (j))		259,469	5	255,661	4
2570	Deferred Tax Liabilities (Note 6 (n))		14,084	-	9,649	-
2580	Non-Current lease liabilities(Note 6 (l) and 7)		1,671,874	30	1,905,708	32
2645	Deposit Received		114,254	2	128,145	2
			2,059,681	37	2,299,163	38
	Total Liabilities:		3,626,625	65	4,015,765	66
	Equity of Owner of Parent Company (Note 6 (o)):					
3100	Share Capital		492,105	9	492,105	8
3200	Additional Paid-in Capital		1,017,738	18	1,017,256	17
3310	Legal Reserve		121,503	2	121,053	2
3320	Appropriated Retained Earnings		250,178	4	161,321	3
3350	Retained Earnings		96,815	2	316,977	5
3400	Other Equity		(27,879)	(-)	(43,788)	(4)
	Total Equity		1,950,010	35	2,064,924	34
	Total Liabilities and Equity	$	5,576,635	100	6,080,689	100

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

Chairman: GUO RENHAO

Manager: HUANG QINGHAI

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Accounting Supervisor: LI MINFANG

GRAND OCEAN RETAIL GROUP LTD and Relational Subsidiaries

Consolidated Income Statement

For the years ended December 31, 2020 and 2019

Currency: NTD (thousand)

		2021		2020	
		Amount	%	Amount	%
4000	**Operating Revenues (Note 6 (s) &7)**	$ 4,790,864	100	6,642,331	100
5000	**Operating Costs**	1,573,658	33	1,756,194	26
	Gross Profit	3,217,206	67	4,886,137	74
6000	**Operating Expenses (Note 6 (e), (f), (g), (l), (m) , (r)and 7)**	2,958,101	62	3,599,460	54
6450	**Expected credit loss(Note 6 (c))**	12,625	-	-	-
		2,970,726	62	3,599,460	54
	Operating Income	246,480	5	1,286,677	20
	Non-operating Income and Expenses:				
7100	Total interest income(Note 6 (s) and 7)	26,242	1	56,364	1
7010	Other Revenues (Note 6 (s))	2,796	-	2,887	-
7020	Other Gains and Losses (Note 6 (d) and (s))	169,811	4	214,198	3
7050	Financial Costs (Note 6 (l) , (s) and 7)	(560,110)	(12)	(649,895)	(10)
7055	Expected Credit Losses (Note 6 (c),(h) and (t))	(66,628)	(1)	18,627	-
		(427,889)	(8)	(357,819)	(6)
7900	**Earnings before Tax**	(181,409)	(3)	928,858	14
7950	**Deduction: Income Tax Expenses (Note 6 (n))**	(59,287)	(1)	325,221	5
	Current Net Income （Loss）	(122,122)	(2)	603,637	9
8300	**Other Comprehensive Income:**				
8360	**Items that may be Re-classified Subsequently to Profit or Loss**				
8361	Exchange Difference on Translation of Foreign Operations	158,118	3	(371,862)	(6)
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	158,118	3	(371,862)	(6)
8300	**Other comprehensive income (loss)**	158,118	3	(371,862)	(6)
	Comprehensive income	$ 35,996	1	231,775	3
	Profit (loss), attributable to:				
8610	Owners of parent	$ (122,122)	(2)	603,941	9
8620	Non-controlling interests	-	-	(304)	-
		$ (122,122)	(2)	603,637	9
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 35,996	1	232,079	3
8720	Non-controlling interests	-	-	(304)	-
		$ 35,996	1	231,775	3
	Earnings (loss) per Share (Note 6 (p))				
9750	Basic earnings (loss) per share (NT dollars)	$	(0.62)		3.10
9850	Diluted earnings (loss) per share (NT dollars)	$	(0.62)		3.09

(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, 2020 and 2019

Currency: RMB (thousand)

			2021		2020	
			Amount	%	Amount	%
4000	**Operating Revenues (Note 6 (s) &7)**	$	1,118,631	100	1,482,485	100
5000	**Operating Costs**		367,437	33	391,960	26
	Gross Profit		751,194	67	1,090,525	74
6000	**Operating Expenses (Note 6 (e), (f), (g), (l), (m) , (r)and 7)**		690,694	62	803,355	54
6450	**Expected credit loss(Note 6 (c))**		2,948	-	-	-
			693,642	62	803,355	54
	Operating Income		57,552	5	287,170	20
	Non-operating Income and Expenses:					
7100	Total interest income(Note 6 (s) and 7)		6,127	1	12,580	1
7010	Other Revenues (Note 6 (s))		653	-	644	-
7020	Other Gains and Losses (Note 6 (d) and (s))		39,649	4	47,806	3
7050	Financial Costs (Note 6 (l) , (s) and 7)		(130,782)	(12)	(145,048)	(10)
7055	Expected Credit Losses (Note 6 (c),(h) and (t))		(15,557)	(1)	4,157	-
			(99,910)	(8)	(79,861)	(6)
7900	**Earnings before Tax**		(42,358)	(3)	207,309	14
7950	**Deduction: Income Tax Expenses (Note 6 (n))**		(13,843)	(1)	72,585	5
	Current Net Income		(28,515)	(2)	134,724	9
8300	**Other Comprehensive Income:**					
8360	**Items that may be Re-classified Subsequently to Profit or Loss**					
8361	Exchange Difference on Translation of Foreign Operations		15,909	1	(7,103)	-
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		15,909	1	(7,103)	-
8300	**Other comprehensive income (loss)**		15,909	1	(7,103)	-
	Comprehensive income	**$**	**(12,606)**	**1**	**127,621**	**9**
	Profit (loss), attributable to:					
8610	Owners of parent	$	(28,515)	(2)	134,792	9
8620	Non-controlling interests		-	-	(68)	-
		$	**(28,515)**	**(2)**	**134,724**	**9**
	Comprehensive income (loss) attributable to:					
8710	Owners of parent	$	(12,606)	(1)	127,689	9
8720	Non-controlling interests		-	-	(68)	-
		$	**12,606**	**1**	**127,621**	**9**
	Earnings (loss) per Share (Note 6 (p))					
9750	Basic earnings (loss) per share (NT dollars)	**$**	**(0.15)**		**0.69**	
9850	Diluted earnings (loss) per share (NT dollars)	**$**	**(0.15)**		**0.69**	

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

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

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
For the years ended December 31, 2020 and 2019

Currency: NTD (thousand)

	Share Capital	Additional Paid-in Capital	Retained Earnings: Legal Reserve	Retained Earnings: Appropriated Retained Earnings Reserve	Retained Earnings: Retained Earnings	Retained Earnings: Sum	Other Equity: Exchange Differences on Translation of Foreign Operations	Other Equity: Held for Sale Non-current Assets – Direct Equity	Treasury Stock	Attributed to Parent Company Total Equity	Non-controlling Interest	Total Equity
Balance as of Jan 1, 2019	1,974,690	5,092,360	530,710	554,374	1,641,673	2,726,757	(745,626)	2,791	(203,369)	8,847,603	304	8,847,907
Current Net Income	-	-	-	-	603,941	603,941	-	-	-	603,941	(304)	603,637
Current Other Comprehensive Income	-	-	-	-	-	-	(371,862)	-	-	(371,862)	-	(371,862)
Current Total Comprehensive Income	-	-	-	-	603,941	603,941	(371,862)	-	-	232,079	(304)	231,775
Appropriation and Distribution of Retained Earnings:												
Legal reserve appropriated	-	-	49,534	-	(49,534)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	188,461	(188,461)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(331,186)	(331,186)	-	-	-	(331,186)	-	(331,186)
Treasury Stock Retired	(19,380)	(28,566)	-	-	-		-	-	47,946	-	-	-
Share based payment transaction	-	(374)	-	-	-		-	-	155,423	155,049	-	155,049
Balance as of Dec 31, 2019	1,955,310	5,063,420	580,244	742,835	1,676,433	2,999,512	(1,117,488)	2,791	-	8,903,545	-	8,903,545
Current Net loss	-	-	-	-	(122,122)	(122,122)	-	-	-	(122,122)	-	(122,122)
Current Other Comprehensive Income	-	-	-	-	-	-	158,118	-	-	158,118	-	158,118
Current Total Comprehensive Income	-	-	-	-	(122,122)	(122,122)	158,118	-	-	35,996	-	35,996
Appropriation and Distribution of Retained Earnings:												
Special reserve appropriated	-	-	-	371,862	(371,862)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(430,168)	(430,168)	-	-	-	(430,168)	-	(430,168)
Treasury Stock Retired	-	2,071	-	-	-	-	-	-	-	2,071	-	2,071
Balance as of Dec 31, 2020	$ 1,955,310	5,065,491	580,244	1,114,697	752,281	2,447,222	(959,370)	2,791	-	8,511,444	-	8,511,444

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

Chairman: GUO RENHAO

Manager: HUANG QINGHAI

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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, 2020 and 2019

Currency: RMB (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	Held for Sale Non-current Assets – Direct Equity	Treasury Stock	Attributed to Parent Company Total Equity	Non-controlling Interest	Total Equity
Balance as of Jan 1, 2019	496,983	1,020,223	110,092	119,616	308,141	537,849	(37,297)	612	(41,714)	1,976,565	68	1,976,724
Current Net Income	-	-	-	-	134,792	134,792	-	-	-	134,792	(68)	134,724
Current Other Comprehensive Income	-	-	-	-	-	-	(7,103)	-	-	(7,103)	-	(7,103)
Current Total Comprehensive Income	-	-	-	-	137,792	134,792	(7,103)	-	-	127,689	(68)	127,621
Appropriation and Distribution of Retained Earnings:												
Legal reserve appropriated	-	-	10,961	-	(10,961)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	41,705	(41,705)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(73,290)	(73,290)	-	-	-	(73,290)	-	(73,290)
Treasury Stock Retired	(4,878)	(4,443)	-	-	-	-	-	-	9,321	-	-	-
Share based payment transaction	-	1,476	-	-	-	-	-	-	32,393	33,869	-	33,869
Balance as of Dec 31, 2019	492,105	1,017,256	121,053	161,321	316,977	599,351	(44,400)	612	-	2,064,924	-	2,064,924
Current Net loss	-	-	-	-	(28,515)	(28,515)	-	-	-	(28,515)	-	(28,515)
Current Other Comprehensive Income	-	-	-	-	-	-	15,909	-	-	15,909	-	15,909
Current Total Comprehensive Income	-	-	-	-	(28,551)	(28,515)	15,909	-	-	(12,606)	-	(12,606)
Appropriation and Distribution of Retained Earnings:												
Special reserve appropriated	-	-	-	88,857	(88,857)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(102,790)	(102,790)	-	-	-	(102,790)	-	(102,790)
Treasury Stock Retired	-	482	-	-	-	-	-	-	-	482	-	482
Balance as of Dec 31, 2020	$ 492,105	1,017,738	121,053	250,178	96,815	468,046	(28,491)	612	-	1,950,010	-	1,950,101

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

Chairman: **GUO RENHAO**

Manager: **HUANG QINGHAI**

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Accounting Supervisor: **LI MINFANG**

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows

For the years ended December 31, 2020 and 2019

Currency: NTD (thousand)

