



2022 Annual General Shareholders' Meeting Minutes Far Eastern Department Stores

Date : Friday, June 24, 2022

Time : 9:00 a.m. Taipei time

Place : Auditorium in the Taipei Hero House

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

Holding means : Visual communication assisted shareholders meeting

Webinar platform : TDCC (<https://www.stockvote.com.tw>)

Shareholders present :

Total shares represented by the shareholders present at the meeting in person or by proxy are 1,164,108,037 shares (including e-voting and virtual method), representing 82.63% of the total issued shares of the Company (1,408,733,585 shares)

Attendee Directors :

Mr. Douglas Hsu, Mrs. Nancy Hsu, Mrs. Philby Lee, Mr. Eugene You Hsin Chien (Independent Director), Mr. Edward Way (Independent Director, Chairperson of Audit Committee and Compensation Committee).

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 Matters:

1. 2021 Business Report (please refer to P.3-P.10 of handbook for 2022 AGM).
2. 2021 Financial Report (please refer to P.11-P.33 of handbook for 2022 AGM).
3. Audit Committee's review report on 2021 business report and financial statements (please refer to P.34 of handbook for 2022 AGM).
4. Report of 2021 employees' compensation and directors' remuneration (please refer to P.35 of handbook for 2022 AGM).
5. Report of the amendment to the provisions of "Sustainability Principles" (please refer to P.36~P.45 of handbook for 2022 AGM).

II. Acknowledged Matters:

1. To accept 2021 business report and financial statements.

The Board of Directors proposes and recommends that each shareholder votes for the acceptance of 2021 business report and financial statements.

Explanatory Notes:

- (1) FEDS's 2021 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-Hsing Cho 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 and virtual method) was 1,164,108,037.

The result of voting is as follows:

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,143,048,044	98.2
Disapproval 94,345	-
Invalid 0	-
Abstention votes/No votes 20,965,648	1.8

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

2. To approve the proposal for the distribution of 2021 profit

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2021 profit.

Explanatory Notes:

- (1) All the closing transactions as of December 31, 2021 have been completely closed, and have been audited by the accounting firm, Deloitte & Touche. We thereby submit the proposal for distribution of 2021 profits:

1.	Unappropriated earnings of January 1, 2021	NT\$ 1,039,439,215
2.	Net Income for the year ended December 31, 2021	1,208,100,440
3.	The adjustments of retained earnings for by using equity method	(3,793,279)
4.	Recognizing the re-measurements of defined benefit plans in retained earnings	(27,314,273)
5.	The amount of the sum of the current after-tax net income and other item accounted to undistributed earnings (=2-3-4)	1,176,992,888
6.	10% legal reserve (=5*10%)	(117,699,289)
7.	Special reserve	(38,409,455)
8.	Distributable net profit(=1+5-6-7)	2,060,323,359
9.	Earnings distribution (NT\$0.9 per share)	(1,275,246,530)
10.	Un-appropriated earnings after distribution(=8-9)	785,076,829

- (2) The distribution of 2021 dividends composes of 2021 surplus earning in priority, and the undistributed profit from 1998 to 2020 in case 2021 surplus earning are insufficient to cover 2021 dividends.
- (3) After being approved at the annual General Shareholders' meeting (2022), 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 2021 profits.

Resolution: The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,144,340,523	98.3
Disapproval 96,839	-
Invalid 0	-
Abstention votes/No votes 19,670,675	1.7

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

III. Matter for Discussion

1. Proposal to amend the provisions in the “Articles of Incorporation”

Board of Directors proposes

Explanatory Notes:

- (1) To ensure a more flexible method for the convening of the company’s shareholders’ meeting, the company has revised the provisions, pursuant to the Article 172-2 Paragraph 1 of the Company Act, which is stipulated that the shareholders’ meeting may be summoned by way of a video conference and other method announced by the central competent authority
- (2) The amended provisions are shown in the attached comparison table.
- (3) Please approve the proposal.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,139,903,566	97.9
Disapproval 4,522,281	0.4
Invalid 0	-
Abstention votes/No votes 19,682,190	1.7

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

2. Proposal to amend the provisions of the “Rules of Procedure of Stockholders Meeting”

Board of Directors proposes

Explanatory Notes:

- (1) In order to comply with the operation and refer to “Sample Template for XXX Co., Ltd. Rules of Procedure for Shareholders Meetings” announced by Taiwan Stock Exchange Corporation on March 8, 2022, it is proposed to amend the certain provisions of “Rules of Procedure of Stockholders Meeting”.
- (2) The amended provisions are shown in the attached comparison table.
- (3) Please approve the proposed resolutions.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,144,132,159	98.3
Disapproval 293,288	-
Invalid 0	-
Abstention votes/No votes 19,682,590	1.7

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

3. Proposal to amend the provisions of the “Election Procedures of Directors”

Board of Directors proposes

Explanatory Notes:

- (1) According to the company’s operation practice and the reference example of the "Director Election Procedures of xxx Co., Ltd." issued by Taiwan Stock Exchange Co., Ltd., some provisions of the company's "Election Procedures of Board of Directors" are revised, as shown in the comparison attached.
- (2) Please approve the proposed resolutions.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was **1,164,108,037**.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,144,162,481	98.3
Disapproval 262,049	-
Invalid 0	-
Abstention votes/No votes 19,683,507	1.7

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

4. Proposal to amend the provisions of the Company’s “Procedures For Acquisition And Disposition Of Assets”

Board of Directors proposes

Explanatory Notes:

In order to comply with the amendments of “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” announced by official letter No.1110380465 of the Financial Supervisory Commission (“FSC”) dated January 28, 2022. The Company’s “Procedures for Acquisition and Disposition of Assets“ is revised, as shown in the comparison attached.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,144,168,069	98.3
Disapproval 256,499	-
Invalid 0	-
Abstention votes/No votes 19,683,469	1.7

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

5. Proposal to amend the provisions of the Company's "Procedures for Lending Capital to Others", and "Procedures for Endorsements and Guarantees"

Board of Directors proposes

Explanatory Notes:

Pursuant to the "Q&A on Stipulation Governing Funding Loans and Endorsements and Guarantees of Public Listed Companies" issued by the Securities and Futures Bureau of the Financial Supervisory Commission on 24 December 2021, which revised the stipulated announcement standard for the new funding loans and endorsements and guarantees of public listed companies or their subsidiaries when the funding amounts reach certain criterion, and according to which the provisions of both Article 8 of the Company's "Procedures for Capital Lending to Others" and "Procedures for Endorsements and Guarantees" of the Company are amended in the comparison attached.

