



2021 Annual General Shareholders' Meeting Minutes Far Eastern Department Stores

Date : Tuesday, July 27, 2021

Time : 9:00 a.m. Taipei time

Place : Auditorium in the Taipei Hero House

No. 20, Changsha Street, Section 1, Taipei, Taiwan

Shareholders present :

Total shares (including e-voting) represented by shareholders present: 1,185,180,852 shares, which was 84.13% of total number of outstanding shares 1,408,733,585 shares (excluding subsidiaries' shares).

Attendee Directors :

Mr. Douglas Hsu, Mrs. Nancy Hsu, Mrs. Chee Ching, Mrs. Jin Lin Liang, Mrs. Philby Lee, Mr. Eugene You Hsin Chien (Independent Director), Mr. Edward Yung Do Way (Independent Director), Mr. Ding Yu Dong (Independent Director).

Chairman : Mr. Douglas Hsu, Chairman of the Board of Directors

Minute taker : Mr. James Tang



The aggregate shareholding of the shareholders present constituted a quorum.

The Chairman called the meeting to order.

The speech of Chairman (omitted)

I. Reported Items:

1. 2020 Business Report (please refer to P.3-P.10 of handbook for 2021 AGM).
2. 2020 Financial Report (please refer to P.11-P.33 of handbook for 2021 AGM).
3. Audit Committee's review report on 2020 business report and financial statements (please refer to P.34 of handbook for 2021 AGM).
4. Report of 2020 employees' compensation and directors' remuneration (please refer to P.35 of handbook for 2021 AGM).

II. Approving Items:

1. To accept 2020 business report and financial statements.

The Board of Directors proposes and recommends that each shareholder votes for the acceptance of 2020 business report and financial statements.

Explanatory Notes:

- (1) FEDS's 2020 business report and financial statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows) have been audited by independent auditors, Shu-Chuan Yeh and Ming-Xin Zhuo of Deloitte & Touche, and have been examined by and determined to be correct and accurate by the Audit Committee of FEDS. We thereby submit this report.
- (2) Please approve the above-mentioned business report and financial statements.

Resolution:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,185,180,852.

The result of voting is as follows:

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,166,580,285	98.4
Disapproval	67,571	-
Invalid	0	-
Abstention votes/No votes	18,532,996	1.6

RESOLVED, that the above proposals be and hereby were approved as proposed.

2. To approve the proposal for the distribution of 2020 surplus earning.

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2020 surplus earning.

Explanatory Notes:

- (1) All the closing transactions as of December 31, 2020 have been completely closed, and have been audited by the accounting firm, Deloitte & Touche. We thereby submit the proposal for distribution of 2020 profits:

1	Unappropriated earnings of January 1, 2020	NT\$ 828,043,933
2	Net Income for the year ended December 31, 2020	1,939,138,859
3	The adjustments of retained earnings for by using equity method	(1,035,119)
4	Recognizing the re-measurements of defined benefit plans in retained earnings	(71,064,350)
5	The amount of the sum of the current after-tax net income and other item accounted to undistributed earnings (=2-3-4)	1,867,039,390
6	10% legal reserve (=5*10%)	(186,703,939)
7	Reversing special reserve	89,694,479
8	Distributable net profit(=1+5-6+7)	2,598,073,863
9	Earnings distribution (NT\$1.1 per share)	(1,558,634,648)
10	Un-appropriated earnings after distribution(=8-9)	1,039,439,215

- (2) The distribution of 2021 dividends composes of 2020 surplus earning in priority,

and the undistributed profit from 1998 to 2019 in case 2020 surplus earning are insufficient to cover 2020 dividends, and then the undistributed profit before 1998 in case the surplus earning from 1998 to 2019 are insufficient to cover 2020 dividends.

- (3) After being approved at the annual General Shareholders' meeting (2021), the cash dividends to holders of common share will be distributed on the record date to be determined by Chairman authorized by the Board of Directors. Cash dividends allocated to each shareholder should be calculated to round down to full NT dollar (decimal places should be ignored). The sum of the amount lower than NT\$1 paid to each shareholder should be reclassified to other income. According to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total numbers of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FEDS be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- (4) Please approve the above-mentioned proposal for the distribution of 2020 profits.

Supplemental Instruction :

In accordance with the "Q&A for Listed Companies to Postpone the Shareholders' Meeting in Response to the Impact of COVID-19" amended by Taiwan Stock Exchange on June 18, 2021, because the E-votes of proposal for cash dividends distribution has reached the statutory amount, the BOD approved to authorize the chairman to decide the ex-dividend date before the AGM on July 6, 2021. The ex-dividend date and the cash dividend payment date were announced at MOPS on July 13, 2021.