		2020	2019
Cash Flows from Operating Activities			
(Loss) profit before tax	$	(181,409)	928,858
Adjusting Events:			
Income and Expenses			
Depreciation expense		1,487,375	1,604,209
Amortization expense		4,727	7,673
Expected credit loss		79,253	(18,627)
Net gain on financial assets or liabilities at fair value through profit or loss		(69,706)	(50,860)
Interest expense		560,110	649,895
Interest income		(26,242)	(56,364)
Dividend income		(2,796)	(2,887)
Cost of share-based payments awards		2,071	1,271
Loss on disposal of property, plant and equipment		1,113	18,012
Impairment loss on non-financial assets		18,945	23,273
Reversal of Impairment of Non-financial Assets		-	(3,944)
Gain on rent concessions		(190,193)	-
Total adjustments to reconcile profit (loss)		1,864,657	2,171,651
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		52,709	59,266
Accounts receivable		(64,607)	190,623
Other receivables		59,580	(38,304)
Inventories		(20,771)	(38,872)
Prepayments		8,956	(12,039)
Sum of Net Variance of Assets Concern Operating Activities		35,867	160,674
Changes in operating liabilities:			
Accounts Payable		(762,709)	(489,680)
Other Payables		76,828	(83,555)
Other current liabilities		(183)	-
Sum of Net Variance of Liabilities Concern Operating Activities		(686,064)	(573,235)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		(650,197)	(412,561)
Total adjustments		1,214,460	1,759,090
Cash inflow generated from operations		1,033,051	2,687,948
Interest received		21,713	61,471
Dividends received		2,796	2,887
Interest paid		(560,792)	(653,101)
Income taxes paid		(205,523)	(402,053)
Cash Inflow from Operating Activities		291,245	1,697,152

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the years ended December 31, 2020 and 2019

Currency: NTD (thousand)

	2020	2019
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortized cost	-	227,533
Acquisition of property, plant and equipment	(409,271)	(801,206)
Proceeds from disposal of property, plant and equipment	434	516
Decrease in Refundable Deposits	24,156	3,023
Decrease in other receivables	-	224,027
Acquisition of Intangible Assets	(344)	(13,275)
Decrease (Increase) in other financial assets	4,455	(11,842)
Decrease in other non-current assets	32,278	-
Net cash flows used in investing activities	(348,292)	(371,224)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	131,142	427,057
Lease from Long-term Loans	915,170	704,662
Payments for Long-term Loans	(596,709)	(1,544,983)
(Decrease) Increase in Deposit Received	(59,493)	3,897
Payment of lease liabilities	(826,541)	(835,016)
Distribution of Cash Dividends	(430,168)	(331,186)
Treasury shares sold to employees	-	46,760
Net cash flows used in financing activities	(866,599)	(1,528,809)
Effect of exchange rate changes on cash and cash equivalents	39,750	(195,306)
Net decrease in cash and cash equivalents	(883,896)	(398,187)
Cash and cash equivalents at beginning of period	4,641,324	5,039,511
Cash and cash equivalents at end of period	$ 3,757,428	4,641,324

(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, 2020 and 2019

Currency: RMB (thousand)

		2020	2019
Cash Flows from Operating Activities			
(Loss) profit before tax	$	(42,358)	207,309
Adjusting Events:			
Income and Expenses			
Depreciation expense		347,291	358,309
Amortization expense		1,104	1,713
Expected credit loss		18,505	(4,157)
Net gain on financial assets or liabilities at fair value through profit or loss		(16,276)	(11,351)
Interest expense		130,782	145,048
Interest income		(6,127)	(12,580)
Dividend income		(653)	(644)
Cost of share-based payments awards		482	284
Loss on disposal of property, plant and equipment		260	4,020
Impairment loss on non-financial assets		4,423	5,194
Reversal of Impairment of Non-financial Assets		-	(880)
Gain on rent concessions		(44,409)	-
Total adjustments to reconcile profit (loss)		435,382	484,686
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets and liabilities at fair value through profit		12,307	13,227
Accounts receivable		(15,085)	42,545
Other receivables		13,913	(8,549)
Inventories		(4,850)	(8,676)
Prepayments		2,091	(2,687)
Sum of Net Variance of Assets Concern Operating Activities		8,376	35,860
Changes in operating liabilities:			
Accounts Payable		(178,087)	(109,290)
Other Payables		17,939	(18,648)
Other current liabilities		(43)	-
Sum of Net Variance of Liabilities Concern Operating Activities		(160,191)	(127,938)
Sum of Net Variance of Assets and Liabilities Concern Operating Activities		(151,805)	(92,078)
Total adjustments		283,567	392,608
Cash inflow generated from operations		241,209	599,917
Interest received		5,070	13,720
Dividends received		653	644
Interest paid		(130,941)	(145,764)
Income taxes paid		(47,987)	(89,733)
Cash Inflow from Operating Activities		68,004	378,784

GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Consolidated Statement of Cash Flows (continued)

For the years ended December 31, 2020 and 2019

Currency: RMB (thousand)

	2020	2019
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at amortized cost	-	50,783
Acquisition of property, plant and equipment	(95,562)	(178,819)
Proceeds from disposal of property, plant and equipment	100	115
Decrease in Refundable Deposits	5,640	675
Decrease in other receivables	-	50,000
Acquisition of Intangible Assets	(80)	(2,963)
Decrease (Increase) in other financial assets	1,040	(2,643)
Decrease in other non-current assets	7,537	-
Net cash flows used in investing activities	(81,325)	(82,852)
Cash flows from (used in) financing activities:		
Increase in Short-term Loans	30,620	95,314
Lease from Long-term Loans	213,685	157,272
Payments for Long-term Loans	(139,327)	(344,821)
(Decrease) Increase in Deposit Received	(13,891)	870
Payment of lease liabilities	(192,991)	(186,365)
Distribution of Cash Dividends	(102,790)	(73,290)
Treasury shares sold to employees	-	10,436
Net cash flows used in financing activities	(204,694)	(340,584)
Effect of exchange rate changes on cash and cash equivalents	2,436	(4,809)
Net decrease in cash and cash equivalents	(215,579)	(49,461)
Cash and cash equivalents at beginning of period	1,076,423	1,125,884
Cash and cash equivalents at end of period	$ 860,844	1,076,423

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

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

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GRAND OCEAN RETAIL GROUP LTD. and Relational Subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

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 31, 2021.

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, 2020 are as follows:

(i) Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(l).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $190,193 thousand (CNY$44,409 thousand).

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"

(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 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"

(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 for Note3 and Note4(l) 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

Besides 93.33% of Suzhou Grand Ocean Department Store Limited, all the shareholding ratios of other subsidiaries listed in the consolidated financial statements are 100%, which are listed as follows:

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	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 Retail Group Ltd.	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Grand Ocean Classic Commercial Group Co., Ltd	Nanjing Grand Ocean Classic 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	Nanjing Ocean Department Store 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	Fuzhou Jiaruixing Business Administration Limited	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	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, 2020	Shareholding December 31, 2019	Note
	Limited				
Nanjing Grand Ocean Classic Commerce Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	57.13%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
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	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
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%	- %	The company directly (indirectly) holds more than 50% of its subsidiaries
Fuzhou Grand Ocean Classic Commerce Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Optics Valley Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Xiangtan Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
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

Name of Investor	Name of Subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019	Note
Wuhan Grand Ocean Classic Commercial Development Limited	Wuhan Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Hengyang Grand Ocean Commercial Development Limited	Trading of cosmetics, furnishings, etc.	100.00%	100.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic Commercial Development Limited	Shiyan Optics Valley Grand Ocean Commercial 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	Xiangtan Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in November 2020
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 Hanyang Grand Ocean Classic Commercial Limited	Trading of cosmetics, furnishings, etc.	50.00%	50.00%	The company directly (indirectly) holds more than 50% of its subsidiaries
Wuhan Grand Ocean Classic 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 Hanyang Grand Ocean Classic Commercial 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
Hefei Grand Ocean Classic Commercial Development Limited	Fuzhou Tiandi Grand Ocean Department Store Co., Ltd.	Trading of cosmetics, furnishings, etc.	- %	14.29%	The company directly (indirectly) holds more than 50% of its subsidiaries and it also completed liquidation in December 2020

(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) Non-current assets held for sale

Noncurrent assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) 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 associates.

(k) 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.

(l) Lease

(i) 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3)the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) 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.

(iii)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'

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(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(e) and (f) 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(g) for further description of the impairment of goodwill and intangible assets.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		Dec 31, 2020	Dec 31, 2019
Vault Cash and Petty Cash	$	12,187	21,469
Demand Deposit		3,745,241	4,561,186
Time deposits		-	58,669
Total	$	3,757,428	4,641,324

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

(b) Financial assets and liabilities
(i) as below:

		Dec 31, 2020	Dec 31, 2019
Mandatorily measured at fair value through profit or loss: – Current:			
Open-end Funds	$	13,127	12,353
Shares of stock of listed companies		61,492	49,151
Total	$	74,619	61,504

(ii) Please refer to note 6(t) 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(s).

(c) Account receivables and other receivables

		Dec 31, 2020	Dec 31, 2019
Accounts Receivable	$	209,266	143,880
Allowance for impairment		(10,640)	-
		198,626	143,880
Other Receivables - Current：			
Other Receivables - Investment Funds(note6(m))		353,550	-
Other Receivables – Lease deposit		63,165	63,384
Other Receivables – Others (note7)		62,101	126,645
Deduction: Impairment Loss Allowance		(18,083)	-
Subtotal		460,733	190,029
Total	$	659,359	333,909

(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, 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 $957 thousand (CNY$229 thousand). As a result, the Group assessed that amount of $63,165 thousand (CNY$14,471 thousand) should have no impairment concern.

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

	For the years ended December 31	
	2020	2019
Balance on January 1	$ -	-
Impairment losses recognized	12,625	-
Amounts written off	(2,184)	-

Foreign exchange	199	-
Balance on December 31	$ 10,640	-

(d) Non-current assets held for sale

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 the investment using the equity method will be reported under the non-current assets classified as held for sale. As of December 31, 2020, the aforementioned assets had not been sold due to the circumstances which was previously considered unlikely to happen. The Group had taken necessary actions in response and actively looked for purchaser with reasonable prices. In March 2021, the Group signed a letter of intent and non-disclosure agreement with potential buyer, and expected to complete the transaction within one year.

As of December 31, 2020 and 2019, the amount of the non-current assets to be disposed of are as follows：

	December 31, 2020	December 31, 2019
Investments accounted for using equity method	$ 14,953	35,083

	December 31, 2020	December 31, 2019
Exchange difference arising from the translation of the financial statements of the foreign operating institution	$ (1,410)	(1,410)
Revaluation surplus	4,201	4,201
	$ 2,791	2,791

Above-mentioned non-current assets classified as held for sale were measured at a book value and fair value less than the cost of sales, and were recognized as impairment gain of $(18,945) thousand, and reversal of impairment loss of $3,944 thousand.Refer to note6(s)

As of December 31, 2020 and 2019, the non-recurring fair value measurement for the investments accounted for using equity method were measured at $14,953 thousand and $35,083 thousand, based on observable inputs which are the measurement basis of the price in similar transaction or in the same industry, and their fair value are in the first level, respectively.