The result of voting is as follows:

The number of shares represented by the shareholders present at the time of voting (including e-voting and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,144,168,545	98.3
Disapproval 257,419	-
Invalid 0	-
Abstention votes/No votes 19,682,073	1.7

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

IV. Extemporary 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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2021. 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, 2021 is stated as follows:

Evaluation of Impairment Loss of Goodwill

As of December 31, 2021, the goodwill of the Group originated from the merger contract signed between Far Eastern Ai Mai Co., Ltd. (Ai Mai), a subsidiary of the Group, and GEANT Group (France) in 2000. Each party obtained 50%-50% ownership with Far Eastern Ai Mai Co., Ltd. as the surviving entity at the time. The Group acquired the other 50% ownership in 2006 due to the consideration of the retail business strategy, and the amount of goodwill generated was NT\$437,462 thousand. However, due to the impact of the COVID-19 pandemic in 2021 and the changes in retail business, the Group has considered whether the carrying amount of the goodwill from the time the retail business was acquired exceeds the recoverable amount. Since management's subjective judgment on the recoverable amount involves significant uncertainties, the carrying amount of goodwill may be overestimated; thus, we considered the evaluation of impairment loss of goodwill as a key audit matter. For the accounting policy related to impairment loss of the goodwill, refer to Notes 4 (j), 5(a) and 17 to the accompanying consolidated financial statements.

The main audit procedures that we performed in respect of the impairment loss of goodwill were as follows:

1. We evaluated the expertise, competency and independence of the independent appraisers contracted by the management to perform an impairment test.
2. We obtained an understanding of the process of management's estimation of the future sales growth rate and the profit margin forecast by the operating segments in Far Eastern Ai Mai Co., Ltd.
3. We confirmed the appropriateness of the discount rate used by management and assessed the impairment of goodwill by using the same evaluation model to calculate the weighted average cost of capital ratio used by management.

Other 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, 2021 and 2020 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, 2021 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 4, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 19,532,090	15	\$ 14,791,434	12
Financial assets at fair value through profit or loss - current (Note 7)	434,650	-	450,046	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 34)	262,709	-	278,539	-
Financial assets at amortized cost - current (Notes 9 and 34)	1,184,222	1	1,171,058	1
Notes receivable (Note 10)	671	-	1,864	-
Trade receivables (Note 10)	1,178,651	1	600,242	-
Trade receivables from related parties (Notes 10 and 32)	169,643	-	124,738	-
Other receivables (Notes 10 and 32)	904,572	1	1,007,684	1
Current tax assets (Note 27)	991	-	1,063	-
Inventories (Note 11)	2,441,255	2	2,374,459	2
Prepayments (Notes 18 and 32)	265,776	-	211,102	-
Other current assets (Notes 19 and 32)	60,485	-	103,887	-
Total current assets	<u>26,435,715</u>	<u>20</u>	<u>21,116,116</u>	<u>16</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 34)	4,815,595	4	4,659,302	4
Financial assets at amortized cost - non-current (Notes 9 and 34)	123,000	-	24,000	-
Investments accounted for using the equity method (Notes 13 and 34)	10,151,421	8	10,164,724	8
Property, plant and equipment (Notes 14, 32 and 34)	33,782,868	26	33,945,566	26
Right-of-use assets (Note 15)	39,551,296	30	42,712,637	33
Investment properties (Notes 16 and 34)	8,978,133	7	9,021,607	7
Intangible assets (Note 17)	2,428,534	2	2,581,127	2
Deferred tax assets (Note 27)	597,004	1	572,186	1
Net defined benefit assets (Note 23)	196,769	-	205,863	-
Long-term prepayments for lease (Notes 18, 33 and 34)	1,844,391	1	1,517,865	1
Other non-current assets (Notes 19 and 33)	1,822,585	1	1,902,776	2
Total non-current assets	<u>104,291,596</u>	<u>80</u>	<u>107,307,653</u>	<u>84</u>
TOTAL	<u>\$130,727,311</u>	<u>100</u>	<u>\$128,423,769</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20, 32 and 33)	\$ 9,868,799	8	\$ 9,045,746	7
Short-term bills payable (Notes 20 and 33)	3,190,706	3	3,729,003	3
Contract liabilities - current (Notes 25 and 32)	9,659,984	7	8,121,734	6
Notes payable	5,830	-	6,626	-
Trade payables	16,806,804	13	15,844,472	12
Trade payables to related parties (Note 32)	96,397	-	68,101	-
Other payables (Notes 21, 24 and 32)	3,768,878	3	3,721,330	3
Current tax liabilities (Note 27)	470,027	-	485,553	1
Provisions - current (Note 22)	3,000	-	3,000	-
Lease liabilities - current (Notes 15 and 32)	3,189,336	3	3,473,928	3
Advance receipts (Note 32)	517,771	-	510,474	1
Current portion of long-term borrowings (Notes 20 and 33)	-	-	299,933	-
Other current liabilities (Notes 21 and 32)	395,085	-	373,784	-
Total current liabilities	<u>47,972,617</u>	<u>37</u>	<u>45,683,684</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 20 and 33)	17,589,721	13	15,139,828	12
Provisions - non-current (Note 22)	25,272	-	25,047	-
Deferred tax liabilities (Note 27)	2,295,710	2	2,348,055	2
Lease liabilities - non-current (Notes 15 and 32)	21,763,708	17	24,335,088	19
Net defined benefit liabilities (Note 23)	718,441	1	737,454	-
Other non-current liabilities (Notes 21 and 32)	526,684	-	366,325	-
Total non-current liabilities	<u>42,919,536</u>	<u>33</u>	<u>42,951,797</u>	<u>33</u>
Total liabilities	<u>90,892,153</u>	<u>70</u>	<u>88,635,481</u>	<u>69</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	14,169,406	11	14,169,406	11
Capital surplus	3,340,982	3	3,338,791	2
Retained earnings				
Legal reserve	3,611,319	3	3,424,615	3
Special reserve	2,619,569	2	2,709,263	2
Unappropriated earnings	2,216,433	1	2,695,084	2
Total retained earnings	8,447,321	6	8,828,962	7
Other equity	5,188,031	4	4,953,871	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,048,630	24	31,193,920	24
NON-CONTROLLING INTERESTS	<u>8,786,528</u>	<u>6</u>	<u>8,594,368</u>	<u>7</u>
Total equity	<u>39,835,158</u>	<u>30</u>	<u>39,788,288</u>	<u>31</u>
TOTAL	<u>\$130,727,311</u>	<u>100</u>	<u>\$128,423,769</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)	\$35,308,464	100	\$37,287,949	100
OPERATING COSTS (Notes 11, 26 and 32)	<u>17,898,398</u>	<u>51</u>	<u>18,580,671</u>	<u>50</u>
GROSS PROFIT	<u>17,410,066</u>	<u>49</u>	<u>18,707,278</u>	<u>50</u>
OPERATING EXPENSES (Notes 23, 26 and 32)				
Selling and marketing expenses	868,950	2	987,735	3
General and administrative expenses	12,908,103	37	13,639,718	36
Expected credit loss (gain)	<u>367</u>	<u>-</u>	<u>(5,139)</u>	<u>-</u>
Total operating expenses	<u>13,777,420</u>	<u>39</u>	<u>14,622,314</u>	<u>39</u>
OPERATING PROFIT	<u>3,632,646</u>	<u>10</u>	<u>4,084,964</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	57,683	-	66,244	-
Other income (Note 26)	318,847	1	312,581	1
Other losses (Notes 14, 15, 17, 26 and 32)	(748,359)	(2)	(651,295)	(2)
Finance costs (Notes 26 and 32)	(796,860)	(2)	(851,591)	(2)
Share of profit of associates accounted for using the equity method	<u>(27,562)</u>	<u>-</u>	<u>39,868</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,196,251)</u>	<u>(3)</u>	<u>(1,084,193)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	2,436,395	7	3,000,771	8
INCOME TAX EXPENSE (Note 27)	<u>531,079</u>	<u>2</u>	<u>455,874</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,905,316</u>	<u>5</u>	<u>2,544,897</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	169,399	1	(384,300)	(1)
Remeasurement of defined benefit plans	(48,000)	-	(96,805)	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ 79,079	-	\$ 31,283	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>9,648</u>	<u>-</u>	<u>19,377</u>	<u>-</u>
	<u>210,126</u>	<u>1</u>	<u>(430,445)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,859	-	(25,068)	-
Share of other comprehensive (loss) income of associates accounted for using the equity method	<u>(6,726)</u>	<u>-</u>	<u>25,525</u>	<u>-</u>
	<u>(1,867)</u>	<u>-</u>	<u>457</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>208,259</u>	<u>1</u>	<u>(429,988)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,113,575</u>	<u>6</u>	<u>\$ 2,114,909</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,208,100	3	\$ 1,939,139	5
Non-controlling interests	<u>697,216</u>	<u>2</u>	<u>605,758</u>	<u>2</u>
	<u>\$ 1,905,316</u>	<u>5</u>	<u>\$ 2,544,897</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,411,154	4	\$ 1,525,741	4
Non-controlling interests	<u>702,421</u>	<u>2</u>	<u>589,168</u>	<u>2</u>
	<u>\$ 2,113,575</u>	<u>6</u>	<u>\$ 2,114,909</u>	<u>6</u>
EARNINGS PER SHARE				
Basic	<u>\$0.86</u>		<u>\$1.38</u>	
Diluted	<u>\$0.86</u>		<u>\$1.37</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity (Note 24)					Non-controlling Interests (Note 24)	Total Equity
	Share Capital (Note 24)	Capital Surplus (Note 24)	Retained Earnings (Note 24)			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 (Note 24)	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2020	\$ 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 reserve	-	-	-	(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
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	186,704	-	(186,704)	-	-	-	-	-	-	-
Special reserve	-	-	-	(89,694)	89,694	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(510,016)	(510,016)
	-	-	186,704	(89,694)	(1,655,645)	-	-	-	-	(1,558,635)	(510,016)	(2,068,651)
Net profit for the year ended December 31, 2021	-	-	-	-	1,208,100	-	-	-	-	1,208,100	697,216	1,905,316
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(27,314)	(2,615)	226,789	6,194	-	203,054	5,205	208,259
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,180,786	(2,615)	226,789	6,194	-	1,411,154	702,421	2,113,575
Adjustments resulting from investments in associates accounted for using the equity method	-	2,191	-	-	-	-	-	-	-	2,191	(245)	1,946
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(3,792)	-	3,792	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 14,169,406	\$ 3,340,982	\$ 3,611,319	\$ 2,619,569	\$ 2,216,433	\$ 65,935	\$ 2,944,932	\$ 2,177,164	\$ (97,110)	\$ 31,048,630	\$ 8,786,528	\$ 39,835,158