Resolution: the result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,185,180,852.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,167,860,195	98.5
Disapproval	80,635	-
Invalid	0	-
Abstention votes/No votes	17,240,022	1.5

RESOLVED, that the above proposals be and hereby were approved as proposed.

III. Discussion & Election

1. Proposal to elect Directors (including Independent Directors) of the Company

The Board of Directors proposes and recommends that each shareholder to elect Directors (including three Independent Directors).

Explanatory Notes:

- (1) As stated in Article 17 of the Company's Articles of Incorporation, the directors' election adopts a nomination system, and the directors shall be selected from among the list of director candidates by the shareholders.
- (2) The term of the 18th Board of Directors of the Company expired on June 20, (2021). According to Article 18 of the Company's Articles of Incorporation, the directors shall be re-elected in the 2021 general shareholders meeting. 7 directors (of which 3 are independent directors) shall be elected in the election, and the term of the new directors after the re-election is from June 29, 2021 to June 28, 2024, totaling 3 years.
- (3) In accordance with Article 192-1 of the Company Act and related laws and regulations, the list of candidates for directors (including independent directors) approved by the Company's 13th meeting of the 18th Board of Directors on May 5, 2021 is as follows.
- (4) Please elect.

Supplemental Instruction :

According to the announcement of FSC about "the shareholders meeting of public listed companies should be postponed in response to the epidemic", 2021 shareholders meeting was postponed to July 27 this year. And, the term of new directors should be from the actual date of election. The term of the new directors is from July 27, 2021 to July 26, 2024, totaling 3 years

The election result is as follows:

- (1) Elected directors and votes received are as follow.

Title.	Shareholder Number/ID	Name.	Votes Received.
Director	0000008	Douglas Hsu	1,291,173,308
Director	0136279	Nancy Hsu, Representative of Ding & Ding Management Consultant Corporation	1,222,019,773
Director	0000010	Nicole Hsu, Representative of Far Eastern New Century Corporation	1,173,208,119
Director	0111468	Philby Lee, Representative of Yue Li Investment Corporation	1,143,122,335
Independent Director	R10006****	Eugene You Hsin Chien	1,109,705,942
Independent Director	A10214****	Edward Yung Do Way	1,080,107,199
Independent Director	F12094****	Ding Yu Dong	1,041,632,416

- (2) The term of the new directors is from July 27, 2021 to July 26, 2024, totaling 3 years

2. Proposal to release the non-competition restriction for directors in Article 209 of the Company Act

The Board of Directors proposes and recommends that each shareholder votes for releasing the restriction on non-competition of directors in Article 209 of the Company Act.

Explanatory Notes:

- (1) According to Paragraph 1 of Article 209 of the Company Act, which states “a director who performs any act for himself or on behalf of another person that is within the scope of the company's business shall explain to the shareholders meeting of the essential contents of such an act and secure its approval.
- (2) As a newly appointed director of the Company might have invested or engaged in other business that are the same or similar to the scope of the Company's business, we hereby ask the shareholders meeting to approve the relief of the Company's restrictions on the non-competition

of new directors and their representatives in accordance with Article 209 of the Company Act.

Title	Name	Title and Competition Company	Major Business Scope
Director	Douglas Hsu	Chairman <ul style="list-style-type: none"> ● Far Eastern Ai Mai Co., Ltd. ● FEDS Asia Pacific Development Co., Ltd. ● FEDS New Century Development Co., Ltd. Director <ul style="list-style-type: none"> ● Pacific Sogo Department Stores Co., Ltd. ● Ya Tung Department Stores Ltd. ● Far Eastern City Super Co. Ltd. ● Far Eastern Hon Li Do Co. Ltd. 	Retail and wholesale.
Director	Nancy Hsu, Representative of Ding & Ding Management Consultant Corporation	Chairman <ul style="list-style-type: none"> ● Ya Tung Department Stores Ltd. ● Far Eastern City Super Co. Ltd. ● Far Eastern Hon Li Do Co. Ltd. Director <ul style="list-style-type: none"> ● Far Eastern Ai Mai Co., Ltd. ● FEDS Asia Pacific Development Co., Ltd. ● FEDS New Century Development Co., Ltd. ● Chubei New Century Shopping mall Co., Ltd. 	Retail and wholesale.
Director	Philby Lee, Representative of Yue Li Investment Corporation.	Chairman <ul style="list-style-type: none"> ● Far Eastern Big City Shopping Malls Co., Ltd. ● Chubei New Century Shopping mall Co., Ltd. Director <ul style="list-style-type: none"> ● Far Eastern Ai Mai Co., Ltd. ● Yuanshi digital technology Co.,Ltd. 	Retail and wholesale.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,185,180,852.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,161,822,272	98.0
Disapproval	1,507,971	0.1
Invalid	0	-

Abstention votes/No votes	21,850,609	1.9
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RESOLVED, that the above proposals be and hereby were approved as proposed.

