

## 2023 Annual General Shareholders' Meeting Minutes

### Far Eastern Department Stores



**Date :** Wednesday, June 21, 2023

**Time :** 9:00 a.m. Taipei time

**Place :** Auditorium in the Taipei Hero House

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

**Holding means :** Hybrid 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 1,148,131,225 shares (including e-voting and virtual method), representing 81.50% 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. 2022 Business Report (please refer to P.3-P.10 of handbook for 2023 AGM).
2. 2022 Financial Report (please refer to P.11-P.32 of handbook for 2023 AGM).
3. Audit Committee's review report for 2022 business report and financial statements (please refer to P.33 of handbook for 2023 AGM).
4. Report of 2022 employees' compensation and directors' remuneration (please refer to P.34 of handbook for 2023 AGM).

## II. Acknowledged Matters

## 1. To accept 2022 business report and financial statements.

The Board of Directors proposes and recommends that each shareholder votes for the acceptance of 2022 business report and financial statements.

### Explanatory Notes:

- (1) FEDS's 2022 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 via e-voting and virtual method) was 1,148,125,225.**

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,121,052,576	97.6
Disapproval 248,252	-
Invalid 0	-
Abstention votes/No votes 26,824,397	2.4

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

## 2. To approve the proposal for the distribution of 2022 profit

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2022 profit.

### Explanatory Notes:

- (1) All the closing transactions as of December 31, 2022 have been completely closed, and have been audited by the accounting firm, Deloitte & Touche. We thereby submit the proposal for distribution of 2022 profits:

1	Unappropriated earnings of January 1, 2022	NT\$ 785,076,829
2	Net Income for the year ended December 31, 2022	1,930,174,196
3	The adjustments of retained earnings for by using equity method	(4,539,198)
4	Recognizing the re-measurements of defined benefit plans in retained earnings	87,848,273
5	The amount of the sum of the current after-tax net income and other item accounted to undistributed earnings (=2-3+4)	2,013,483,271
6	10% legal reserve (=5*10%)	(201,348,327)
7	Reversal special reserve	9,927,412



8	Distributable net profit (=1+5-6+7)	2,607,139,185
9	Earnings distribution (NT\$1.1 per share)	(1,558,634,648)
10	Un-appropriated earnings after distribution (=8-9)	1,048,504,537

- (2) The distribution of 2022 dividends composes of 2022 surplus earning in priority, and the undistributed profit from 1998 to 2021 in case 2022 surplus earning are insufficient to cover 2022 dividends.
- (3) After being approved at the annual General Shareholders' meeting (2023), 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 2022 profits.

**Resolution: The number of shares represented by the shareholders present at the time of voting (including via e-voting and virtual method) was 1,148,125,225.**

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,122,469,289	97.8
Disapproval 260,512	-
Invalid 0	-
Abstention votes/No votes 25,395,424	2.2

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

### III. Extemporary Motion

None

### IV. Adjournment

Note : No Shareholder ask questions in 2023 Annual General Shareholders' Meeting.

## 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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 is stated as follows:

#### Assessment of impairment of property, plant and equipment and right-of-use assets

The department store and hypermarket industries in which the Group is engaged in are highly competitive, and in recent years, the public tends to spend on e-commerce platforms or nearby retail channels to instantly address their needs. Due to the rising threat from external competition, some of our cash-generating units have been in the red in recent years. Management estimates and makes



judgments about the expected future economic benefits and recoverable amounts of the assets of the cash-generating units in accordance with IAS 36, “Impairment of Assets,” in order to assess whether they are impaired. The assessment of impairment of the Group’s property, plant and equipment and right-of-use assets is considered to be a key audit matter for the current year because of the high percentage of property, plant and equipment and right-of-use assets in the total assets of the cash-generating units, which is material to the consolidated financial statements as a whole. Please refer to Notes 4 (m), 5, 14, and 15 to the consolidated financial statements for the accounting policies and important descriptions of impairment of property, plant and equipment.

The key audit procedures that we performed in respect of the impairment loss of property, plant and equipment and right-of-use assets are as follows:

1. We obtained an assessment of impairment of assets for each cash-generating unit as assessed by management.
2. We assessed the reasonableness of the assumptions and methods used in the valuation.