The accompanying notes are an integral part of the consolidated financial statements.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,436,395	\$ 3,000,771
Adjustments for:		
Depreciation expense	5,230,418	5,790,171
Amortization expense	79,021	83,971
Expected credit loss (gain) recognized on receivables	367	(5,139)
Loss on financial assets and liabilities at fair value through profit or loss	163	11,520
Finance costs	796,860	851,591
Interest income	(57,683)	(66,244)
Dividend income	(318,847)	(312,581)
Share of loss (gain) of associates accounted for using the equity method	27,562	(39,868)
Loss on disposal of property, plant and equipment	5,270	17,035
Loss on disposal of intangible assets	28	-
Gain on lease modifications	(73)	(5,935)
Gain on disposal of investments	(4,330)	(553)
Impairment loss recognized on intangible assets	437,462	6,384
Impairment loss recognized on property, plant and equipment	252,499	16,853
Impairment loss recognized on right-of-use assets	231,371	613,770
Unrealized gain on physical and slow-moving inventories	(2,463)	(32)
Loss on changes in fair value of investment properties	44,277	71,617
Amortization of prepayments	61,219	39,674
Concession on lease liabilities	(227,979)	(280,698)
Recognized (reversal) of unrealized purchase discounts	389	(210)
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(18,979)	(15,360)
Notes receivable	1,193	(732)
Trade receivables	(581,023)	144,075
Trade receivables from related parties	(42,437)	38,282
Other receivables	83,609	(120,004)
Inventories	(64,722)	406,672
Prepayments	(25,076)	188,606
Other current assets	43,402	6,208
Contract liabilities - current	1,538,250	350,906
Notes payable	(796)	3,442
Trade payables	962,332	723,562
Trade payables to related parties	28,296	(25,354)
Other payables	194,707	(58,840)
Advance receipts	157,631	239,964