IV. Extemporaneous Motion

None

V. Adjournment

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Far Eastern Department Stores, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern Department Stores, Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Fair Value Evaluation of Investment Properties

As of December 31, 2020, the carrying amount of investment properties was NT\$9,021,607 thousand, accounting for 7% of consolidated total assets and is material to the consolidated financial statements. The Group's investment properties are subsequently measured using the fair value model. The fair value evaluation involved management's significant accounting estimates and judgments. Therefore, the fair value evaluation of investment property was considered to be a key audit matter. Refer to Notes 4(i), 5 and 16 to the accompanying consolidated financial statements for the relevant detailed information.

The main audit procedures that we performed in respect of the fair value of investment properties were as follows:

1. We evaluated the expertise, competency and independence of external valuation specialists appointed by management. We verified the qualification of valuation specialists to ensure that their objectivity and scope of work were not influenced or restricted, and confirmed that the methodology adopted was in compliance with relevant regulations.
2. We reviewed significant lease contracts and compared relevant market rental prices to assess the reasonableness of future cash flow forecasts.
3. We assessed the reasonableness of the assumptions and methods used in the valuation.

Others Matter

We have also audited the parent company only financial statements of Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 the 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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-Chuan Yeh and Ming-Hsing Cho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2021

Notice to Readers

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 14,791,434	12	\$ 13,424,223	10
Financial assets at fair value through profit or loss - current	450,046	-	457,256	1
Financial assets at fair value through other comprehensive income - current	278,539	-	297,456	-
Financial assets at amortized cost - current	1,171,058	1	1,443,974	1
Notes receivable	1,864	-	1,132	-
Trade receivables	600,242	-	744,436	1
Trade receivables from related parties	124,738	-	161,935	-
Other receivables	1,007,684	1	915,309	1
Current tax assets	1,063	-	10,812	-
Inventories	2,374,459	2	2,780,889	2
Prepayments	211,102	-	398,558	-
Other current assets	103,887	-	110,095	-
Total current assets	21,116,116	16	20,746,075	16
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	4,659,302	4	5,030,564	4
Financial assets at amortized cost - non-current	24,000	-	146,000	-
Investments accounted for using the equity method	10,164,724	8	10,107,165	8
Property, plant and equipment	33,945,566	26	34,323,257	26
Right-of-use assets	42,712,637	33	44,764,810	34
Investment properties	9,021,607	7	9,086,641	7
Intangible assets	2,581,127	2	2,477,815	2
Deferred tax assets	572,186	1	589,225	-
Net defined benefit assets	205,863	-	234,035	-
Long-term prepayments for lease	1,517,865	1	1,060,658	1
Other non-current assets	1,902,776	2	1,944,860	2
Total non-current assets	107,307,653	84	109,765,030	84
TOTAL	\$128,423,769	100	\$130,511,105	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 9,045,746	7	\$ 9,630,896	7
Short-term bills payable	3,729,003	3	3,622,993	3
Contract liabilities - current	8,121,734	6	7,770,828	6
Notes payable	6,626	-	3,184	-
Trade payables	15,844,472	12	15,120,910	11
Trade payables to related parties	68,101	-	93,455	-
Other payables	3,721,330	3	3,971,660	3
Current tax liabilities	485,553	1	772,780	1
Provisions - current	3,000	-	3,000	-
Lease liabilities - current	3,473,928	3	3,381,049	3
Advance receipts	510,474	1	440,970	-
Current portion of long-term borrowings	299,933	-	2,540,000	2
Other current liabilities	373,784	-	315,976	-
Total current liabilities	45,683,684	36	47,667,701	36
NON-CURRENT LIABILITIES				
Long-term borrowings	15,139,828	12	14,999,757	12
Provisions - non-current	25,047	-	24,823	-
Deferred tax liabilities	2,348,055	2	2,312,954	2
Lease liabilities - non-current	24,335,088	19	25,406,473	19
Net defined benefit liabilities	737,454	-	738,431	1
Other non-current liabilities	366,325	-	457,159	-
Total non-current liabilities	42,951,797	33	43,939,597	34
Total liabilities	88,635,481	69	91,607,298	70
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	14,169,406	11	14,169,406	11
Capital surplus	3,338,791	2	3,327,466	3
Retained earnings				
Legal reserve	3,424,615	3	3,298,695	3
Special reserve	2,709,263	2	2,865,351	2
Unappropriated earnings	2,695,084	2	1,931,429	1
Total retained earnings	8,828,962	7	8,095,475	6
Other equity	4,953,871	4	5,295,169	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,193,920	24	30,790,406	24
NON-CONTROLLING INTERESTS	8,594,368	7	8,113,401	6
Total equity	39,788,288	31	38,903,807	30
TOTAL	\$128,423,769	100	\$130,511,105	100