(e) Property, Plants and Equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

	Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Cost or deemed cost:						
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
	Building	Transportation Device	Office Equipment	Lease Improvement	Construction in progress	Total
Balance as of Jan 1, 2019	$ 3,743,455	33,780	307,008	7,475,820	108,249	11,668,312
Add	5,192	-	11,932	175,431	593,558	786,113
Current Re-classification	4,247	104	6,599	311,858	(315,832)	6,976
Transferred from prepaid equipment	-	-	-	-	614,110	614,110
Transferred from intangible assets	-	-	673	13,502	-	13,725
Disposal and Abandonment	-	(4,584)	(88,111)	(1,157,663)	-	(1,250,358)
Influenced by Fluctuation of Exchange Rates	(137,716)	(1,033)	(8,640)	(249,460)	(37,558)	(434,407)
Balance as of Dec 31, 2019	$ 3,615,178	28,267	229,461	6,569,038	962,527	11,404,471
Depreciation and Impairment Losses:						
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
Balance as of Jan 1, 2019	$ 376,451	28,613	228,956	4,409,692	-	5,043,712
Depreciation	95,330	894	23,977	403,906	-	524,107
Current Re-classification	6,976	-	-	-	-	6,976
Transferred from intangible assets	-	-	243	4,924	-	5,167
Disposal and Abandonment	-	(4,309)	(84,612)	(1,142,909)	-	(1,231,830)
Influenced by Fluctuation of Exchange Rates	(17,666)	(885)	(6,097)	(134,061)	-	(158,709)
Balance as of Dec 31, 2019	$ 461,091	24,313	162,467	3,541,552	-	4,189,423
Book Value:						
Dec 31, 2020	$ 4,056,405	3,177	55,242	2,928,087	58,534	7,101,445
Jan 1, 2019	$ 3,367,004	5,167	78,052	3,066,128	108,249	6,624,600
Dec 31, 2019	$ 3,154,087	3,954	66,994	3,027,486	962,527	7,215,048

(ii) As of December 31, 2020 and 2019, due to payments to stores maintenance and to acquire the property for department stores, the Group recognized other payables amounting to $166,330 thousand and $261,609 thousand, respectively.

(iii) The disposal and obsolescence for the year ended December 31, 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) 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.

(v) As for the profit or loss of disposal, please refer to note 6 (s).

(vi) 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.

(f) 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, 2020	$ 3,254,497	7,331,030	58,037	10,643,564
Derecognition	-	(153,119)	-	(153,119)
Lease modifications	-	3,488	-	3,488
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
Balance at January 1, 2019	$ 3,378,465	7,527,045	55,018	10,960,528
Additions	-	-	5,235	5,235
Lease modifications	-	83,318	-	83,318
Effect of changes in foreign exchange rates	(123,968)	(279,333)	(2,216)	(405,517)
Balance at December 31, 2019	$ 3,254,497	7,331,030	58,037	10,643,564
Accumulated depreciation:				
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
Balance at January 1, 2019	$ -	-	-	-

Depreciation	99,367	973,518	7,217	1,080,102
Impairment loss	-	23,273	-	23,273
Effect of movement in exchange rate	(3,742)	(37,539)	(272)	(41,553)
Balance at December 31, 2019	$ 95,625	959,252	6,945	1,061,822
Carrying amounts:				
Balance at December 31, 2020	$ 3,100,911	5,495,874	44,434	8,641,219
Balance at January 1, 2019	$ 3,378,465	7,527,045	55,018	10,960,528
Balance at December 31, 2019	$ 3,158,872	6,371,778	51,092	9,581,742

(i) The subsidiary, Wuhan Longyang Grand Ocean Department Store, signed an agreement for the partial annual fee reduction of the department store building, resulting in a decrease of $56,496 thousand (CNY$12,609 thousand) for the right of use asset and lease liability. Because of the agreement made by Wuhan Guanggu Grand Ocean Department Store Co., Ltd. to increase the fixed rental expense beginning January 1, 2020, the right of use assets and lease liabilities had increased by $139,814 thousand (CNY$31,205 thousand). Lease liabilities refer to note 6(l)

(ii) For the year ended December 31, 2019, Fuzhou Tiandi Grand Ocean Department Store Co., Ltd. was in operation loss continuously, the Group recognized impairment loss of all its right-of-use assets amounting to $23,273 thousand (CNY$5,194 thousand). For the year ended December 31, 2020, the right-of-use assets and accumulated depreciation of Fuzhou Tiandi Grand Ocean Department Store Co., Ltd. and Yichang Grand Ocean Commerce Limited amounting to $88,982 thousand and $64,137 thousand were derecognized due to cease of business operation and non-lease components payments, respectively.

(g) Intangible Assets

The costs, amortization, and impairment loss of intangible assets for the years ended December 31, 2020 and 2019, were as follows:

	Goodwill	Trademark Rights	Computer Software	Total
Costs:				
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
Balance as of Jan 1, 2019	$ 1,390,327	430,575	71,263	1,892,165
Additions	-	-	13,275	13,275
Reclassification	-	-	(13,725)	(13,725)
Disposal	-	-	(3,530)	(3,530)
Influenced by Fluctuation of Exchange Rates	(51,016)	(8,971)	(2,463)	(62,450)

Balance as of Dec 31, 2019	$	1,339,311	421,604	64,820	1,825,735
Amortization and Impairment Losses:					
Balance as of Jan 1, 2020	$	-	-	50,299	50,299
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
Balance as of Jan 1, 2019	$	-	-	53,236	53,236
Amortization		-	-	7,673	7,673
Reclassification		-	-	(5,167)	(5,167)
Disposal		-	-	(3,530)	(3,530)
Influenced by Fluctuation of Exchange Rates		-	-	(1,913)	(1,913)
Balance as of Dec 31, 2019	$	-	-	50,299	50,299
Book Value:					
Dec 31, 2020	$	1,355,778	399,178	10,233	1,765,189
Jan 1, 2019	$	1,390,327	430,575	18,027	1,838,929
Dec 31, 2019	$	1,339,311	421,604	14,521	1,775,436

(i) Recognition of amortization

The amortization of intangible assets are included in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019:

		2020	2019
Operating Expenses	$	4,727	7,673

(ii) Impairment testing of goodwill

For impairment testing, the Group had allocated goodwill to two CGUs, Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited. The aggregated carrying amount of goodwill was allocated to each CGU as follows:

		December 31, 2020		December 31, 2019	
		Carrying amount	Recoverable amount	Carrying amount	Recoverable amount
Goodwill					
Wuhan Grand Ocean Classic Commercial Department Limited	$	190,894	487,793	188,575	1,810,483
Fuzhou Grand Ocean Commerce Limited		1,164,884	1,546,689	1,150,736	1,727,556
	$	1,355,778	2,034,482	1,339,311	3,538,039
Trademark					
Grand Ocean Classic Commercial Group Co., Ltd.	$	339,178	636,231	421,604	1,166,537

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, 2020 and 2019 was estimated on its value in use except Fuzhou Grand Ocean Commerce Limited, its recoverable amount was fair value less costs of disposal.

The fair value of Fuzhou Grand Ocean Commerce Limited, as of December 31, 2020 and 2019, 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 two CGUs, Wuhan Grand Ocean Classic Commercial Department Limited and Fuzhou Grand Ocean Commerce Limited, as of December 31, 2020 and 2019, were estimated on the value in use. The key assumptions used in estimating the value in use were as follows:

	December 31, 2020	**December 31, 2019**
Discount rate	10%	10%
Terminal value growth rate	3%	1%~4%

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.

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

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

		December 31, 2020	**December 31, 2019**
Other financial assets—current			
Deposits—out for lease	$	661	797
Restricted deposits		37,179	41,213
Others		2,828	1,312
	$	40,668	43,322
Other financial assets—non-current			
Deposits—out for lease	$	147,063	163,533
Deposits—out for investment		353,550	698,512
Others		4,480	11,844
Less: Allowance for impairment		(38,579)	-

$	466,514	873,889

(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. As of December 31, 2019, the outstanding receivables were $698,512 thousand (CNY$162,000 thousand). 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.

As of December 31, 2020, the outstanding receivables were $707,100 thousand (NCY$162,000 thousand). On February 9, 2021, the Group has collected the first payment of CNY$30,000 thousand. Besides, due to the renegotiation of payment and considering the default risk in expected duration. The Group recognizied expected credit loss of $55,597 thousand (CNY$12,981 thousand) for the year ended December 31, 2020.

In addition, the receivables within a year of maturity were reclassified as other receivables amounting to $353,550 thousand (CNY$81,000 thousand) and loss allowance amounting to $18,083 thousand (CNY$4,143 thousand).

(i) Short-term Loans

The details of short-term loans are as below:

		Dec 31, 2020	Dec 31, 2019
Unsecured Bank Loans	$	575,866	705,376
Secured Bank Loans		1,728,031	1,478,948
Total	$	2,303,897	2,184,324
Unused Credit Lines	$	125,550	433,385
Range of interest rates		1.71%~4.35%	3.32%~4.35%

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

(j) Long-term Loans

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

	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

	Dec 31, 2019			
	Currency	Interest Rate Collar	Year of Expiry	Amount
Unsecured Bank Loans	USD	3.20%~3.95%	109~110	$ 585,056
〃	RMB	4.94%	111	215,590
Secured Bank Loans	RMB	5.23%	110~111	652,160
				1,452,806
Less: current portion				(350,447)
Total				$ 1,102,359
Unused Credit Lines				$ 139,872

(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 (t).

(k) Accounts Payable

	Dec 31, 2020	Dec 31, 2019
Arising from direct sales	$ 117,806	$ 167,318
Arising from concessionaire sales	2,135,103	2,825,519
Others	52,735	52,678
Total	$ 2,305,644	$ 3,045,515

Most of payable arising from suppliers.

(l) Lease liabilities

The Group's lease liabilities were as follows:

	Dec 31, 2020	Dec 31, 2019
Current	$ 870,702	$ 936,558
Non-current	$ 7,297,423	$ 8,217,038

For the year ended December 31, 2020 and 2019, the Group increase of the lease liability for $0 and$5,235 thousand, and increase of the lease modification for $3,488 and $83,318 thousand. Right of use asset, please refer to note 6 (f).

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

The amounts recognized in profit or loss were as follow:

	For the year ended December 31	
	2020	2019
Interest on lease liabilities	$ 417,297	$ 478,834
Variable lease payments not included in the measurement of lease liabilities	$ 88,358	$ 129,338
Expenses relating to short-term leases	$ 1,594	$ 1,576
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	$ 39	$ 32
Related rent concessions for Covid-19 (recognized as deduction of depreciation expenses of right-of-use assets	$ 190,193	

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

	For the year ended December 31	
	2020	2019
Total cash outflow for leases	$ 1,333,829	1,444,795

(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, 2020 were as follows:

	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

	2019			
				Estimated annual impact

	Fixed payments	Variable payments	Total payments	on rent of a 1% increase in sales
Leases with lease payments based on sales	$ 97,099	129,338	226,437	1,293

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.

(m) 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 2020 and 2019 were $6,821 thousand and $58,769 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.

(n) Income Tax

(i) Income tax expense

The components of income tax were as follows:

	For the year ended December 31	
	2020	**2019**
Current Income Tax Expense		

Current period	$ 78,886	$ 407,736
Adjustment for prior periods	(1,384)	5,089
	77,502	412,825
Deferred Tax Expense		
Origination and reversal of temporary differences	(136,789)	(87,604)
Income Tax Expense	$ (59,287)	269,001

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

	For the years ended December 31	
	2020	2019
(Loss) profit excluding income tax	$ (181,409)	$ 928,858
Income Tax Calculated by Domestic Tax Rate of Consolidated Company	(45,351)	232,214
Effective Influence of Tax Rate by Foreign Jurisdiction	20,991	22,337
Expenses Not Able to Be Offset	8,007	16,738
Investment Losses	(197,308)	-
Unrecognized Taxing Losses of Prior Period of Recognition	-	(4,905)
Current Taxing Losses on Unrecognized Deferred Tax Assets	127,803	58,086
Prior Period Underestimation (or overestimation)	(1,384)	5,089
Others	27,955	(4,338)
Income Tax Expense	$ (59,287)	$ 325,221

(ii) Deferred Tax Assets

1) Unrecognized deferred tax assets

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

	Dec 31, 2020	Dec 31, 2019
The carry forward of unused tax losses	$ 307,404	$ 405,513

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, 2020 and 2019 were as follows:

Deferred tax assets:

	Rental expenses	Tax losses deduction and other	Total
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**
Balance at January 1, 2019	$ 359,914	158,719	518,633
Recognized in profit or loss	19,490	49,000	68,490
Recognized in other comprehensive income	329,302	-	329,302
Foreign currency translation differences for foreign operations	(26,025)	(12,615)	(38,640)
Balance at December 31, 2019	**$ 682,681**	**195,104**	**877,785**

Deferred Tax Liabilities:

	Retained Earnings
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**
Balance as of Jan 1, 2019	$ 61,487
Recognized in profit or loss	(19,114)
Influenced by Fluctuation of Exchange Rates	(768)
Balance as of Dec 31, 2019	**$ 41,605**

Deficit Year	Deficit without Deduction	Last Year with Deduction
2016	$ 75,521	2021
2017	373,910	2022
2018	90,155	2023
2019	169,027	2024
2020	521,004	2025
Total	$ 1,229,617	

(iii) Examination and Approval

The annual tax returns of subsidiaries in China through 2019 were examined and approved by the tax authority.