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Other current liabilities	\$ 15,687	\$ 57,808
Net defined benefit liabilities	<u>(42,606)</u>	<u>(53,507)</u>
Cash generated from operations	11,241,394	11,677,825
Dividends received	441,004	431,307
Interest paid	(746,919)	(796,027)
Interest received	51,314	62,228
Income tax returned	287	2,801
Income tax paid	<u>(616,711)</u>	<u>(690,968)</u>
Net cash generated from operating activities	<u>10,370,369</u>	<u>10,687,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(37,894)	(41,279)
Proceeds from sale of financial assets at fair value through other comprehensive income	66,595	46,717
Purchase of financial assets amortized at cost	(3,785,778)	(1,305,880)
Proceeds from sale of financial assets at amortized cost	3,672,710	1,706,277
Acquisition of investments accounted for using the equity method	(42,358)	-
Proceeds from sale of financial assets at fair value through profit or loss	38,542	11,603
Payments for property, plant and equipment	(2,317,029)	(2,011,132)
Proceeds from disposal of property, plant and equipment	13,793	1,473
Payments for intangible assets	(156,329)	(193,635)
Acquisition of right-of-use assets	(152,185)	(110,833)
Acquisition of investment properties	(803)	(6,583)
Increase in other non-current assets	<u>(311,585)</u>	<u>(509,118)</u>
Net cash used in investing activities	<u>(3,012,321)</u>	<u>(2,412,390)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	102,360,062	115,681,868
Repayments of short-term borrowings	(101,516,029)	(116,326,590)
Proceeds from short-term bills payable	22,533,679	35,197,389
Repayments of short-term bills payable	(23,071,976)	(35,091,379)
Proceeds from long-term borrowings	126,399,960	103,720,004
Repayments of long-term borrowings	(124,250,000)	(105,820,000)
Repayment of the principal portion of lease liabilities	(2,990,437)	(2,957,964)
Decrease in other non-current liabilities	(42,940)	(90,834)
Dividends paid to owners of the Company	(1,556,294)	(1,131,061)
Dividends paid to non-controlling interests	<u>(495,016)</u>	<u>(117,859)</u>
Net cash used in financing activities	<u>(2,628,991)</u>	<u>(6,936,426)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>11,599</u>	\$ <u>28,861</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,740,656	1,367,211
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>14,791,434</u>	<u>13,424,223</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 19,532,090</u>	<u>\$ 14,791,434</u>

The accompanying notes are an integral part of the consolidated financial statements.

(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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is stated as follows:

Impairment of goodwill from the investment in subsidiaries

As of December 31, 2021, the investment accounted for using the equity method of the Company amounted to NT\$21,058,586 thousand, representing 27%, of the total assets, which was significant to the Company's financial statements. The important component of goodwill originated from the merger contract signed between FAR EASTERN AI MAI CO., LTD. (AI MAI), a subsidiary of the Company under the equity method, and GEANT Group (France) in 2000. Each party obtained 50%-50% ownership with FAR EASTERN AI MAI CO., LTD. as the surviving entity at the time. The Company acquired the other 50% ownership in 2006 due to the consideration of the retail business strategy, and goodwill was generated. However, due to the impact of the COVID-19 pandemic in 2021 and the changes in retail business, the Company has considered whether the carrying amount of the goodwill from the time the retail business was acquired exceeds the recoverable amount. Since management's subjective judgment on the recoverable amount involves significant uncertainties, the carrying amount of goodwill may be overestimated; Thus, we considered the evaluation of impairment loss of goodwill as a key audit matter. For the accounting policy related to impairment loss of the goodwill, refer to Notes 4 (f), 5 and 11 to the accompanying financial statements.

The key audit procedures that we performed in respect of the impairment loss of goodwill are as follows:

1. We evaluated the expertise, competency and independence of the independent appraisers contracted by the management to perform an impairment test.
2. We obtained an understanding of the process of management's estimation of the future sales growth rate and the profit margin forecast by the operating segments in Far Eastern Ai Mai Co., Ltd.
3. We confirmed the appropriateness of the discount rate used by management and assessed the impairment of goodwill by using the same evaluation model to calculate the weighted average cost of capital ratio used by management.

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, 2021 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 4, 2022

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 965,361	1	\$ 812,706	1
Financial assets at amortized cost - current (Notes 8 and 30)	25,508	-	25,424	-
Trade receivables (Note 9)	556,103	1	246,868	-
Trade receivables from related parties (Notes 9 and 29)	91,986	-	75,243	-
Other receivables (Notes 9 and 29)	280,143	-	255,872	1
Inventories (Note 10)	406,593	1	353,129	1
Prepayments (Note 29)	236,804	-	247,525	-
Other current assets (Note 16)	8,686	-	60,981	-
Total current assets	<u>2,571,184</u>	<u>3</u>	<u>2,077,748</u>	<u>3</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 30)	2,903,935	4	2,845,620	4
Investments accounted for using the equity method (Notes 11 and 30)	21,086,222	27	20,054,557	26
Property, plant and equipment (Notes 12, 30 and 31)	17,627,670	22	18,176,915	23
Right-of-use assets (Note 13 and 29)	23,901,501	31	24,929,817	32
Investment properties (Notes 14 and 30)	9,067,580	12	9,023,303	11
Intangible assets (Note 15)	59,660	-	69,628	-
Deferred tax assets (Note 23)	80,496	-	80,218	-
Net defined benefit assets (Note 19)	196,701	-	205,863	-
Other non-current assets (Notes 16 and 29)	514,881	1	562,571	1
Total non-current assets	<u>75,438,646</u>	<u>97</u>	<u>75,948,492</u>	<u>97</u>
TOTAL	<u>\$78,009,830</u>	<u>100</u>	<u>\$78,026,240</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	\$ 4,800,000	6	\$ 4,650,000	6
Short-term bills payable (Note 17)	1,549,515	2	2,449,280	3
Contract liabilities - current (Note 21)	3,938,860	5	3,202,942	4
Trade payables	4,237,424	6	3,822,290	5
Trade payables to related parties (Note 29)	50,629	-	49,983	-
Other payables (Notes 18 and 29)	1,664,367	2	1,827,132	3
Current tax liabilities (Note 23)	101,329	-	111,095	-
Lease liabilities - current (Notes 13 and 29)	945,167	1	941,237	1
Advance receipts (Note 29)	202,282	1	243,905	-
Current portion of long-term borrowings (Notes 17 and 30)	-	-	299,933	1
Other current liabilities (Notes 18 and 29)	160,013	-	128,603	-
Total current liabilities	<u>17,649,586</u>	<u>23</u>	<u>17,726,400</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	13,949,720	18	12,999,828	16
Deferred tax liabilities (Note 23)	2,132,730	2	2,183,467	3
Lease liabilities - non-current (Notes 13 and 29)	13,145,744	17	13,844,089	18
Other non-current liabilities (Notes 18 and 29)	83,420	-	78,536	-
Total non-current liabilities	<u>29,311,614</u>	<u>37</u>	<u>29,105,920</u>	<u>37</u>
Total liabilities	<u>46,961,200</u>	<u>60</u>	<u>46,832,320</u>	<u>60</u>
EQUITY				
Share capital				
Ordinary shares	14,169,406	18	14,169,406	18
Capital surplus	3,340,982	4	3,338,791	4
Retained earnings				
Legal reserve	3,611,319	5	3,424,615	4
Special reserve	2,619,569	3	2,709,263	4
Unappropriated earnings	2,216,433	3	2,695,084	3
Total retained earnings	8,447,321	11	8,828,962	11
Other equity	5,188,031	7	4,953,871	7
Treasury shares	(97,110)	-	(97,110)	-
Total equity	<u>31,048,630</u>	<u>40</u>	<u>31,193,920</u>	<u>40</u>
TOTAL	<u>\$78,009,830</u>	<u>100</u>	<u>\$78,026,240</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 29)	\$10,013,982	100	\$11,037,055	100
OPERATING COSTS (Notes 10, 22 and 29)	<u>3,918,627</u>	<u>39</u>	<u>4,405,831</u>	<u>40</u>
GROSS PROFIT	<u>6,095,355</u>	<u>61</u>	<u>6,631,224</u>	<u>60</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	374,713	4	355,331	3
General and administrative expenses	3,973,921	40	4,288,347	39
Expected credit loss	<u>2,535</u>	<u>-</u>	<u>801</u>	<u>-</u>
Total operating expenses	<u>4,351,169</u>	<u>44</u>	<u>4,644,479</u>	<u>42</u>
OPERATING PROFIT	<u>1,744,186</u>	<u>17</u>	<u>1,986,745</u>	<u>18</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	130	-	933	-
Other income (Note 22)	201,956	2	181,578	2
Other gains and losses (Notes 22 and 29)	(342,600)	(3)	65,005	-
Finance costs (Notes 22 and 29)	(438,433)	(4)	(466,377)	(4)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>221,348</u>	<u>2</u>	<u>462,395</u>	<u>4</u>
Total non-operating income and expenses	<u>(357,599)</u>	<u>(3)</u>	<u>243,534</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,386,587	14	2,230,279	20
INCOME TAX EXPENSE (Note 23)	<u>178,487</u>	<u>2</u>	<u>291,140</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,208,100</u>	<u>12</u>	<u>1,939,139</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(30,278)	-	(71,053)	(1)
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	58,315	-	(255,429)	(2)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	\$ 171,943	2	\$ (109,861)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>6,055</u>	-	<u>14,211</u>	-
	<u>206,035</u>	<u>2</u>	<u>(422,132)</u>	<u>(4)</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>(2,981)</u>	-	<u>8,734</u>	-
	<u>(2,981)</u>	-	<u>8,734</u>	-
Other comprehensive (loss) income for the year, net of income tax	<u>203,054</u>	<u>2</u>	<u>(413,398)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,411,154</u>	<u>14</u>	<u>\$ 1,525,741</u>	<u>14</u>
EARNINGS PER SHARE, NT\$				
Basic	<u>\$ 0.86</u>		<u>\$ 1.38</u>	
Diluted	<u>\$ 0.86</u>		<u>\$ 1.37</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