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE	\$37,287,949	100	\$37,896,062	100
OPERATING COSTS	<u>18,580,671</u>	<u>50</u>	<u>18,253,449</u>	<u>48</u>
GROSS PROFIT	<u>18,707,278</u>	<u>50</u>	<u>19,642,613</u>	<u>52</u>
OPERATING EXPENSES				
Selling and marketing expenses	987,735	3	891,625	2
General and administrative expenses	13,639,718	36	14,211,781	38
Expected credit (gain) loss	<u>(5,139)</u>	<u>-</u>	<u>556</u>	<u>-</u>
Total operating expenses	<u>14,622,314</u>	<u>39</u>	<u>15,103,962</u>	<u>40</u>
OPERATING PROFIT	<u>4,084,964</u>	<u>11</u>	<u>4,538,651</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	66,244	-	90,449	-
Other income	312,581	1	286,299	1
Other losses	(651,295)	(2)	(1,035,197)	(3)
Finance costs	(851,591)	(2)	(835,329)	(2)
Share of profit of associates accounted for using the equity method	<u>39,868</u>	<u>-</u>	<u>58,065</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,084,193)</u>	<u>(3)</u>	<u>(1,435,713)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX	3,000,771	8	3,102,938	8
INCOME TAX EXPENSE	<u>455,874</u>	<u>1</u>	<u>950,669</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,544,897</u>	<u>7</u>	<u>2,152,269</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(384,300)	(1)	1,118,564	3
Remeasurement of defined benefit plans	(96,805)	-	230,902	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	31,283	-	(61,630)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>19,377</u>	<u>-</u>	<u>(46,260)</u>	<u>-</u>
	<u>(430,445)</u>	<u>(1)</u>	<u>1,241,576</u>	<u>3</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (25,068)	-	\$ 53,578	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>25,525</u>	<u>-</u>	<u>(57,504)</u>	<u>-</u>
	<u>457</u>	<u>-</u>	<u>(3,926)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(429,988)</u>	<u>(1)</u>	<u>1,237,650</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,114,909</u>	<u>6</u>	<u>\$ 3,389,919</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,939,139	5	\$ 1,781,843	5
Non-controlling interests	<u>605,758</u>	<u>2</u>	<u>370,426</u>	<u>1</u>
	<u>\$ 2,544,897</u>	<u>7</u>	<u>\$ 2,152,269</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,525,741	4	\$ 3,044,048	8
Non-controlling interests	<u>589,168</u>	<u>2</u>	<u>345,871</u>	<u>1</u>
	<u>\$ 2,114,909</u>	<u>6</u>	<u>\$ 3,389,919</u>	<u>9</u>
EARNINGS PER SHARE				
Basic	<u>\$1.38</u>		<u>\$1.26</u>	
Diluted	<u>\$1.37</u>		<u>\$1.26</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2019	\$ 14,169,406	\$ 3,315,420	\$ 3,166,880	\$ 2,656,286	\$ 2,081,772	\$ 90,654	\$ 1,969,628	\$ 2,170,970	\$ (97,110)	\$29,523,906	\$ 8,166,484	\$37,690,390
Effect of retrospective application and retrospective restatement	-	-	-	-	(585,446)	-	-	-	-	(585,446)	(159,751)	(745,197)
BALANCE AT JANUARY 1, 2019 AS RESTATEMENT	14,169,406	3,315,420	3,166,880	2,656,286	1,496,326	90,654	1,969,628	2,170,970	(97,110)	28,938,460	8,006,733	36,945,193
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	135,735	(135,735)	-	-	-	-	-	-	-
Appropriation of 2018 earnings												
Legal reserve	-	-	131,815	-	(131,815)	-	-	-	-	-	-	-
Special reserve	-	-	-	73,330	(73,330)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,204,400)	-	-	-	-	(1,204,400)	-	(1,204,400)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(239,203)	(239,203)
	-	-	131,815	73,330	(1,409,545)	-	-	-	-	(1,204,400)	(239,203)	(1,443,603)
Net profit for the year ended December 31, 2019	-	-	-	-	1,781,843	-	-	-	-	1,781,843	370,426	2,152,269
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	198,288	(25,329)	1,089,246	-	-	1,262,205	(24,555)	1,237,650
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,980,131	(25,329)	1,089,246	-	-	3,044,048	345,871	3,389,919
Adjustments resulting from investments in associates accounted for using the equity method	-	12,046	-	-	252	-	-	-	-	12,298	-	12,298
BALANCE AT DECEMBER 31, 2019	14,169,406	3,327,466	3,298,695	2,865,351	1,931,429	65,325	3,058,874	2,170,970	(97,110)	30,790,406	8,113,401	38,903,807
Appropriation of 2019 earnings												
Legal reserve	-	-	125,920	-	(125,920)	-	-	-	-	-	-	-
Special reverse	-	-	-	(156,088)	156,088	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,133,552)	-	-	-	-	(1,133,552)	-	(1,133,552)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(117,859)	(117,859)
	-	-	125,920	(156,088)	(1,103,384)	-	-	-	-	(1,133,552)	(117,859)	(1,251,411)
Net profit for the year ended December 31, 2020	-	-	-	-	1,939,139	-	-	-	-	1,939,139	605,758	2,544,897
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(71,064)	3,225	(345,559)	-	-	(413,398)	(16,590)	(429,988)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,868,075	3,225	(345,559)	-	-	1,525,741	589,168	2,114,909
Adjustments resulting from investments in associates accounted for using the equity method	-	11,325	-	-	-	-	-	-	-	11,325	9,658	20,983
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(1,036)	-	1,036	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 14,169,406	\$ 3,338,791	\$ 3,424,615	\$ 2,709,263	\$ 2,695,084	\$ 68,550	\$ 2,714,351	\$ 2,170,970	\$ (97,110)	\$31,193,920	\$ 8,594,368	\$39,788,288