### **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, 2022 and 2021 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 Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 2, 2023

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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 17,254,680	14	\$ 19,532,090	15
Financial assets at fair value through profit or loss - current	284,762	-	434,650	-
Financial assets at fair value through other comprehensive income - current	840,485	1	262,709	-
Financial assets at amortized cost - current	2,210,526	2	1,184,222	1
Notes receivable	471	-	671	-
Trade receivables	1,162,412	1	1,178,651	1
Trade receivables from related parties	152,611	-	169,643	-
Other receivables	703,143	-	904,572	1
Current tax assets	2,746	-	991	-
Inventories	2,372,926	2	2,441,255	2
Prepayments	267,762	-	265,776	-
Other current assets	56,533	-	60,485	-
Total current assets	<u>25,309,057</u>	<u>20</u>	<u>26,435,715</u>	<u>20</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current	4,627,437	4	4,815,595	4
Financial assets at amortized cost - non-current	123,200	-	123,000	-
Investments accounted for using the equity method	9,749,294	8	10,151,421	8
Property, plant and equipment	33,279,076	26	33,782,868	26
Right-of-use assets	39,630,425	31	39,551,296	30
Investment properties	8,971,146	7	8,978,133	7
Intangible assets	2,413,602	2	2,428,534	2
Deferred tax assets	542,784	-	597,004	1
Net defined benefit assets	285,329	-	196,769	-
Long-term prepayments for lease	-	-	1,844,391	1
Other non-current assets	1,970,204	2	1,822,585	1
Total non-current assets	<u>101,592,497</u>	<u>80</u>	<u>104,291,596</u>	<u>80</u>
<b>TOTAL</b>	<u>\$ 126,901,554</u>	<u>100</u>	<u>\$ 130,727,311</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 13,722,144	11	\$ 9,868,799	8
Short-term bills payable	1,590,845	1	3,190,706	3
Contract liabilities - current	10,279,939	8	9,659,984	7
Notes payable	3,500	-	5,830	-
Trade payables	17,050,545	13	16,806,804	13
Trade payables to related parties	116,859	-	96,397	-
Other payables	4,089,361	3	3,768,878	3
Current tax liabilities	626,356	1	470,027	-
Provisions - current	3,000	-	3,000	-
Lease liabilities - current	3,191,599	3	3,189,336	3
Advance receipts	509,317	-	517,771	-
Current portion of long-term borrowings	950,000	1	-	-
Other current liabilities	395,209	-	395,085	-
Total current liabilities	<u>52,528,674</u>	<u>41</u>	<u>47,972,617</u>	<u>37</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	9,900,000	8	17,589,721	13
Provisions - non-current	25,500	-	25,272	-
Deferred tax liabilities	2,308,498	2	2,295,710	2
Lease liabilities - non-current	20,489,572	16	21,763,708	17
Net defined benefit liabilities	581,832	1	718,441	1
Other non-current liabilities	520,214	-	526,684	-
Total non-current liabilities	<u>33,825,616</u>	<u>27</u>	<u>42,919,536</u>	<u>33</u>
Total liabilities	<u>86,354,290</u>	<u>68</u>	<u>90,892,153</u>	<u>70</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital				
Ordinary shares	14,169,406	11	14,169,406	11
Capital surplus	3,341,024	3	3,340,982	3
Retained earnings				
Legal reserve	3,729,018	3	3,611,319	3
Special reserve	2,657,978	2	2,619,569	2
Unappropriated earnings	2,798,561	2	2,216,433	1
Total retained earnings	9,185,557	7	8,447,321	6
Other equity	4,940,666	4	5,188,031	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,539,543	25	31,048,630	24
<b>NON-CONTROLLING INTERESTS</b>	<u>9,007,721</u>	<u>7</u>	<u>8,786,528</u>	<u>6</u>
Total equity	<u>40,547,264</u>	<u>32</u>	<u>39,835,158</u>	<u>30</u>
<b>TOTAL</b>	<u>\$ 126,901,554</u>	<u>100</u>	<u>\$ 130,727,311</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, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 35,863,910	100	\$ 35,308,464	100
OPERATING COSTS	<u>16,544,425</u>	<u>46</u>	<u>17,898,398</u>	<u>51</u>
GROSS PROFIT	<u>19,319,485</u>	<u>54</u>	<u>17,410,066</u>	<u>49</u>
OPERATING EXPENSES				
Selling and marketing expenses	896,918	2	868,950	2
General and administrative expenses	13,977,027	39	12,908,103	37
Expected credit (gain) loss	<u>(826)</u>	<u>-</u>	<u>367</u>	<u>-</u>
Total operating expenses	<u>14,873,119</u>	<u>41</u>	<u>13,777,420</u>	<u>39</u>
OPERATING PROFIT	<u>4,446,366</u>	<u>13</u>	<u>3,632,646</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	92,888	-	57,683	-
Other income	357,816	1	318,847	1
Other losses	(347,821)	(1)	(748,359)	(2)
Finance costs	(869,978)	(2)	(796,860)	(2)
Share of profit of associates accounted for using the equity method	<u>(170,711)</u>	<u>(1)</u>	<u>(27,562)</u>	<u>-</u>
Total non-operating income and expenses	<u>(937,806)</u>	<u>(3)</u>	<u>(1,196,251)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	3,508,560	10	2,436,395	7
INCOME TAX EXPENSE	<u>803,394</u>	<u>3</u>	<u>531,079</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,705,166</u>	<u>7</u>	<u>1,905,316</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
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	(105,862)	-	169,399	1
Remeasurement of defined benefit plans	128,947	-	(48,000)	-