(o) Capital and Other Equity

As of December 31, 2020 and 2019, 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, 2020	Dec 31, 2019
Premium on Issued Shares	$ 5,041,030	$ 5,041,030
Treasury Stock Trading	24,461	22,390
	$ 5,065,491	$ 5,063,420

（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 June 27, 2019 and June 17, 2020 for the reversal of special earnings reserve of $188,461 thousand and the appropriation of special earnings reserve of $371,862 thousand, respectively.

3) Earnings distribution

On June 17, 2020 and June 27, 2019, resolutions were passed during the special shareholders' meeting and shareholders' meeting, respectively, to appropriate the 2019 and 2018 earnings, respectively. These earnings were appropriated as follows:

	For the years ended December 31	
	2019	**2018**
Dividends of Common Stock		
Cash	$ 430,168	331,186

(iii) Treasury stock

1) As of December 31, 2020 and December 31, 2019, 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.

By the board resolution on Feb 27, 2019, the company has written-down 1,938 thousand treasury shares in total, and concludes that Mar 12, 2019 is the date of capital reduction. Also, the company recognizes the capital reduction of common shares of $19,380 thousand, additional paid-in capital – issued stock premium of $49,964 thousand, as well as treasury stock costs of $47,946 thousand. And increase additional paid-in capital –Treasury stock trading of $21,398 thousand.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

1) The details for transferring treasury was as below:

Management share incentive plan	1st	2nd
Resolved date of board of directors' meeting	August 11, 2017	May 14, 2019
Transferring treasury shares (thousand shares)	6,370	6,282
Nominated employees	the senior level management, and employees nominated by the general manager or Board of Directors	
The grant-date fair value	\$0.052, \$0.076, and \$0.051	\$0.72 and \$0.60
Subscripted price per share	\$24.72, \$24.43, and \$24.73	\$24.43 and \$24.73
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. Within the 24th to the 36th month period from the subscription date, the employees can choose to sell up to 30% of the original shares subscripted or postpone the sale. C. Within the 36th month to the 48th month period from the subscription date, the employees can choose to sell another 30% of the original shares subscripted (i.e. accumulated shares sold cannot exceed 60% of the original shares subscripted) or postpone the sale. D. After the 48th month period from the subscription date, the employees can choose to sell the remaining 40% of the original shares subscripted (i.e. accumulated shares sold up to 100% of the original shares subscripted) or postpone the sale.	A. The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date. B. Within the 24th to the 36th month period from the subscription date, the employees can choose to sell up to 30% of the original shares subscripted or postpone the sale. C. Within the 36th month to the 48th month period from the subscription date, the employees can choose to sell another 70% of the original shares subscripted (i.e. accumulated shares sold cannot exceed 100% of the original shares subscripted) or postpone the sale.

Management share incentive plan	1st	2nd
The period which employees must comply with after	A. The employees cannot apply for these shares to be traded until the 24th month period has elapsed from the subscription date.	

shares have been granted	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 transferred price deducting tax was $153,776 thousand, and the Group recognized cost of share-based payments awards and capital surplus amounting to $1,271 thousand and $(374) thousand, respectively.

2) The details for transferring treasury shares to employees:

(In thousands of shares)

	For the years ended December 31	
	2020	2019
Outstanding at January 1	11,882	6,350
Granted during the year	-	6,282
Vested during the year	(1,375)	(750)
Outstanding at December 31	$ 10,507	11,882

The proceeds from transferring treasury shares were recognized as prepaid salary for employees to subscribe. As of December 31, 2020 and 2019, these prepaid salaries amounting to $183,676 thousand and $214,055 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 one year on February 27, 2020.

(iv) Other Equity (net income after tax)

	Profit or Loss Directly Concerns Non-current Assets Held for Sale	Exchange Difference on Translation of Foreign Operations	Non-controlling Interest
Balance as of Jan 1, 2020	$ 2,791	(1,117,488)	-
Exchange Difference on Translation of Net Assets of Foreign Operations	-	158,118	-
Balance as of Dec 31, 2020	$ 2,791	(959,370)	-
Jan 1, 2019	$ 2,791	(745,626)	304
Exchange Difference on Translation of Net Assets of Foreign Operations	-	(371,862)	-
Net Loss of Non-controlling Interest	-	-	(304)
Balance as of Dec 31, 2019	$ 2,791	(1,117,488)	-

(p) Earnings per Share

Calculations of the basic as well as diluted earnings per share of the consolidated company in 2020 and 2019 are listed as below:

	For the years ended December 31	
	2020	2019
Basic Earnings per Share		
Net Profit Attributed to Shareholder of Common Stock of Company	$ (122,122)	$ 603,941
Common Stock Outstanding at Beginning	195,531	197,469
Deduction: Influence of Treasury Stock	-	(2,617)
Weighted Average Common Shares Outstanding at Closing	195,531	194,852
Basic Earnings per Share (NTD)	$ (0.62)	$ 3.10
Diluted Earnings per Share		
Net Profit Attributed to Shareholder of Common Stock of Company	$ (122,122)	$ 603,941
Weighted Average Common Shares Outstanding (basic)	195,531	194,852
Influence of Potential Common Stock with Dilution Function		
Addition: Influence of Dividends Paid to Employees	-(Note)	388
Weighted Average Common Shares Outstanding (diluted)	195,531	195,240
Diluted Earnings per Share (NTD)	$ (0.62)	$ 3.09

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

(q) Revenue from Contracts with Customers

(i) Details of Revenue

	For the years ended December 31	
	2020	2019
Main Regional Markets:		
China	$ 4,790,864	$ 6,642,331
Main Product/Service:		
Commissions revenue (Retail revenue – concessionaire sales)	$ 1,512,406	2,522,661
Commodity sales (Retail revenue – direct sales)	1,685,987	1,920,388
Lease revenue (Note)	709,330	947,899
Service revenue and others	883,141	1,251,383
	$ 4,790,864	$ 6,642,331

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

(r)Employee compensation and directors' remuneration

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

As the 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. 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.

In 2019 and 2018, the company had accounted for $9,430 thousand and $7,712 thousand, respectively, as the rewards for employees, as well as accounting for $4,715 thousand and $3,856 thousand, respectively, as the rewards for board members. On March 30, 2020 and On March 28, 2019, by board resolutions, the company had accounted for $9,450 thousand and $7,800 thousand, respectively, as the rewards for employees, as well as accounting for $0 thousand and $3,900 thousand, respectively, as the rewards for board members, where the differences between actual distribution and estimation were $4,695 thousand and $132 thousand, respectively. They will be treated as the changes in accounting estimates and recognized as the profit or loss of 2020 and 2019, respectively. All the relational information can be referred in the Market Observation Post System.

	For the years ended December 31	
	2020	2019
Interest of Back Deposit	$ 19,250	$ 27,478
Interest Income from Financial Assets Measured at Amortized Cost	-	17,701
Loans of Related Parties	-	10,124
Open-end Funds	989	1,061
Other	6,003	-
Total	$ 26,242	$ 56,364

(ii)Other Income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Dividend income	$ 2,796	2,887

(iii)Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ (1,113)	(18,012)
Foreign exchange gain (losses)	576	3,581
Net gain (loss) on financial assets at fair value through profit or loss	69,706	50,860
Impairment loss (gain of reversal) of Non current assets classified as held for sale	(18,945)	3,944
Impairment loss of Right of use assets	-	(23,273)
Other Gains and Losses (such as fees and charges of credit card, etc.)	119,587	197,098
Total	$ 169,811	214,198

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest Expense	$ 142,813	170,563
Interest on Lease liabilities	417,297	478,834
Other Financial Expenses	-	498
Total	$ 560,110	649,895

(t) 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(h).

The movement in the allowance for impairment for other receivables and other financial assets for the year ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31	
	2020	2019
Balance at January 1	$ -	18,608
Recognized Impairment (Gain on reversal) Losses	73,008	(18,627)
Amounts written off	(11,032)	-
Influenced by Fluctuation of Exchange Rates	1,149	19
Balance at December 31	$ 63,125	-

(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, 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
Dec 31, 2019					
Non-derivative Financial Liabilities					
Floating Rate Instruments	$ 1,290,433	1,343,751	905,667	438,084	-
Fixed Rate Instruments	2,346,697	2,490,707	1,776,630	714,077	-
Non-interest-bearing	4,351,332	4,351,332	3,798,794	-	552,538
Lease liabilities	9,153,596	11,442,173	1,358,456	5,020,219	5,063,498
	$ 17,142,058	19,627,963	7,839,547	6,172,380	5,616,036

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, 2020	December 31, 2019
Fixed interest rate		
Financial Asset	$ 36,776	99,086

Financial Liability		(2,565,214)	(2,346,697)
	$	(2,528,438)	(2,247,611)
Variable interest rate			
Financial Asset	$	3,745,644	4,561,982
Financial Liability		(1,475,834)	(1,290,433)
	$	2,269,810	3,271,549

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 $11,349 thousand and $16,358 thousand, which is mainly due to the Group’s borrowings at variable rates and demand deposits for the years ended December 31, 2020 and 2019, 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			
	2020		2019	
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	$ -	3,075	-	2,458
5% Decrease	$ -	(3,075)	-	(2,458)

(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, 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

	Dec 31, 2019				
		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	$ 61,504	61,504	-	-	61,504

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 2020 and 2019 did not transfer at all.

(u) 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 2020 and Dec 31, 2019, 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 2020 and Dec 31, 2019 of the consolidated company were \$2,231,535 thousand and \$2,470,423 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.

(v) 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 2020 and Dec 31, 2019 are shown as below:

	Dec 31, 2020	Dec 31, 2019
Total Liabilities	$ 15,829,553	$ 17,315,188
Deduction: Cash and Cash Equivalents	(3,757,428)	(4,641,324)
Net Liabilities	$ 12,072,125	$ 12,673,864
Total Equity	$ 8,511,444	$ 8,903,545
Total Capital	$ 20,583,569	$ 21,577,409
Debt to capital Ratio	58.65%	58.73%

(w) Changes in liabilities arising from financing activities

(i) Acquiring the right-of-use assets, please refer to note 6(f).

(ii) The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019 were as follows:

			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	(Note1) (190,193)	8,168,125
Total liabilities from financing activities	$ 13,343,264	(436,431)	(8,768)	(190,193)	12,707,872

Note1: It is mainly the rent concession, which decreases operating expenses amounting to $190,193 thousand.