			Retained Earnings (Notes 19, 20 and 23)			Other Equity (Note 20)		Gain on Property Revaluation	Treasury Shares (Note 20)	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other			
	(Note 20)	(Note 20)				Foreign Operations	Comprehensive Income			
BALANCE AT JANUARY 1, 2020	\$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
Appropriation of 2019 earnings	-	-	125,920	-	(125,920)	-	-	-	-	-
Legal reserve	-	-	-	(156,088)	156,088	-	-	-	-	-
Special reserve	-	-	-	-	(1,133,552)	-	-	-	-	(1,133,552)
Cash dividends	-	-	-	-	-	-	-	-	-	-
	-	-	125,920	(156,088)	(1,103,384)	-	-	-	-	(1,133,552)
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	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
Appropriation of 2020 earnings	-	-	186,704	-	(186,704)	-	-	-	-	-
Legal reserve	-	-	-	(89,694)	89,694	-	-	-	-	-
Special reverse	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)
Cash dividends	-	-	186,704	(89,694)	(1,655,645)	-	-	-	-	(1,558,635)
Net profit for the year ended December 31, 2021	-	-	-	-	1,208,110	-	-	-	-	1,208,100
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(27,314)	(2,615)	226,789	6,194	-	203,054
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,180,786	(2,615)	226,789	6,194	-	1,411,154
Adjustments resulting from investments in associates accounted for using the equity method	-	2,191	-	-	-	-	-	-	-	2,191
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiary	-	-	-	-	(3,792)	-	3,792	-	-	-
BALANCE AT DECEMBER 31, 2021	\$14,169,406	\$ 3,340,982	\$ 3,611,319	\$ 2,619,569	\$ 2,216,433	\$ 65,935	\$ 2,944,932	\$ 2,177,164	\$ (97,110)	\$31,048,630

The accompanying notes are an integral part of the financial statements.

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,386,587	\$ 2,230,279
Adjustments for:		
Depreciation expense	1,972,608	2,034,760
Amortization expense	42,530	50,182
Expected credit loss recognized on receivables	2,535	801
Amortization of prepayments	1,721	1,576
Finance costs	438,433	466,377
Share of profit of subsidiaries and associates accounted for using the equity method	(221,348)	(462,395)
Interest income	(130)	(933)
Dividend income	(201,956)	(181,578)
Loss on disposal of property, plant and equipment	2,199	5,157
Loss on disposal of investment properties	335	116
Impairment loss of non-financial assets	437,462	6,307
Gain on changes in fair value of investment properties	(42,435)	(19,544)
Concession on lease liabilities	(170,191)	(113,828)
Net changes in operating assets and liabilities		
Notes receivable	-	3
Trade receivables	(311,850)	98,078
Trade receivables from related parties	(16,743)	4,291
Other receivables	(24,191)	23,407
Inventories	(53,464)	159,847
Prepayments	10,721	(31,839)
Other current assets	52,295	3,826
Contract liabilities	735,918	178,416
Notes payable and trade payables	415,134	210,254
Trade payables from related parties	646	(6,960)
Other payables	22,485	31,563
Advance receipts	29,475	145,551
Other current liabilities	31,410	(25,885)
Net defined benefit liabilities	(21,116)	(42,881)
Cash generated from operations	4,519,070	4,764,948
Interest paid	(411,284)	(445,758)
Interest received	130	933
Dividends received	625,330	321,015
Income tax paid	(233,213)	(296,462)
Net cash generated from operating activities	<u>4,500,033</u>	<u>4,344,676</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(25,508)	(25,424)
Proceeds from sale of financial assets at amortized cost	25,424	25,271
Acquisition of investments accounted for using the equity method	(1,500,000)	-
Payments for property, plant and equipment	(572,647)	(760,367)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Proceeds from disposal of property, plant and equipment	\$ 89	\$ 484
Payments for investment properties	(2,177)	(6,819)
Increase in other non-current assets	46,642	(55,669)
Acquisition of right-of-use assets	(117,836)	(97,504)
Payments for intangible assets	<u>(22,465)</u>	<u>(27,035)</u>
Net cash used in investing activities	<u>(2,168,478)</u>	<u>(947,063)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	58,270,000	73,550,000
Repayments of short-term borrowings	(58,120,000)	(73,900,000)
Proceeds from short-term bills payable	12,916,598	26,283,806
Repayments of short-term bills payable	(13,816,363)	(26,333,838)
Proceeds from long-term borrowings	133,249,959	111,250,004
Repayments of long-term borrowings	(132,600,000)	(112,250,000)
Repayment of the principal portion of lease liabilities	(527,684)	(570,201)
Increase (decrease) in other non-current liabilities	4,884	(21,978)
Dividends paid	<u>(1,556,294)</u>	<u>(1,131,061)</u>
Net cash used in financing activities	<u>(2,178,900)</u>	<u>(3,123,268)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	152,655	274,345
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>812,706</u>	<u>538,361</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 965,361</u>	<u>\$ 812,706</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