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,000,771	\$ 3,102,938
Adjustments for:		
Depreciation expenses	5,790,171	5,555,195
Amortization expenses	83,971	60,149
Expected credit loss (reversed) recognized on receivables	(5,139)	556
Loss (gain) on financial assets and liabilities at fair value through profit or loss	11,520	(691)
Finance costs	851,591	835,329
Interest income	(66,244)	(90,449)
Dividend income	(312,581)	(286,299)
Share of profit of associates accounted for using the equity method	(39,868)	(58,065)
Loss on disposal of property, plant and equipment	17,035	84,473
Loss on disposal of intangible assets	-	1,435
Gain on lease modifications	(5,935)	(678)
Gain on disposal of investments	(553)	(291)
Impairment loss recognized on intangible assets	6,384	1,095,884
Impairment loss recognized on property, plant and equipment	16,853	-
Impairment loss recognized on right-of-use assets	613,770	-
Unrealized gain on physical and slow-moving inventories	(32)	(9,418)
Loss on changes in fair value of investment properties	71,617	151,597
Amortization of prepayments	39,674	12,544
Concession on lease liabilities	(280,698)	-
Reversal of unrealized purchase discounts	(210)	(400)
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(15,360)	(18,527)
Notes receivable	(732)	1,155
Trade receivables	144,075	836,753
Trade receivables from related parties	38,282	(3,995)
Other receivables	(120,004)	8,008
Inventories	406,672	(41,837)
Prepayments	188,606	90,044
Other current assets	6,208	(24,297)
Contract liabilities - current	350,906	245,360
Notes payable	3,442	(499)
Trade payables	723,562	(2,458,543)
Trade payables to related parties	(25,354)	(11,544)
Other payables	(58,840)	(519,160)
Provisions	-	(4,050)
Advance receipts	239,964	226,939
Other current liabilities	57,808	(4,971)
Net defined benefit liabilities	(53,507)	(125,339)
Cash generated from operations	11,677,825	8,649,306
Dividends received	431,307	317,922
Interest paid	(796,027)	(854,447)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Interest received	\$ 62,228	\$ 109,832
Income tax returned	2,801	2,191
Income tax paid	<u>(690,968)</u>	<u>(337,318)</u>
Net cash generated from operating activities	<u>10,687,166</u>	<u>7,887,486</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(41,279)	(4,744)
Proceeds from sale of financial assets at fair value through other comprehensive income	46,717	-
Purchase of financial assets amortized at cost	(1,305,880)	(2,147,035)
Proceeds from sale of financial assets at amortized cost	1,706,277	2,857,542
Acquisition of investments accounted for using the equity method	-	(1,605,034)
Proceeds from sale of financial assets at fair value through profit or loss	11,603	-
Decrease in prepaid long-term investments	-	25,383
Payments for property, plant and equipment	(2,011,132)	(1,801,799)
Proceeds from disposal of property, plant and equipment	1,473	39,189
Decrease in other receivables	-	1,225,948
Payments for intangible assets	(193,635)	(173,406)
Proceeds from disposal of intangible assets	-	139
Acquisition of right-of-use assets	(110,833)	-
Acquisition of investment properties	(6,583)	(8,015)
Increase in other non-current assets	<u>(509,118)</u>	<u>(1,924,566)</u>
Net cash used in investing activities	<u>(2,412,390)</u>	<u>(3,516,398)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	115,681,868	139,427,113
Repayments of short-term borrowings	(116,326,590)	(142,602,371)
Proceeds from short-term bills payable	35,197,389	36,935,184
Repayments of short-term bills payable	(35,091,379)	(36,792,556)
Proceeds from long-term borrowings	103,720,004	79,279,757
Repayments of long-term borrowings	(105,820,000)	(76,830,000)
Repayment of the principal portion of lease liabilities	(2,957,964)	(3,386,357)
Decrease in other non-current liabilities	(90,834)	(36,410)
Dividends paid to owners of the Company	(1,131,061)	(1,202,733)
Dividends paid to non-controlling interests	<u>(117,859)</u>	<u>(198,624)</u>
Net cash used in financing activities	<u>(6,936,426)</u>	<u>(5,406,997)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>28,861</u>	<u>(134,715)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,367,211	\$ (1,170,624)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>13,424,223</u>	<u>14,594,847</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 14,791,434</u>	<u>\$ 13,424,223</u>
		(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Far Eastern Department Stores, Ltd.