			Non-cash changes		
	January 1, 2019	**Cash flows**	**Foreign exchange movement**	**Other**	**December 31, 2019**
Short-term borrowings	$ 1,830,238	427,057	(72,971)	-	2,184,324
Long-term borrowings	2,332,918	(840,321)	(39,791)	-	1,452,806
Guarantee deposits	569,691	3,897	(21,050)	-	552,538
Lease liabilities	10,247,984	(835,016)	(347,925)	(Note2) 88,553 (Note3)	9,153,596

Treasury Stock	(203,369)	46,760	1,560	155,049	-
Total liabilities from financing activities	$ 14,777,462	(1,197,623)	(480,177)	243,602	13,343,264

Note2: The impact of rent reduction and the impact of new leases during the current period.

Note3: The impact of cancellation of treasury stocks and transfer of treasury stocks to employees (including deduction of employee advances)

(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 56.34% 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

(c) Significant transactions with related parties

(i) Prepayments

	December 31, 2020	December 31, 2019
Parent Company	$ 120	120
Other related parties	49,291	48,692
	$ 49,411	48,812

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) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Other payables	Other related parties	$ 3,200	-

(iii) Lease

1) Liabilities lease

		Lease liabilities		
Relationship	Purpose	December 31, 2020	January 1, 2020	January 1, 2019
Other related parties	Office building and department store	$ 50,590	76,266	105,591
Other related parties	Energy-saving renovation engineering equipment	47,905	53,811	56,815

		Interest Expense	
Relationship	Purpose	2020	2019
Other related parties	Office building and department store	$ 2,987	4,418
Other related parties	Energy-saving renovation engineering equipment	2,439	2,809

2) Operating lease

		Rent expense	
Relationship	Account	2020	2019
Parent Company (Note)	Office building	$ 1,440	1,440

Other related parties (Note)	Office building and department store	143	136
		$ 1,583	1,576

Relationship	Account	Payments that are not included in the measurement of the lease liabilities 2020	2019
Other related parties	Office building and department store	85,934	127,162

Relationship	Account	Property management fee 2020	2019
Other related parties	Office building and department store	3,679	1,354

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.

As of December 31, 2020 and 2019, rental security deposit of the Group to other related parties amounted to $12,208 thousand and $8,864 thousand.

(iv) Others

1) The Group provided management consulting services and signed service contracts with other related parties. For the years ended December 31, 2020 and 2019, the revenue from consulting services was $3,481 thousand and $17,612 thousand, respectively. On December 31, 2020 and 2019, the outstanding amounts were $0 and $28,745 thousand (CNY$6,667 thousand) which reported as other receivables.

2) For the years ended December 31, 2019 the Group purchased energy-saving equipment from other related parties for $589 thousand (RMB 137 thousand), accounting for Property, Plants and Equipment.

3) For the years ended December 31, 2020 and 2019, the Group's interest revenue from loan to other related parties with 6% rate was zero and $10,124 thousand.

(d) Key management personnel compensation

(i) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31 2020	2019
Short-term employee benefits	$ 23,131	23,286

(ii) The Group granted key management personnel rights to subscribe treasury shares in advance salaries. As of December 31, 2020 and 2019, those prepaid salaries amounting to $41,291 thousand (CNY$9,460 thousand) and $45,585 thousand

(CNY$10,572 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, 2020	December 31, 2019
Property, Plants and Equipment	Bank Loans	$ 3,123,895	$ 3,320,881
Other Financial Assets			
Restricted Deposit	Bank depository funds	37,179	41,213
		$ 3,161,074	$ 3,362,094

(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. Meanwhile, the Group files a counterclaim, wherein both parties are now applying for settlement negotiations out of court.

(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	2020			2019		
Item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	-	435,654	435,654	-	511,395	511,395

Health and labor insurance	-	724	724	-	693	693
Pension	-	6,821	6,821	-	58,769	58,769
Others	-	77,660	77,660	-	98,029	98,029
Depreciation	-	1,487,375	1,487,375	-	1,604,209	1,604,209
Depletion	-	-	-	-	-	-
Amortization	-	4,727	4,727	-	7,673	7,673

(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, 2020 (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%
Farglory Life Insurance Co., Ltd.	11,949,000	6.13%
Yee Shin Investment Co., Ltd	11,474,000	5.86%

(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 2020 as well as 2019 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.

IV Company Entity Financial Report Certificated by Accountant Last Year: NA.

V *Last year, as of the date of publication of Annual Report, should the company and its associates have any difficulty on financial operations, the influence on the financial status of the company should be detailed: None.*

Seven . Review and Analysis of Financial Status and Performance, as well as Risks

I *Financial Situations*

Currency: NTD (thousand)

Item	Year 2019	Year 2020	Increase, Decrease and Variation	
			Amount	Variation Ratio
Current Assets	5,680,778	5,131,625	(549,153)	(9.67%)
Property, Plant and Equipment	7,215,048	7,101,445	(113,603)	(1.57%)
Intangible Assets	1,775,436	1,765,189	(10,247)	(0.58%)
Other Assets	11,547,471	10,342,738	(1,204,733)	(10.43%)
Total Assets	26,218,733	24,340,997	(1,877,736)	(7.16%)
Current Liabilities	7,401,648	6,839,423	(562,225)	(7.60%)
Non-current Liabilities	9,913,540	8,990,130	(923,410)	(9.31%)
Total Liabilities	17,315,188	15,829,533	(1,485,655)	(8.58%)
Owner`s Equity	8,903,545	8,511,444	(392,101)	(4.40%)
Share Capital	1,955,310	1,955,310	-	-
Additional Paid-in Capital	5,063,420	5,065,491	2,071	0.04%
Retained Earnings	2,999,512	2,447,222	(552,290)	(18.41%)
Other Equity	(1,114,697)	(956,579)	158,118	(14.18%)
Treasury Stock	-	-	-	-
Non-controlling Interest	-	-	-	-
Total Equity	8,903,545	8,511,444	(392,101)	(4.40%)

For those who have changed more than 20% in consecutive two periods, the explanation is as follows:None.

II Financial Performance

1. Analysis Table of Management Outcomes

Currency: NTD (thousand)

Item	Year 2019	Year 2020	Increase, Decrease and Variation	
			Amount	Variation Ratio
Operation Revenues	6,642,331	4,790,864	(1,851,467)	(27.87%)
Gross Profit	4,886,137	3,217,206	(1,668,931)	(34.16%)
Operation Profit or Loss	1,286,677	246,480	(1,040,197)	(80.84%)
Non-operation Income and Expense	(357,819)	(427,889)	(70,070)	(19.58%)
Earnings before Tax	928,858	(181,409)	(1,110,267)	(119.53%)
Current Net Profit of Continued Operating Unit	603,637	(122,122)	(725,759)	(120.23%)
Losses on Discontinued Unit	0	0	0	0
Current Net Income (Loss)	603,637	(122,122)	(725,759)	(120.23%)
Current Other Comprehensive Profit or Loss (Net Amount after Tax)	(371,862)	158,118	529,980	(142.52%)
Current Total Comprehensive Income	231,775	35,996	(195,779)	(84.47%)
Net Profit Attributed to Owner of Parent Company	603,941	(122,122)	(726,063)	(120.22%)
Net Profit Belongs to Non-controlling Interests	(304)	-	304	(100.00%)
Total Amount of Comprehensive Income Attributed to Owner of Parent Company	232,079	35,996	(196,083)	(84.49%)
Total Amount of Comprehensive Income Belongs to Non-controlling Interests	(304)	-	304	(100.00%)
Earnings per Share	3.10	(0.62)	(3.72)	(120.00%)

For those who have changed more than 20% in consecutive two periods, the explanation is as follows:

1. Operating Revenues: Due to the pandemic, the government has tightened control over group gatherings and limited the crowd sizes in specific areas. As consumers are worried about the infection with COVID-19, the number of customers has decreased due to the change of spending habits in the physical stores.
2. Gross Profit: same as item 1
3. Operation Profit or Loss: Affected by the pandemic in 2020, the revenue decreased significantly. Although all stores have taken the initiative to obtain rent reductions from its tenant landlords, fixed operating expenses, such as water and electricity, salaries, etc. did not decrease likewise.
4. Earnings before Tax: Same as item 1 and 3.
5. Current Net Profit of Continued Operating Unit: Same as item 1 and 3.
6. Current Other Comprehensive Profit or Loss (Net Amount after Tax): Same as item 1 and 3.
7. Current Other Comprehensive Profit or Loss (Net Amount after Tax): The functional currency of the Company is RMB, and the statement is converted into the exchange evaluation gain arising from the expression of the New Taiwan Dollar.
8. Current Total Comprehensive Income : Same as item 1 and 7.
9. Net Profit Attributed to Owner of Parent Company: Same as item 1 and 3.
10. Net Profit Belongs to Non-controlling Interests: The main business is the completion of the liquidation of the Suzhou store.
11. Total Amount of Comprehensive Income Attributed to Owner of Parent Company: Same as item 1 , 3 and 7.

Item	Year 2019	Year 2020	Increase, Decrease and Variation	
			Amount	Variation Ratio

12. Total Amount of Comprehensive Income Attributed to Non-controlling Equity: Same as item 1 , 7 and 10.
13. Earning Per Share: same as item 1 and 3.

2. Expected Sales Volume and the Basis Thereof

   The Company belongs to department store industry, therefore sales volume cannot be expected.

3. Possible Influence and Countermeasure of Future Financial Status of the Company

   The establishment of the Company's future operational objectives is mainly based on past operating performance and consumer preferences. As target of the industry is the end consumer, the Company shall pay attention to any fluctuation in market of consumption at any time, and achieve sales improvement and profitability. At present, the Company's financial situation is still good.

III Cash Flow

(I) Analysis on Variation of Cash Flow Last Year

Currency: NTD (thousand) ; %

Year / Item	2019	2020	Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
Operating Activities	1,697,152	291,245	(1,405,907)	(82.84%)
Investing Activities	(371,224)	(348,292)	22,932	(6.18%)
Financing Activities	(1,528,809)	(866,599)	662,210	(43.32%)

Analysis and Explanation on Variation of Increase/Decrease Ratio:

1. Operating Activities: Due to the pandemic, the government has tightened control over group gatherings and limited the crowd sizes in specific areas. As consumers are worried about the infection with COVID-19, they have changed their spending habits in the physical stores. Although all stores have taken the initiative to obtain rent reductions from its tenant landlords, fixed operating expenses, such as water and electricity, salaries, etc. did not decrease likewise, resulting in a decrease in profitability.
2. Financing Activities: The Company actively repaid bank loans and reduced debt in 2019.

(II) Improvement plan on insufficient currency: NA

(III) Analysis on Cash Currency within Next Year:

Currency: NTD (thousand)

Initial Cash Balance (1)	Cash Flow from Operating Activities throughout the Whole Year (2)	Net Cash Flow from Investment and Financing Activities throughout the Whole Year (3)	Cash Surplus (insufficient) Amount (1) + (2) + (3)	Estimated Cash Shortage Remedy	
				Investment Plan	Financing Plan
3,757,428	1,301,482	(859,534)	4,199,376	-	—

Analysis on Variation of Cash Flow:

Operating Activities: Mainly from net income and depreciation expenses。

Investing Activities: Mainly used for the capital expenditure of each store.

Financing Activities: Which mainly are cash dividend distribution and debt payment.

The company's 2020 annual cash balance is NT$3,757,428. It is estimated that the net cash flow from operating activities in the coming year will be NT$1,301,482. In the coming year, it is

expected that renovation fee for each store in the coming year, issue shareholders' cash dividends, and repay the bank. Loan, etc. Remedial measures and liquidity analysis for expected cash shortfalls:Not Applicable。

IV Influence on Financial Business from Material Capital Expenditures Last Year: None.