Audit Committee's review report for 2021 business report and financial statements.

1. Audit Committee's Review Report

To the 2022 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 Profit, and Financial Statements which had been certified by Deloitte & Touche, submitted by the Board of Directors for the year ending 2021 and found them in order.

The Convener of the Audit Committee: Edward Yung Do Way

May 11, 2022

Comparison table for the “Articles of Incorporation” Revisions

Section	Proposed Changes	Current Articles
Article 12	<p>Notices of General Shareholders’ Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders’ Meeting and 15 days before the Extraordinary Shareholders’ Meeting. The said notices shall specify the date, place and reasons for calling the shareholders’ meeting. <u>The shareholders’ meeting shall be held by video conference or other methods announced by the authority.</u></p>	<p>Notices of General Shareholders’ Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders’ Meeting and 15 days before the Extraordinary Shareholders’ Meeting. The said notices shall specify the date, place and reasons for calling the shareholders’ meeting.</p>
Article 30	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders’ Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders’ Meetings.</p> <p>(Omitted)</p> <p><u>Forty-ninth amendment of June 24, 2022</u></p>	<p>These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders’ Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders’ Meetings.</p> <p>(Omitted)</p> <p><u>Forty-eighth amendment of June 24, 2020</u></p>

Comparison table for the “Rules of Procedure of Stockholders Meeting”
Revisions

Section	Proposed Changes	Current Articles
Article 2	<p>The location for stockholders’ meeting shall be the Company’s place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.</p> <p><u>Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.</u></p> <p>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. <u>For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.</u></p> <p>The Company at a stockholders’ meeting shall adopt the electronic transmission as one of the methods for exercising the voting power. The method for</p>	<p>The location for stockholders’ meeting shall be the Company’s place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.</p> <p>This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.</p> <p>The Company at a stockholders’ meeting shall adopt the electronic transmission as one of</p>

exercising the voting power shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person. When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting on-site or online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Shareholders (or by proxies) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. The stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form.

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

the methods for exercising the voting power. The method for exercising the voting power shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder who exercises his/her/its voting power at a shareholders meeting by way of electronic transmission shall be deemed to have attended the said shareholders' meeting in person, ~~but shall be deemed to have waived his/her/its voting power in respect of any extemporary motion(s) and/or the amendment(s) and /or substitute to the contents of the original proposal(s) at the said shareholders' meeting.~~

Shareholders (or by proxies) shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification. The stockholders (or proxies) when attending the meeting shall wear admission badge and hand in signed attendance form.

The attendance to a shareholders' meeting shall be determined subject to shares. The present shares shall be calculated based on the attendance cards as furnished, in addition to the shares exercising voting right in electronic form.

	<p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the</p>	<p>The Company may appoint lawyers, accountants or related personnel to attend the stockholders' meeting.</p> <p>The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.</p> <p>For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.</p> <p>The complete processes of the meeting shall be recorded by voice and video recorders and</p>
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	<p>Company for a minimum period of at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. <u>Where a shareholders meeting is held online, this Corporation shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.</u></p>	<p>all the records shall be kept by the Company for a minimum period of at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.</p>
<p>Article 8-1</p>	<p><u>Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chairman declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in article 5, 7 and 8 do not apply.</u></p>	<p>(New)</p>
<p>Article 11</p>	<p><u>When this Corporation convenes a virtual shareholders meeting, after the chairman declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.</u></p> <p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation,</p>	<p>In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation,</p>

	<p>resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p><u>All ballots on proposals and elections shall be voted at once, and shall be counted at once after the chairman announces the voting session ends.</u></p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.</p> <p>The results of voting and election shall be announced on the spot after the vote counting and be kept for records.</p> <p><u>In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairman has announced the meeting adjourned.</u></p>	<p>resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.</p> <p>The proposal(s) should been put to vote. The Chairman can decide that the resolution of proposal(s) should been put to vote one by one, or the resolution of proposals including the proposal to re-elect the directors and supervisors should been put to vote several times or one time with counting of votes by each proposal.</p> <p>If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.</p> <p>The results of voting and election shall be announced on the spot after the vote counting and be kept for records.</p>
<p><u>Article 13</u></p>	<p><u>In the event of a virtual shareholders meeting, when declaring the meeting open, the</u></p>	

	<p><u>chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date.</u></p> <p><u>When encountering force majeure during the meeting, the chairman may decide to suspend the meeting and announce the time for the continuation of the meeting as appropriate.</u></p>	<p>The meeting shall be adjourned if encountering an air-raid alarm during the meeting. The meeting shall resume one hour after the alarm is lifted</p>
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Comparison table for the “Election Procedures of Directors” Revisions