Opinion

We have audited the accompanying financial statements of Far Eastern Department Stores, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows:

Fair Value Evaluation of Investment Properties

As of December 31, 2020, the carrying amount of investment properties was NT\$9,023,303 thousand, accounting for 11% of the total assets and is material to the financial statements. The Company's investment properties are subsequently measured using the fair value model. In the process of fair value assessment, valuation technique and inputs require consideration of the future economic benefits of investment properties to estimate the discounted cash flows. Future cash flows are extrapolated using the existing lease contracts of the Company and market rentals.

Since cash flow forecasts are subject to economic conditions which have a high level of measurement uncertainty, we have identified the evaluation of investment properties' fair value as a key audit matter. Please refer to Notes 4(i), 5 and 14 to the accompanying financial statements for the relevant detailed information.

The main audit procedures that we performed in respect of the fair value of investment properties were as follows:

1. We evaluated the expertise, competency and independence of external valuation specialists appointed by management. We verified the qualification of valuation specialists to ensure that their objectivity and scope of work were not influenced or restricted, and confirmed that the methodology adopted was in compliance with relevant regulations.
2. We reviewed significant lease contracts to ensure the accuracy of fundamental information for cash flow forecasts.
3. We assessed the reasonableness of the assumptions and methods used in the valuation.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

As part of an audit in accordance with the 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 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 Company'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 Company'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 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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 audits resulting in this independent auditors' report are Shu-Chuan Yeh and Ming-Hsing Cho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2021

Notice to Readers

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

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

FAR EASTERN DEPARTMENT STORES, LTD.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 812,706	1	\$ 538,361	1
Financial assets at amortized cost - current	25,424	-	25,271	-
Notes receivable	-	-	3	-
Trade receivables	246,868	-	345,747	1
Trade receivables from related parties	75,243	-	79,534	-
Other receivables	255,872	1	279,279	-
Inventories	353,129	1	512,976	1
Prepayments	247,525	-	215,686	-
Other current assets	60,981	-	64,807	-
Total current assets	<u>2,077,748</u>	<u>3</u>	<u>2,061,664</u>	<u>3</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,845,620	4	3,101,049	4
Investments accounted for using the equity method	20,054,557	26	19,821,401	25
Property, plant and equipment	18,176,915	23	18,724,837	24
Right-of-use assets	24,929,817	32	25,836,205	32
Investment properties	9,023,303	11	8,997,056	11
Intangible assets	69,628	-	55,892	-
Deferred tax assets	80,218	-	70,344	-
Net defined benefit assets	205,863	-	234,035	-
Other non-current assets	562,571	1	536,733	1
Total non-current assets	<u>75,948,492</u>	<u>97</u>	<u>77,377,552</u>	<u>97</u>
TOTAL	<u>\$78,026,240</u>	<u>100</u>	<u>\$79,439,216</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 4,650,000	6	\$ 5,000,000	6
Short-term bills payable	2,449,280	3	2,499,312	3
Contract liabilities - current	3,202,942	4	3,024,526	4
Trade payables	3,822,290	5	3,612,036	5
Trade payables to related parties	49,983	-	56,943	-
Other payables	1,827,132	3	2,075,491	3
Current tax liabilities	111,095	-	161,580	-
Lease liabilities - current	941,237	1	929,821	1
Advance receipts	243,905	-	193,734	-
Current portion of long-term borrowings	299,933	1	2,500,000	3
Other current liabilities	128,603	-	154,488	-
Total current liabilities	<u>17,726,400</u>	<u>23</u>	<u>20,207,931</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	12,999,828	16	11,799,757	15
Deferred tax liabilities	2,183,467	3	2,142,641	3
Lease liabilities - non-current	13,844,089	18	14,397,967	18
Other non-current liabilities	78,536	-	100,514	-
Total non-current liabilities	<u>29,105,920</u>	<u>37</u>	<u>28,440,879</u>	<u>36</u>
Total liabilities	<u>46,832,320</u>	<u>60</u>	<u>48,648,810</u>	<u>61</u>
EQUITY				
Share capital				
Ordinary shares	14,169,406	18	14,169,406	18
Capital surplus	3,338,791	4	3,327,466	4
Retained earnings				
Legal reserve	3,424,615	4	3,298,695	4
Special reserve	2,709,263	4	2,865,351	4
Unappropriated earnings	2,695,084	3	1,931,429	2
Total retained earnings	8,828,962	11	8,095,475	10
Other equity	4,953,871	7	5,295,169	7
Treasury shares	(97,110)	-	(97,110)	-
Total equity	<u>31,193,920</u>	<u>40</u>	<u>30,790,406</u>	<u>39</u>
TOTAL	<u>\$78,026,240</u>	<u>100</u>	<u>\$79,439,216</u>	<u>100</u>