V Reinvestment Policies Last Year, Main Reasons of Profit or Loss Thereof, Improvement Pan, as well as Investment Plan within Next Year

(I) Reinvestment Policies of the Company

The Company's investment policy is implemented in accordance with the internal control system "Investment Cycle" and "Procedures of Acquisition or Disposal of Assets". The main objectives of the investment project are to actively seek other suitable strategies for investment opportunities related to the basic business of the department store. As well as expansion of the department store market map to increase the Company's revenues, and create the profits.

(II) Main Reasons of the Profit or Loss by Reinvestment Last Year, and the Improvement Plan Thereof

Currency: NTD (thousand)

Company Invested	Shareholding Ratio (%)	Recognized Profit or Loss due to Investment Last Year	Main Reasons of Profit or Loss	Improvement Plan
GRAND CITI LTD.	100	(59,354)	The pandemic affects the profitability of the Company's re-invested stores.	None
Sandmartin International Holding Limited	3.59	-	The investment in the Middle East satellite TV subsidiary has not yet reached the scale of the economy, recognizing the loss of investment	The Company has decided to sell Sandmartin International Holdings Ltd. through the Board resolution on Dec 7, 2018, that the transaction is to be completed in expectation within one year.
Grand Ocean Classic Commercial Group Co., Ltd (Grand Ocean Department Store Group Limited)	100	(3,934)	The pandemic affects the profitability of the Company's re-invested stores.	None
Nanjing Grand Ocean Classic Commerce Limited (Nanjing Grand Ocean Department Store Limited)	100	471,700	Good operating condition	None
Fuzhou Grand Ocean Commerce Limited (Fuzhou Zhongcheng Grand Ocean Department Store Limited)	100	(295,913)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, brand upgrade, and increase business types.
Quanzhou Grand Ocean Commerce Limited (Quanzhou Grand Ocean Department Store Limited)	100	(86,551)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, reduce empty cabinet area, brand upgrade, and increase business types.
Wuhan Grand Ocean Classic Commercial Development Limited (Wuhan Zhongshan Grand Ocean Department Store Limited)	100	129,181	Good operating condition	None
Wuhan Optics Valley Grand Ocean Commercial Development Limited (Wuhan Optics Valley Grand Ocean Department Store Limited)	100	197,705	Good operating condition	None
Wuhan Hanyang Grand Ocean Classic Commercial Limited (Wuhan Longyang Grand Ocean Department Store Limited)	100	(39,960)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, brand upgrade, and increase business types.

Company Invested	Shareholding Ratio (%)	Recognized Profit or Loss due to Investment Last Year	Main Reasons of Profit or Loss	Improvement Plan
Fuzhou Grand Ocean Classic Commerce Limited (Fuzhou Grand Ocean Department Store Limited)	100	(40,636)	The Company recognized the closure of Fuzhou Grand Ocean World Department Store Limited as a loss.	None
Fuzhou Grand Ocean World Department Store Limited	100	548,458	Liquidated	None
Xiangtan Grand Ocean Department Store Limited	100	688,623	Liquidated	None
Chongqing Optics Valley Grand Ocean Commercial Development Limited (Chongqing Optics Valley Grand Ocean Department Store Limited)	100	(52,164)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, brand upgrade, and increase business types.
Hengyang Grand Ocean Commercial Development Limited (Hengyang Grand Ocean Department Store Limited)	100	(25,406)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, brand upgrade, and increase business types.
Yichang Grand Ocean Commerce Limited (Yichang Grand Ocean Department Store Limited)	100	81,977	Good operating condition	None
Hefei Grand Ocean Classic Commercial Development Limited (Nanjing Grand Ocean Department Store Hefei Limited)	100	97,641	Good operating condition	None
Shiyan Optics Valley Grand Ocean Commercial Limited (Shiyan Grand Ocean Modern Shopping Limited)	100	(46,028)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, reduce empty cabinet area, brand upgrade. Introducing well-known catering brands and cinema to drive the flow of people in the store.
Shanghai Jingxuan Business Administration Limited	100	(117)	Regular operating condition	None
Fuzhou Jiaruixing Business Administration Limited	100	(68,698)	Investment and operating conditions are to be improved post-pandemic.	Counter adjustment, reduce empty cabinet area, brand upgrade. Introducing well-known catering brands to drive the flow of people in the store.

(III) Investment Plan within Next Year: None.

VI Risk Management

(I) Influence of Interest, Exchange Rate Fluctuation, Inflation toward the Company and the Countermeasure in the Future

1 Interest

The Group is exposed under the interest rate risk due to the loan of funds by a variable interest rate. Part of the risk is offset by cash and cash equivalence held at variable interest rates, as well as the higher-yielding wealth management products. As the Company is a retailer, the cash flow from its operating activities is sufficient and there is no cash flow risk.

In 2018, the company has effectively reduced the foreign currency liabilities and appropriately increased RMB liabilities. Although the RMB borrowing rate is higher than that of the US dollar and the EURO, yet the Company's operating entities are in China, in addition to the natural hedging, the RMB liabilities can also be deducted from the income tax of an enterprise, with a tax shield effect.

2 Exchange Rate

The principal place of operation of the Company is located in Mainland China. The sales outlets of the department stores in each region are the general consumers in

Mainland China. The functional currency is the same as the currency denominated in the sales and purchase transactions. The functional currency of the mainland subsidiaries and The currency of the valuation is all in RMB, so there is no exchange rate risk.

In 2018, the Company has effectively reduced the foreign currency liabilities and appropriately increased RMB liabilities, reaching the natural hedging of currency of borrowing and cash currency generated by operations, which will continue to reduce foreign currency liabilities and reduce exchange rate risk.

3 Inflation

As the company is a department store retailer, although inflation affects our consumers, whereas the China economy continues to grow and the income level of the people continues to rise, thus generating higher consumer demand and consumption power for the popular department store products shall be provided by the Company. Also, the Company is to adjust the department store product mix at any time in response to changes in consumption environments. Therefore, it has not had an immediate and significant impact due to the above-mentioned inflation crisis, and the Company maintains awareness of the global political and economic changes, market price fluctuations of end products, and good interaction between suppliers and customers. While maneuvering the procurement and marketing strategies, effective responding to the impact of inflation is also performed so that the Company will not have a significant impact.

(II) Main Reasons of Profit or Loss for High-risk and High-leverage Investment, Capital Loans to Others, Policies of Endorsement/Guarantee and Derivative Commodity Trading, as well as the Future Countermeasure

The Company has established methods such as “Procedures of Acquisition or Disposal of Assets”, “Procedures for Trading Derivative Commodities”, “Management of Endorsement and Guarantee” and “Operating Procedures of Loan to Others” to be as the relevance for concerning work of the Company and its subsidiaries.

The Company's policy is not to engage in derivative commodity transactions of a transaction nature.

Due to the needs of capital for the Group operations, the Company has funds loan and endorsements/guarantees; and the Company's handling of loans and external endorsements/guarantees are based on the Company's “Operating Procedures of Loan to Others” and “Management of Endorsement and Guarantee”, and will be still handled in the future in accordance with the ‘Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies’ promulgated by the Taiwan competent authorities, and the internal control operation regulations and methods of the Company .

(III) Future R&D Projects and the Expenses Input Thereof

The Group is a department store retailer, and there is no R&D and manufacturing of its own products. Therefore, there are no plans nor expenses for R&D. But, as far as the industry characteristics. The development and training of management personnel and the improvement of talent quality. Intensified competition in the department store industry. We will strengthen on human source and manpower development. Through education and training mechanisms. Providing systematic and professional service quality training courses for rising the efficiency of staff human source development.

(IV) Impact on Changes of Material Policies Domestic and Foreign and Laws on the Financial Status of the Company and the Countermeasure Thereof

The country of registration of the Company is the Cayman Islands and the main operating country is in mainland China. The Cayman Islands is dominated by financial services, while mainland China is one of the world's major economic systems, which its economic development and political environment remain stable. The products sold by the company belong to consumer goods, not licensed or restricted industries. The implementation of the Company's various businesses are treated in accordance with the material domestic and foreign policies and laws, and the Company shall pay attention to the development trends and changes amongst these policies and laws, and respond to any change in the market environments and take appropriate countermeasures immediately. In addition, due to the implementation of the Economic Substantive Law of the Cayman Islands in 2019, The company has no legal issues.

In addition, Hong Kong has always been one of the most popular cities for international investors, as its long-term operational advantage is based on a stable political environment, management policy convenient for commerce, laws of integrity and independent judicial system, also the spirit of free market, and fluent information. After returning to China in 1997, Hong Kong still maintains a high degree of autonomy and enjoys its own executive and legislative power. Its basic factors and advantages as an international business center continue to be maintained. It includes a clean administrative system and judicial independence. Furthermore, the Hong Kong dollar is independent from the RMB currency system. Freely convertible, with some fair competition environments, and no restriction on foreign investment. Capital, talent, goods and information can flow freely in Hong Kong. However, Hong Kong is now a special administrative region of China, and its political and economic development direction and risks will be affected by China's policy.

(V) Influence on Financial Status of the Company by Technology Change and Industry Variance and the Countermeasure Thereof

With the advancement of science and technology and changes in lifestyles, the innovation and the exploration have brought commerce into a "deep-water zone." A new wave of fusion and transformation is underway. The digital ecosystem rapidly formed will profoundly influence how people live from day to day and how society and the economy function. The process of satisfying a variety of consumer needs is about further segmentation and cross-fertilization of business innovations. The in-depth business innovation is always centered on promoting and applying the new generation of digital and information technology. The arrival of the Big Data era has been empowering better precision in sales and distribution activities. The connection from upstream to downstream of the supply has become closer. Digital information technology is increasingly part of our daily life. Online market size continues to expand. Technology drives the development of logistics and enhances the smartness of new retail business models. Future growth is tremendous and smart business is only in its infancy. Smart business such as QR code payments and facial recognition have become part of our day-to-day life. The advancement of technology is making business activities faster and more efficient to meet a growing diversity of customer needs. Going forward, technology will drive three trends in business: 1. Higher penetration of smart technology and equipment. 2. Repeated computation and upgrade in technology to integrate into multiple business channels. 3. Computing power and Cloud services to further improve business efficiency. The integration of advanced technology into business is a long-term process. New business models may also emerge along the way. In a nutshell, technology is the engine to hang onto in order to move forward for more opportunities and possibilities.

The Company has been committed to a full range of system integration, for the corresponding adjustment of the competitive environment faced by each store, towards the mall shopping center, in order to consolidate and expand the local market share, as well as establish product differentiation, and further introduce the business pattern and brands pursuant to the consumer habits. At the beginning of 2017, the company actively cooperates with China e-commerce companies and other industries. At present, all the stores of the Group have realized the support of QQ wallet, WeChat payment, Alipay, ApplePay, Quick Pass, JD Wallet and other mainstream electronic payment in China. On the other hand, the Group has successfully cooperated with the companies such as JD, Meituan, Baiwang, Weimeng to expand the business and develop WeChat E-membership Cards and electronic invoices. Expanding the visibility and influence of the Company amongst the young generation, stepping forward with the goal department store and expanding the new fashion and smart consumer market. In 2020, the Borderless Retail Department was established to be responsible for the overall virtual channel layout of the Group. Whilst we develop the Ta Yang app's online presence, we also sell on mcmore and work with internet celebrities such as "Douyin" and "Kuaishou". Online sales accounted for more than 10% of sales during the current period. Our online efforts have paid off.

In 2021, The Group will seek to create a customer-centric experience demo platform and breaking the boundary between online and offline, anytime and anywhere, with smart technology. With the very heart we started, we continue our journey and march on!