Section	Proposed Changes	Current Articles
Article 3	<p>The election of <u>Board of Directors</u> shall be pursued according to the number of position required. The independent directors and non-independent directors shall be elected with the number of selectees calculated separately; those candidates receiving more voting rights shall be elected as Directors. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p>(The rest of article 3 is omitted.)</p>	<p>The election of <u>independent directors and non-independent directors</u> shall be pursued according to the number of position required. The independent directors and non-independent directors shall be elected at the same election with the number of selectees calculated separately; those candidates receiving more voting rights shall be elected as Directors. If there are more than two candidates obtaining the same number of vote but the number of position offered is limited, a draw shall be made amongst the two candidates to determine. The chairperson shall conduct the drawing for the candidate who is absent.</p> <p>(The rest of article 3 is omitted.)</p>
Article 6	<p>If the candidate is a natural person, the voters shall fill out the ballot with the name of the candidate. If the candidate is the government or <u>institutional stockholder</u>, the ballot shall be <u>filled out with the name of government or institution</u>. If the <u>candidate is the representative of the government or institutional stockholder</u>, the names of the <u>government or institutional stockholder and its representative both shall be filled out on the ballot</u>.</p>	<p>If the candidate is a natural person with the stockholder status, the voters shall fill out the ballot with the name and stockholder number of the candidate. If the candidate is not of the stockholder status, the ballot shall be filled out with the name and international identification number or passport number of the candidate. If the candidate is the government or <u>juristic stockholder</u>, the ballot shall <u>be filled out with the number, the name of government or juristic person and the representative name</u>. If there are more than one representative, all the representative names shall be</p>

Section	Proposed Changes	Current Articles
		listed.
Article 7	<p>The ballot shall be considered invalid in any of the following situations:</p> <ol style="list-style-type: none"> 1. Not the ballot provided under the rules herein 2. One ballot with more than two candidate names listed 3. Blank ballot 4. Ballot <u>with not only candidate's number of voting rights allocated but also with other writing</u> 5. Written characters blurred and not legible 6. Incorrect <u>candidate's name</u> on the ballot 7. <u>The total number of voting rights allocated by voters on the ballots exceeds the number of voting rights they hold.</u> 	<p>The ballot shall be considered invalid in any of the following situations:</p> <ol style="list-style-type: none"> 1. Not the ballot provided under the rules herein 2. One ballot with more than two candidate names listed 3. Blank ballot 4. Ballot <u>not filled out according to article 6 or ballot with unrelated writing to this election</u> 5. Written characters blurred and not legible 6. Incorrect <u>candidate information</u> on the ballot
Article 13	(Deleted)	The elected directors shall be given the election notification by the board of directors.
<u>Article 13</u>	<p><u>(Revised the Article No.)</u> The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.</p>	<p>The rules herein take effect after approval at the stockholders' meeting. The same apply for any amendments.</p>

Comparison table for the “Procedures for Acquisition and Disposition of Assets” Revisions

Section	Proposed Changes	Current Articles
Article 6	<p>(Omitted)</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event first obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall also engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of Competent Authorities.</p> <p>(The rest of article 6 is omitted.)</p>	<p>(Omitted)</p> <p>2) Experts' opinions</p> <p>a) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event first obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is twenty percent (20%) of the Company's paid-in capital or NT\$300 million or more, the Company shall also engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u> This requirement does not apply, however, to publicly quoted price of securities that have an active market, or where otherwise provided by regulations of Competent Authorities.</p> <p>(The rest of article 6 is omitted.)</p>
Article 7	(Omitted)	(Omitted)

	<p>2) Valuation reports</p> <p>In the case of real property, equipment or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with a domestic government agency, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipment and facilities or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall firstly require professional appraiser prior to the date of occurrence of the event to furnish their valuation report (which report shall specify the matters set out in Appendix from the Regulations Governing the Acquisition and Disposal of Assets by Public Companies); furthermore, the following provisions shall be complied with:</p> <p>a)~ b) (Omitted)</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, accountants</p>	<p>2) Valuation reports</p> <p>In the case of real property, equipment or right-of-use assets thereof acquired or disposed by the Company other than as a result of transactions with a domestic government agency, entrusted construction on the Company's own property, entrusted construction on land leased by the Company, or acquisition or disposition of equipment and facilities or right-of-use assets thereof for business operation purposes, where their transaction value is the amount equivalent to twenty per cent (20%) of the Company's paid-in capital or NT\$ 300 million or above, the Company shall firstly require professional appraiser prior to the date of occurrence of the event to furnish their valuation report (which report shall specify the matters set out in Appendix from the Regulations Governing the Acquisition and Disposal of Assets by Public Companies); furthermore, the following provisions shall be complied with:</p> <p>a)~ b) (Omitted)</p> <p>c) Where the appraisal prices from professional appraiser come under one of the following, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount,</p>
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	<p>shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>(The rest of article 7 is omitted.)</p>	<p>accountants shall be engaged to handle the matter pursuant to the provisions of Auditing Standards No. 20 promulgated by ARDF; furthermore the said accountants shall be required to provide their opinions in respect of the reasons for such discrepancy and the fairness of the transaction price:</p> <p>(The rest of article 7 is omitted.)</p>
<p>Article 8</p>	<p>Related Parties Transaction</p> <p>1) When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of this Article. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> <p>a) The Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to</p>	<p>Related Parties Transaction</p> <p>1) When a public company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of this Article. In deciding whether the other party to the transaction is a related party, in addition to the forms as provided by law, the Company shall also consider the substantive relationship.</p> <p>2) Evaluation and Procedures</p> <p>The Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends</p>

	<p>acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements etc., or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and then by the board of directors :</p> <p><u>i)</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of the asset.</p> <p><u>ii)</u> Reasons for transacting with related parties;</p> <p><u>iii)</u> With respect to the acquisition of real property or right-of-use assets thereof from a related party, information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein;</p>	<p>to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements etc., or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and then by the board of directors :</p> <p><u>a)</u> The purpose, necessity and anticipated benefit of the acquisition or disposal of the asset.</p> <p><u>b)</u> Reasons for transacting with related parties;</p> <p><u>c)</u> With respect to the acquisition of real property or right-of-use assets thereof from a related party, information relating to the appraisal of the fairness of the proposed transaction conditions pursuant to items 3) a) and d) herein;</p>
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	<p>iv) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>v) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>vi) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, paragraph 1 herein</p> <p>vii) Restrictions on this transaction and other key contractual issues.</p> <p>b) When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>c) <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in paragraph 1 and the transaction amount will reach</u></p>	<p>d) Date and price of acquisition by the related party, party to the transaction and relationship between the said party and the Company and related party;</p> <p>e) Forecast of monthly cash income within one (1) year from the date of the contract; furthermore evaluation shall be conducted in respect of the necessity of the transaction and the fairness of the use of fund; and</p> <p>f) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the Article 8, paragraph 1 herein</p> <p>g) Restrictions on this transaction and other key contractual issues.</p> <p>When a matter is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>
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	<p><u>10 percent or more of the public company's total assets, the Company shall submit the materials mentioned in paragraph 1 to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its parent company or subsidiaries or between its subsidiaries.</u></p> <p>(The rest of article 8 is omitted.)</p>	<p>(The rest of article 8 is omitted.)</p>
<p>Article 9</p>	<p>Acquisition or Disposition of Intangible Assets or its Right-of-use Asset or Club Membership</p> <p>1) Evaluation and Process</p> <p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the board of directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the board of directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of</p>	<p>Acquisition or Disposition of Intangible Assets or its Right-of-use Asset or Club Membership</p> <p>1) Evaluation and Process</p> <p>a) Acquisition or disposition of club memberships shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration fair market price, and compiled into analysis report. Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the board of directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the board of directors shall be required before proceeding with the same.</p> <p>b) Acquisition or disposition of</p>