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE	\$11,037,055	100	\$10,614,744	100
OPERATING COSTS	<u>4,405,831</u>	<u>40</u>	<u>4,168,762</u>	<u>39</u>
GROSS PROFIT	<u>6,631,224</u>	<u>60</u>	<u>6,445,982</u>	<u>61</u>
OPERATING EXPENSES				
Selling and marketing expenses	355,331	3	378,762	4
General and administrative expenses	4,288,347	39	3,941,540	37
Expected credit loss	<u>801</u>	<u>-</u>	<u>513</u>	<u>-</u>
Total operating expenses	<u>4,644,479</u>	<u>42</u>	<u>4,320,815</u>	<u>41</u>
OPERATING PROFIT	<u>1,986,745</u>	<u>18</u>	<u>2,125,167</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	933	-	242	-
Other income	181,578	2	177,242	2
Other gains and losses	65,005	-	(28,844)	-
Finance costs	(466,377)	(4)	(377,869)	(4)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>462,395</u>	<u>4</u>	<u>298,615</u>	<u>3</u>
Total non-operating income and expenses	<u>243,534</u>	<u>2</u>	<u>69,386</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,230,279	20	2,194,553	21
INCOME TAX EXPENSE	<u>291,140</u>	<u>2</u>	<u>412,710</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>1,939,139</u>	<u>18</u>	<u>1,781,843</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(71,053)	(1)	288,102	3
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(255,429)	(2)	746,698	7

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	\$ (109,861)	(1)	\$ 307,216	3
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>14,211</u>	<u>-</u>	<u>(57,620)</u>	<u>(1)</u>
	<u>(422,132)</u>	<u>(4)</u>	<u>1,284,396</u>	<u>12</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>8,734</u>	<u>-</u>	<u>(22,191)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(413,398)</u>	<u>(4)</u>	<u>1,262,205</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,525,741</u>	<u>14</u>	<u>\$ 3,044,048</u>	<u>29</u>
EARNINGS PER SHARE, NT\$				
Basic	<u>\$ 1.38</u>		<u>\$ 1.26</u>	
Diluted	<u>\$ 1.38</u>		<u>\$ 1.26</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Retained Earnings					Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2019	\$14,169,406	\$ 3,315,420	\$ 3,166,880	\$ 2,656,286	\$ 2,081,772	\$ 90,654	\$ 1,969,628	\$ 2,170,970	\$ (97,110)	\$29,523,906
Effect of retrospective application and retrospective restatement	-	-	-	-	(585,446)	-	-	-	-	(585,446)
BALANCE AT JANUARY 1, 2019 AS RESTATED	<u>14,169,406</u>	<u>3,315,420</u>	<u>3,166,880</u>	<u>2,656,286</u>	<u>1,496,326</u>	<u>90,654</u>	<u>1,969,628</u>	<u>2,170,970</u>	<u>(97,110)</u>	<u>28,938,460</u>
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	135,735	(135,735)	-	-	-	-	-
Appropriation of 2018 earnings										
Legal reserve	-	-	131,815	-	(131,815)	-	-	-	-	-
Special reserve	-	-	-	73,330	(73,330)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,204,400)	-	-	-	-	(1,204,400)
	<u>-</u>	<u>-</u>	<u>131,815</u>	<u>73,330</u>	<u>(1,409,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,204,400)</u>
Net profit for the year ended December 31, 2019	-	-	-	-	1,781,843	-	-	-	-	1,781,843
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	198,288	(25,329)	1,089,246	-	-	1,262,205
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,980,131	(25,329)	1,089,246	-	-	3,044,048
Adjustments resulting from investments in subsidiaries and associates accounted for using the equity method	-	12,046	-	-	252	-	-	-	-	12,298
BALANCE AT DECEMBER 31, 2019	<u>14,169,406</u>	<u>3,327,466</u>	<u>3,298,695</u>	<u>2,865,351</u>	<u>1,931,429</u>	<u>65,325</u>	<u>3,058,874</u>	<u>2,170,970</u>	<u>(97,110)</u>	<u>30,790,406</u>
Appropriation of 2019 earnings										
Legal reserve	-	-	125,920	-	(125,920)	-	-	-	-	-
Special reserve	-	-	-	(156,088)	156,088	-	-	-	-	-
Cash dividends	-	-	-	-	(1,133,552)	-	-	-	-	(1,133,552)
	<u>-</u>	<u>-</u>	<u>125,920</u>	<u>(156,088)</u>	<u>(1,103,384)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,133,552)</u>
Net profit for the year ended December 31, 2020	-	-	-	-	1,939,139	-	-	-	-	1,939,139
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(71,064)	3,225	(345,559)	-	-	(413,398)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,868,075	3,225	(345,559)	-	-	1,525,741
Adjustments resulting from investments in associates accounted for using the equity method	-	11,325	-	-	-	-	-	-	-	11,325
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(1,036)	-	1,036	-	-	-
BALANCE AT DECEMBER 31, 2020	<u>\$14,169,406</u>	<u>\$ 3,338,791</u>	<u>\$ 3,424,615</u>	<u>\$ 2,709,263</u>	<u>\$ 2,695,084</u>	<u>\$ 68,550</u>	<u>\$ 2,714,351</u>	<u>\$ 2,170,970</u>	<u>\$ (97,110)</u>	<u>\$31,193,920</u>