(VI) Influence in Enterprise Crisis Management by Change of Enterprise Image and the Countermeasure Thereof

The Company's business objectives are based on the principles of stability and honesty. The Company's image is good, and therefore it continues to introduce more outstanding talents into the services, thickening the strength of our management team, and then return the operating outcomes to the public, responding our CSR policies. As of now, there is no change of enterprise image to cause the crisis.

(VII)

(VIII) Expected Benefits, Possible Risks and Countermeasures for Consolidation

Last year, and as of the date of publication of Annual Report, there is no consolidation plan by the Company.

(IX) Expected Benefits, Possible Risks and Countermeasures for Expansion of Plant

The Company is a department store retailer but not a manufacturer, hence there is no need to expand the plants. In addition, the plans for the expansion of department stores are subject to detailed assessment and planning by relevant units, and the expected benefits and possible risks are fully assessed by the financial module. After the establishment of the new business base, the relevant units will pay close attention to the changes and operating conditions of the industry, proposing appropriate response measures for possible risks.

(X) Risks and Countermeasures for the Concentration of Incoming Goods or Sales

The Company belongs to the department store retail industry. The sales of goods are diversified, and there is no centralized purchase or sale of goods to a single manufacturer or customer. Therefore, there is no risk of concentration of goods or sales.

(XI) Regarding the Directors or shareholders holding more than 10% of the shares, the impact, risk and countermeasure of a large number of shares transferred or replaced on the company: None.

(XII) Impact, Risks and Countermeasures of Changes in Management Rights on the Company

Last year, and as of the date of publication of Annual Report, the Company has no changes in the management rights, and the Company has strengthened various corporate governance measures and established the Independent Directors with a view to enhancing the protection of the overall shareholders' equity.

(XIII) Litigation or Non-litigation Events

1 Last two years, and as of the date of publication of Annual Report, any event of litigation, non-litigation or administrative litigation that has been determined or

currently in the system, where the results may have a significant impact on shareholders' equity or securities prices, and should be disclosed of the facts, amount of the subject matter, commencement date of the lawsuit, parties involved in the proceedings and the current situation thereof:

(1) Grand Ocean Classic Commercial Group Co., Ltd, Chongqing Optics Valley Grand Ocean Commercial Development Limited and Chongqing Zhengsheng Real Estate Co., Ltd. real estate lease contract dispute:

The Chongqing store owner “Chongqing Zhengsheng Real Estate Co., Ltd.” filed a lawsuit with the Chongqing No.5 Intermediate People's Court and listed the Chongqing store and the Grand Ocean Group as co-defendants. The lawsuit requested the court to: 1. confirm the calculated building rental area of the leased house under the lease contract; 2. order the Chongqing store to pay the rent in arrears (tentatively calculated at RMB¥28,179,549.36); 3. order the Chongqing store to pay liquidated damages (tentatively calculated at RMB¥13,585,587.61 as of December 31, 2020); 4. order the Grand Ocean Group to bear joint and several liability for compensation by the Chongqing store.

Attorneys Hai-Yen Li and Hsiang-Chun Hsi of Shanghai Huisheng Law Firm have been commissioned to represent the case. The Chongqing Store has filed another lawsuit against the lawsuit filed by the Chongqing Zhengsheng Real Estate Co., Ltd. and requested the court to lower the rent standard under the lease contract to RMB¥45/square meter/month. The rent reduction from January 1, 2019 to December 31, 2024 is tentatively calculated at RMB¥59,758,875.56. The court has accepted the case and merged the two cases for trial in the future.

(2)Dispute between Hefei Grand Ocean Classic Commercial Development Limited and Anhui Meiyuan Investment Real Estate Co., Ltd.:

The Hefei store received a letter from the owner of "Anhui Meiyuan Investment Real Estate Co., Ltd." on October 16, 2020 requesting to unilaterally cancel the “Lease Contract” signed with the Hefei Store because Hefei store's external rental area has exceeded the range and the matter was not rectified on time. The Hefei store has issued a reply letter on October 26, 2020 to refuse to terminate the contract.

The Hefei store has actively rectified the excess external rental area-related matter. Meanwhile, the store has commissioned Attorney Min Hu of the Anhui Haohua Law Firm to file a lawsuit and request the people’s court to invalidate Anhui Meiyuan’s contract termination. The case has been accepted by the Hefei Shushan People's Court on December 8, 2020 and is pending a court hearing. While the lawsuit is ongoing, Grand Ocean Classic Commercial Group Co., Ltd has actively led the negotiations with the owner in the hope of reaching a consensus and resuming normal cooperation.

2 Directors, Supervisors, GMs, substantive principals of the Company, as well as major shareholders and subordinate companies with a shareholding ratio of more than 10%, litigations, non-litigations or administrative litigations that have been decided or are currently in the system in the last two years and as of the date of publication of Annual Report, where the results may have a significant impact on the company's shareholders' equity or securities prices: None.

(XIV) Other Material Risks and the Countermeasure Thereof

1 Protection of Shareholder Equity

There are many different regulations between the Cayman Islands Company Law and the ROC Company Act. Although the Company has amended the

Articles of Incorporation in accordance with the “Checklist for the protection of shareholders' rights and interests in the country where the foreign issuer is registered” as stipulated by the Taiwan Stock Exchange Co., Ltd. Whereas there are many diversities of the local laws and regulations for the company operation in the two countries. Investors cannot guarantee the point of view by via the legal rights of the local companies in Taiwan, and the same application to the Cayman Islands is ditto.

2 Distribution of Cash Dividends and Tax

The Company is a holding company established in the Cayman Islands, where its mainly profit comes from the operations of its subsidiaries. Distribution of dividends of the Company will be affected by the operation status of the subsidiaries, policies of cash dividends and retained earnings. While distribution of dividends of the subsidiaries is subject to dividend distribution of local government, taxation and exchange rate regulations or other restrictions.

VII Other Material Items: None

Eight. Special Notation

I Concerning Information of Associates

(I) Organization Chart of Associates (as of Dec 31, 2020)
Group Structure（Page11）

(II) Basic Information of Associates

Dec 31, 2020；Currency: NTD (thousand)

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
Grand Citi Limited	2007.10.26	15/F.,BOC Group Life Assurance Tower, 136 Des Voeux Road Central , Central, Hong Kong	HKD1,040,000	Investment Holding Company
Sandmartin International Holding Limited	2004.01.27	Unit 04-05, 16/F., Nam Wo Hong Building, No. 148 Wing Lok Street, Sheung Wan, Hong Kong	HKD 327,884	Manufacturing of Satellite TV Equipment and Devices, as well as Trading of Other Electronic Products
Grand Ocean Classic Commercial Group Co., Ltd (Grand Ocean Department Store Group Limited)	2002.05.21	No. 1 of Leye Street, Xigang District, Dalian City	RMB850,000	Department Store Retail, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease
Grand Ocean Classic Commercial Group Co., Ltd Shanghai Branch (Grand Ocean Department Store Group Limited Shanghai Branch)	2006.12.07	Room 04-06, 27F of No. 338, West Nanjing Road, Huangpu District, Shanghai City	-	Department Store Retail, Internet Sales, Management and Consulting
Nanjing Grand Ocean Classic Commerce Limited (Nanjing Grand Ocean Department Store Limited)	2002.08.15	No. 122 of South Zhongshan Road, Baixia District, Nanjing City, Jiangsu Province, China	RMB50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease, Property Management
Nanjing Grand Ocean Classic Commerce Limited Jiangbei Branch (Nanjing Grand Ocean Department Store Limited Jiangbei Branch)	2010.12.13	Building C1 of Huadong Mall, No.48 of North Daqiao Road, Jiangbei New District, Nanjing City, Jiangsu Province, China	-	Department Store Retail, Commercial Investment, Catering Services, Food Business, Internet Sales, Management and Consulting, Non-Residential Real Estate Lease, Property Management
Fuzhou Grand Ocean Commerce Limited (Fuzhou Zhongcheng Grand Ocean Department Store Limited)	2002.06.21	No.133 of North Bayiqi Road, Gulou District, Fuzhou City, Fujian Province, China	RMB70,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Non-Residential Real Estate

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
				Lease, Property Management
Quanzhou Grand Ocean Commerce Limited (Quanzhou Grand Ocean Department Store Limited)	2003.01.02	Fuhua Business Center, Wenling Road, Fengze District, Quanzhou City, Fujian Province, China	RMB20,000	Department Store Retail, Commercial Investment, Management and Consulting, Commercial Complex Management services, Non-Residential Real Estate Lease, Property Management
Wuhan Grand Ocean Classic Commercial Development Limited (Wuhan Zhongshan Grand Ocean Department Store Limited)	2004.09.27	No.756 of Zhongshan Avenue, Jianghan District, Wuhan City, Hubei Province, China	RMB50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Wuhan Optics Valley Grand Ocean Commercial Development Limited (Wuhan Optics Valley Grand Ocean Department Store Limited)	2007.07.05	Room 101, Zone 1, No. 3 of Optics Valley Street, Optics Valley World, East Lake High-Tech Development Zone, Wuhan City, Hubei Province, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Wuhan Hanyang Grand Ocean Classic Commercial Limited (Wuhan Longyang Grand Ocean Department Store Limited)	2008.07.09	No. 36 of Longyang Avenue, Hanyang District, Wuhan City, Hubei Province, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Fuzhou Grand Ocean Classic Commerce Limited (Fuzhou Grand Ocean Department Store Limited)	2006.11.28	No. 268 of North Bayiqi Road, Gulou District, Fuzhou City, Fujian Province, China	RMB50,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Non-Residential real Estate Lease, Property Management
Chongqing Optics Valley Grand Ocean Commercial Development Limited (Chongqing Optics Valley Grand Ocean Department Store Limited)	2008.03.10	No.3 of Xijiao Road, Jiulongpo District, Chongqing City, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management

Company Name	Date of Establishment	Address	Paid-in Capital	Major Business Scope
Hengyang Grand Ocean Commercial Development Limited (Hengyang Grand Ocean Department Store Limited)	2009.08.03	No.121 of Jiefang Road, Yanfeng District, Hengyang City, Hunan Province, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Real Estate Lease, Property Management
Yichang Grand Ocean Commerce Limited (Yichang Grand Ocean Department Store Limited)	2010.09.19	No.56 of Yiling Avenue, Yichang City, Hubei Province, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Hefei Grand Ocean Classic Commercial Development Limited (Nanjing Grand Ocean Department Store Hefei Limited)	2011.6.24	Tower C, No.189 of West Changjiang Road, Shushan District, Hefei City, Anhui Province, China	RMB20,000	Department Store Retail, Commercial Investment, Internet Sales, Management and Consulting, Commercial Complex Management Services, Venue Rental, Property Management
Shiyan Optics Valley Grand Ocean Commercial Limited (Shiyan Grand Ocean Modern Shopping Limited)	2017.7.18	Room 5-1, No.1 of Middle Chaoyang Road, Maojian District, Shiyan City	RMB20,000	Department Store Retail, Commercial Investment, Internet sales, Management and Consulting, Commercial Complex Management Services, Housing Lease, Property Management
Shanghai Jingxuan Business Administration Limited	2017.11.24	Room 03, 27F, No.338 of West Nanjing Road, Huangpu District,Shanghai City	RMB10,000	Enterprise Management, Department Store Retail, E-commerce
Fuzhou Jiaruixing Business Administration Limited	2017.11.14	Floor B1, Dongjiekou Underground Commercial Street, 88 Bayiqi North Road, South Street, Gulou District, Fuzhou	RMB5000	Department Store Retail, Non-Residential Real Estate Lease, Management and Consulting, Internet Sales