	<p>intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports, <u>and submitted to the General Manager. The procedure for determining the authorized amount shall be in accordance with Article 7, Sec. 3).</u></p> <p>2) Expert's Valuation Report a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets or its right-of-use asset or club membership. b) Where the transaction amount for acquisition or disposition of intangible assets or its right-of-use asset or club membership exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, except in transaction with a government agency, accountants shall, prior to the date of occurrence of the event, be engaged to provide an opinion with respect to the fairness of the transaction price.</p>	<p>intangible assets or right-of-use assets thereof shall be by way of suggestions in respect of transaction conditions and prices, taking into consideration expert's valuation report or fair market price, and compiled into analysis reports. <u>Where the transaction is NT\$ 3 million or below, the said analysis report shall be submitted to the General Manager for approval before submitting to the board of directors at the immediate following meeting for review. Where the transaction is above NT\$ 3 million, the approval of the board of directors shall be required before proceeding with the same.</u></p> <p>2) Expert's Valuation Report a) Expert's valuation report shall be required in the case of acquisition or disposition of intangible assets or its right-of-use asset or club membership. b) Where the transaction amount for acquisition or disposition of intangible assets or its right-of-use asset or club membership exceeds twenty per cent (20%) of the Company's paid-in capital or NT\$300 million, except in transaction with a government agency, accountants shall, prior to the date of occurrence of the event, be engaged to provide an opinion with respect to the fairness of the transaction price; the said accountants shall undertake the same in conformity</p>
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	(The rest of article 9 is omitted.)	with Auditing Standards No. 20 promulgated by the ARDF. (The rest of article 9 is omitted.)
Article 9-1	<p>The calculation of transaction amount refer to Article 6, Article7, Article 8-1) and Article9 shall be done in accordance with Article 12-1) g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>The calculation of transaction amount refer to Article 8-2) shall be done in accordance with Article 12-1) g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the <u>Shareholders Meeting</u> or Audit Committee and then by the board of directors need not be counted toward the transaction amount.</p>	<p>The calculation of transaction amount refer to Article 6, Article7, Article 8-1) and Article9 shall be done in accordance with Article 12-1) g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</p> <p>The calculation of transaction amount refer to Article 8-2) shall be done in accordance with Article 12-1) g) herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>Items that have been approved by the Audit Committee and then by the board of directors need not be counted toward the transaction amount.</p>
Article 12	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a)~e) (Omitted)</p> <p>f) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution or investments</p>	<p>Procedure for Public Disclosure of Information</p> <p>1) Items to be publicly disclosed and standard for public disclosure and report</p> <p>a)~e) (Omitted)</p> <p>f) Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution or investments</p>

	<p>in the mainland China area, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$ 300 million, with the following exceptions:</p> <p>i) Sale and purchase of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan</u></p> <p>ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(The rest of article 12 is omitted.)</p>	<p>in the mainland China area, where their transaction amounts reach twenty per cent (20%) of the Company's paid-in capital or equal or greater than NT\$ 300 million, with the following exceptions:</p> <p>i) Sale and purchase of domestic government bonds</p> <p>ii) Sale and purchase of bonds with call or put options, or subscription or repurchase of money market funds issued by domestic securities investment trust enterprises.</p> <p>(The rest of article 12 is omitted.)</p>
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Comparison table for the “Procedures for Lending Capital to Others”
Revisions

Section	Proposed Changes	Current Articles
Article 8	<p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within two days commencing immediately from the date of occurrence:</p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% or more of the Latest Net Worth of the Company; or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Latest Net Worth of the Company; or</p> <p>3) Any additional loan extended by the Company or its subsidiary exceeds</p> <p>(The rest of article 8 is omitted.)</p>	<p>(Procedure for Public Notices and Announcement)</p> <p>The Company shall before the 10th day of each month publish and report the loans it and its subsidiaries extended and their balance amounts as of the end of last month.</p> <p>When limits of the Company's loans extended set below have occurred, the Company shall publish and report them within two days commencing immediately from the date of occurrence:</p> <p>1) The balance of any and all loans extended by the Company and its subsidiaries has reached 20% or more of the Latest Net Worth of the Company; or</p> <p>2) The balance of loans extended by the Company and its subsidiaries to an individual company has reached 10% of the Latest Net Worth of the Company; or</p> <p>3) Any additional individual loan extended by the Company or its subsidiary exceeds</p> <p>(The rest of article 8 is omitted.)</p>

Comparison table for the “Procedures for Endorsements and Guarantees” Revisions

Section	Proposed Changes	Current Articles
Article 8	<p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided and their balance amounts as of the end of last month. Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within two days commencing immediately from the date of occurrence:</p> <p>1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's latest net worth; or</p> <p>2) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's latest net worth; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, the booking value of any investment accounted for using equity method, and balance of loans to, such company has reached 30% of the Company's latest net worth; or</p> <p>4) The additional endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's latest net worth.</p> <p>(The rest of article 8 is omitted.)</p>	<p>The Company shall before the 10th day of each month publish and report the endorsements/ guarantees it and its subsidiaries provided and their balance amounts as of the end of last month. Where limits of the Company's endorsements/guarantees set below have occurred, the Company shall publish and report within two days commencing immediately from the date of occurrence:</p> <p>1) The aggregate balance of endorsements/guarantees provided by the Company and its subsidiaries has reached 50% or more of the Company's latest net worth; or</p> <p>2) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached 20% or more of the Company's latest net worth; or</p> <p>3) The balance of endorsements/guarantees provided by the Company and its subsidiaries for an individual company has reached Ten Million New Taiwan Dollars (NT\$10,000,000) or more and the aggregate amount of all endorsements/guarantees, the booking value of any investment accounted for using equity method, and balance of loans to, such company has reached 30% of the Company's latest net worth; or</p> <p>4) The additional individual endorsement/guarantee provided by the Company or its subsidiary has reached Thirty Million New Taiwan Dollars (NT\$30,000,000) or more and has reached 5% or more of the Company's latest net worth.</p> <p>(The rest of article 8 is omitted.)</p>