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,230,279	\$ 2,194,553
Adjustments for:		
Depreciation expenses	2,034,760	1,654,458
Amortization expenses	50,182	26,757
Expected credit loss recognized on receivables	801	513
Amortization of prepayments	1,576	-
Finance costs	466,377	377,869
Share of profit of subsidiaries and associates accounted for using the equity method	(462,395)	(298,615)
Interest income	(933)	(242)
Dividend income	(181,578)	(177,242)
Loss on disposal of property, plant and equipment	5,157	6,229
Loss on disposal of investment properties	116	247
Impairment loss recognized on intangible assets	6,307	-
(Gain) loss on changes in fair value of investment properties	(19,544)	75,802
Concession on lease liabilities	(113,828)	-
Net changes in operating assets and liabilities		
Notes receivable	3	137
Trade receivables	98,078	363,880
Trade receivables from related parties	4,291	(9,482)
Other receivables	23,407	58,349
Inventories	159,847	(134,788)
Prepayments	(31,839)	22,134
Other current assets	3,826	(51,027)
Contract liabilities	178,416	176,694
Notes payable and trade payables	210,254	(1,266,804)
Trade payables to related parties	(6,960)	(19,205)
Other payables	31,563	51,696
Advance receipts	145,551	89,656
Other current liabilities	(25,885)	(412)
Net defined benefit liabilities	(42,881)	(34,934)
Cash generated from operations	4,764,948	3,106,223
Interest paid	(445,758)	(427,523)
Interest received	933	242
Dividends received	321,015	332,030
Income tax paid	(296,462)	(257,461)
Net cash generated from operating activities	<u>4,344,676</u>	<u>2,753,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(25,424)	(25,271)
Proceeds from sale of financial assets at amortized cost	25,271	25,495
Acquisition of investments accounted for using the equity method	-	(400,000)
Payments for property, plant and equipment	(760,367)	(986,290)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from disposal of property, plant and equipment	\$ 484	\$ 39
Payments for investment properties	(6,819)	(8,369)
Increase in other non-current assets	(55,669)	(1,421,459)
Acquisition of right-of-use assets	(97,504)	-
Payments for intangible assets	<u>(27,035)</u>	<u>(26,080)</u>
Net cash used in investing activities	<u>(947,063)</u>	<u>(2,841,935)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	73,550,000	77,850,000
Repayments of short-term borrowings	(73,900,000)	(79,560,000)
Proceeds from short-term bills payable	26,283,806	22,093,578
Repayments of short-term bills payable	(26,333,838)	(21,893,298)
Proceeds from long-term borrowings	111,250,004	65,199,757
Repayments of long-term borrowings	(112,250,000)	(62,000,000)
Repayment of the principal portion of lease liabilities	(570,201)	(620,491)
(Decrease) increase in other non-current liabilities	(21,978)	13,791
Dividends paid	<u>(1,131,061)</u>	<u>(1,202,733)</u>
Net cash used in financing activities	<u>(3,123,268)</u>	<u>(119,396)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	274,345	(207,820)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>538,361</u>	<u>746,181</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 812,706</u>	<u>\$ 538,361</u>

(Concluded)

Audit Committee's Review Report

To the 2021 General Shareholders Meeting of Far Eastern Department Stores, Ltd, In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, we have examined the Business Report, the Resolution for Distribution of Surplus Earning, and Financial Statements which had been certified by Deloitte & Touche, submitted by the Board of Directors for the year ending 2020 and found them in order.

The Convener of the Audit Committee: Edward Yung Do Way

May 5, 2021