(III) Personal Information of Directors, Supervisors and GMs of Each Associate

Company Name	Title	Name or Representative	Number of Shares	
			Shares	%
Grand Citi Limited	Director	Kuo Jen Hao	Non-shareholding system	100.00%
	Director	Ng Qing Hai		
	Director	Lee Seng Chay		
Grand Ocean Classic Commercial Group Co., Ltd (Grand Ocean Department Store Group Limited)	Chairman	Ng Qing Hai	Non-shareholding system	100.00%
	Director	Lee Seng Chay		
	Director	Zhang Jin Guo		
	Supervisor	Lu Fang		
	General manager	Ng Qing Hai		

Company Name	Title	Name or Representative	Number of Shares	
			Shares	%
Nanjing Grand Ocean Classic Commerce Limited (Nanjing Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Fuzhou Grand Ocean Commerce Limited (Fuzhou Zhongcheng Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Quanzhou Grand Ocean Commerce Limited (Quanzhou Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Wuhan Grand Ocean Classic Commercial Development Limited (Wuhan Zhongshan Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Wuhan Optics Valley Grand Ocean Commercial Development Limited (Wuhan Optics Valley Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Wuhan Hanyang Grand Ocean Classic Commercial Limited (Wuhan Longyang Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Fuzhou Grand Ocean Classic Commerce Limited (Fuzhou Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Chongqing Optics Valley Grand Ocean Commercial Development Limited (Chongqing Optics Valley Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Hengyang Grand Ocean Commercial Development Limited (Hengyang Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	Executive Director	Tian Xin		
Yichang Grand Ocean Commerce Limited (Yichang Grand Ocean Department Store Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Tian Xin		
Hefei Grand Ocean Classic Commercial Development Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		

Company Name	Title	Name or Representative	Number of Shares	
			Shares	%
(Nanjing Grand Ocean Department Store Hefei Limited)				
Shiyan Optics Valley Grand Ocean Commercial Limited (Shiyan Grand Ocean Modern Shopping Limited)	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Yuan Hanying		
Shanghai Jingxuan Business Administration Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Li Min Fang		
	General manager	Chuang Chow Shown		
Fuzhou Jiaruixing Business Administration Limited	Executive Director	Ng Qing Hai	Non-shareholding system	100.00%
	Supervisor	Lu Fang		
	General manager	Zhang Jin Guo		
Sandmartin International Holding Limited	Chairman and Independent Non-Executive Director	Liu Youxiang	117,859,347	3.59%
	Executive Director	Hong Congjin		
	Executive Director	Chen Weiq		
	Non-Executive Director	Kuo Jen Hao		
	Independent non-executive director	Li Zexiong		
	Independent non-executive director	Wu Jiaming		

(IV) Operation Situations of Each Associate

Dec 31, 2020 ; Currency: NTD (thousand)

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operation Revenues	Operating Income (Loss)	Current Income or Loss	Earnings per Share (NTD)
Grand Citi Limited	3,769,785	10,655,648	294,800	10,950,448	0	(1,147)	(59,354)	(0.05) (Note1)
Grand Ocean Classic Commercial Group Co., Ltd (Grand Ocean Department Store Group Limited)	3,710,095	14,096,162	4,715,588	9,380,574	4,790,864	287,874	(3,934)	Not applicable
Nanjing Grand Ocean Classic Commerce Limited (Nanjing Grand Ocean Department Store Limited)	218,241	3,953,551	2,249,455	1,704,096	1,429,360	257,071	471,700	Not applicable
Fuzhou Grand Ocean Commerce Limited (Fuzhou Zhongcheng Grand Ocean Department Store Limited)	305,537	3,862,924	707,622	3,155,302	727,749	(199,845)	(295,913)	Not applicable
Quanzhou Grand Ocean Commerce Limited (Quanzhou Grand Ocean Department Store Limited)	87,296	2,807,401	1,978,496	828,905	59,620	(64,604)	(86,551)	Not applicable
Wuhan Grand Ocean Classic Commercial Development Limited (Wuhan Zhongshan Grand Ocean Department Store Limited)	218,241	5,434,541	3,089,622	2,344,919	716,760	95,471	129,181	Not applicable
Wuhan Optics Valley Grand Ocean Commercial Development Limited (Wuhan Optics Valley Grand Ocean Department Store Limited)	87,296	4,344,333	2,823,815	1,520,518	574,873	189,581	197,705	Not applicable
Wuhan Hanyang Grand Ocean Classic Commercial Limited (Wuhan Longyang Grand Ocean Department Store Limited)	87,296	1,394,673	1,744,758	(350,085)	154,073	7,707	(39,960)	Not applicable
Fuzhou Grand Ocean Classic Commerce Limited (Fuzhou Grand Ocean Department Store Limited)	218,241	2,139,381	1,922,893	216,488	250,886	20,810	(40,636)	Not applicable
Fuzhou Grand Ocean World Department Store Limited	305,537	0	0	0	14,759	(6,997)	548,458	Not applicable
Xiangtan Grand Ocean Department Store Limited(In Liquidation)	349,185	0	0	0	0	(2,809)	688,623	Not applicable
Chongqing Optics Valley Grand Ocean Commercial Development Limited (Chongqing Optics Valley Grand Ocean Department Store Limited)	87,296	1,048,760	1,875,804	(827,044)	149,601	(14,425)	(52,164)	Not applicable
Hengyang Grand Ocean Commercial Development Limited (Hengyang Grand Ocean Department Store Limited)	87,296	353,657	385,118	(31,461)	94,954	(40,851)	(25,406)	Not applicable
Yichang Grand Ocean Commerce Limited (Yichang Grand Ocean Department Store Limited)	87,296	2,088,285	1,769,683	318,602	362,492	169,689	81,977	Not applicable
Hefei Grand Ocean Classic Commercial Development Limited (Nanjing Grand Ocean Department Store Hefei Limited)	87,296	1,355,211	1,278,863	76,348	278,525	104,781	97,641	Not applicable
Shiyan Optics Valley Grand Ocean Commercial Limited (Shiyan Grand Ocean Modern Shopping Limited)	87,296	261,514	264,607	(3,093)	46,240	(41,785)	(46,028)	Not applicable
Shanghai Jingxuan Business Administration Limited	43,648	33,654	0	33,654	0	(114)	(117)	Not applicable
Fuzhou Jiaruixing Business Administration Limited	21,824	493,747	628,992	(135,245)	24,348	(51,671)	(68,698)	Not applicable

Note 1: The Company owns 1,040,000,000 shares of Grand Citi Ltd., HK$1 per share.

II *Last year, and as of the date of publication of Annual Report, treatment of the private placement of securities: None.*

III *Last year, and as of the date of publication of Annual Report, acquisition or disposal of the stocks of the Company by its subsidiaries: None.*

IV *Other Necessary Supplementary Descriptions*

Due to the slight inconsistency between the Caiman Islands Act and the ROC Act, the "Check Sheet for the Protection of Shareholders Rights and Interests of Foreign Issuers" (hereinafter referred to as "PSR") amended by the Taiwan Stock Exchange on Dec 25,2019 is not applicable to the Company. The following list explains the differences between the Articles of the Company and the protection matters of shareholders rights as stipulated by the Cayman Islands Act and the Articles of the Company, respectively.

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
If the shareholders continue to hold more than one year and hold more than 3% of the total number of issued shares, they may request the board of directors to convene a temporary meeting of shareholders; when the directors are not convened, the shareholders may report to the competent authority for permission to convene themselves.	No relevant local competent authorities in the Cayman Islands are to be authorized to coordinate the Shareholders Meeting.	According to the contents of TWSE Letter Shang No.0991701319 issued by the Taiwan Stock Exchange Corporation on April 13, 2010, that there is not any reference or description of "shareholder must submit for ratification from competent authorities" regarding the convention of shareholders meeting by minority shareholders in Article 28 and 29, shareholders have to coordinate the meeting on their own when a notice is released that the Board will not coordinate the meeting thereof.
Shareholders who exercise their voting rights in writing or electronically are deemed to attend the Shareholders Meeting in person.	Whereas according to the Cayman Islands Act, written voting or electronic voting by a shareholder cannot be considered as attending in person. Therefore, attorneys of the Cayman Islands suggest that under this circumstance, it should be deemed to authorize the chairman of Shareholders Meeting to execute the voting right, whereas the authorization to the chairman of Shareholders Meeting is not subject to the limitation of	Articles 55, 57, and 58 of the Articles of Incorporation: When the shareholders exercise their voting rights in writing or in electronics with the consent through the Board, they shall be deemed to have acted as the representative designated of the chairman of Shareholders Meeting, where the voting rights by the shares thereof shall be exercised based on the instructions indicated in the written or electronic files. Representative

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
	where 3% of the representative rights cannot be exceeded.	rights thereupon acquired by the chairman of Shareholders Meeting will not be subject to the limitation that the voting rights by representative should not exceed 3% of the voting rights by the total shares of the Company. The shareholders still have to appoint other persons to attend the Shareholders Meeting as his/her representative, which is deemed to revoke its appointment to the chairman of Shareholders Meeting as a representative thereof.
Regarding the regulations in “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies,” for example, qualification of the power of attorney, number of shares by representative which are not restricted, method of solicitation, announcement of the solicitation, contents, and related restrictions, etc.	The Cayman Islands Act does not require the relevant provisions of the power of attorney and, based on the recommendations from the layers of Cayman Islands, considering the consistency, integrity and clarity of the Articles of Incorporation of the Company, ‘Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies’ is to be conducted and applied. The regulations define the way in which the power of attorney will be used after listing in Taiwan in the future, and this amendment is not in violation of the Cayman Islands Act.	According to concepts in TWSE Letter Shang No.0991701319 issued by the Taiwan Stock Exchange Corporation on April 13, 2010, Article 59 of the Articles of Incorporation supersedes the detailed provisions on the use of power of attorney in the protection of shareholders rights and interests in the general terms: “Under the prerequisite of the scope of the applicable laws, as well as in compliance with the provisions of the Articles of Incorporation and the Company Act, the designated representative of the shareholder will attend the Shareholders Meeting. Any relevant provision of the ‘Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies’ shall also be applicable. .”
Definition of “Special Resolution”: Shareholders representing more than two-thirds of the total number of issued shares shall be present, and will have the special resolution ratified by at least	The special resolution defined by the Cayman Islands Act is a resolution made by the shareholders who have voted “consent for at least two-thirds of the total number” of shareholders. Protection	According to concepts in TWSE Letter Shang No.0991701319 issued by the Taiwan Stock Exchange Corporation on April 13, 2010, as well as the comments from the attorneys of Cayman

Difference	Cayman Island Laws and Descriptions	Article Regulations and Descriptions
half of the attending shareholders. If the total number of shares of the attending shareholders is less than the amount described in the preceding paragraph, the representatives must attend the meeting on behalf of the shareholders who own more than 50% of the total issued shares, and to ratify the special resolution through at least two-thirds of the voting rights by the attending shareholders.	matters regarding the shareholder's rights stipulated as "more than two-thirds of the total number of issued shares of shareholders attendance, and at least half of the voting rights representing the attending shareholders are of consent" where only the part of "at least half of the voting rights representing the attending shareholders are of consent" in the preceding paragraph does not comply with the definition of special resolution due to the Cayman Islands Act.	Islands, definition of the proportion of special resolution stipulated in Article 1 of the Articles of the Company is to be amended, and only to adopt the latter segment of descriptions "more than half of the shareholders attending, and a special resolution is to be ratified by at least two-thirds of the voting rights by the attending shareholders" from the special resolution listed in the protection matters of shareholder equity.

Night. Last year, and as of the date of publication of Annual Report, any material influence upon the shareholders equity or securities price defined in Article 36.3.2 in the Securities Exchange Act: None.

GRAND OCEAN RETAIL GROUP LIMITED

Chairman：Kuo Jen Hao

大洋
since 2002

5907

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