(Continued)

## FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ (79,295)	-	\$ 79,079	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(25,499)</u>	<u>-</u>	<u>9,648</u>	<u>-</u>
	<u>(81,709)</u>	<u>-</u>	<u>210,126</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(48,973)	-	4,859	-
Share of other comprehensive (loss) income of associates accounted for using the equity method	<u>(25,615)</u>	<u>-</u>	<u>(6,726)</u>	<u>-</u>
	<u>(74,588)</u>	<u>-</u>	<u>(1,867)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(156,297)</u>	<u>-</u>	<u>208,259</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 2,548,869</u>	<u>7</u>	<u>\$ 2,113,575</u>	<u>6</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,930,174	5	\$ 1,208,100	3
Non-controlling interests	<u>774,992</u>	<u>2</u>	<u>697,216</u>	<u>2</u>
	<u>\$ 2,705,166</u>	<u>7</u>	<u>\$ 1,905,316</u>	<u>5</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,766,118	5	\$ 1,411,154	4
Non-controlling interests	<u>782,751</u>	<u>2</u>	<u>702,421</u>	<u>2</u>
	<u>\$ 2,548,869</u>	<u>7</u>	<u>\$ 2,113,575</u>	<u>6</u>
<b>EARNINGS PER SHARE</b>				
Basic	<u>\$1.37</u>		<u>\$0.86</u>	
Diluted	<u>\$1.37</u>		<u>\$0.86</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity				Non-controlling Interests	Total Equity	
	Share Capital	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares			Total
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2021	\$ 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	\$ 8,494,368	\$ 39,788,288
Appropriation of 2020 earnings	-	-	186,704	-	(186,704)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	89,694	-	-	-	-	-	-	-
Special reserve	-	-	-	(89,694)	-	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	-	(4510,016)	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(4510,016)	(2,008,651)
	-	-	186,704	(89,694)	(1,655,645)	-	-	-	-	(1,558,635)	-	(2,008,651)
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	5,305	208,359
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
Appropriation of 2021 earnings	-	-	117,699	-	(117,699)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	38,409	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(38,409)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,275,247)	-	-	-	-	(1,275,247)	-	(1,275,247)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(561,569)	(561,569)
	-	-	117,699	38,409	(1,431,355)	-	-	-	-	(1,275,247)	(561,569)	(1,836,816)
Net profit for the year ended December 31, 2022	-	-	-	-	1,930,174	-	-	-	-	1,930,174	774,992	2,705,166
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	87,848	(10,169)	(241,735)	-	-	(164,056)	7,759	(156,297)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,018,022	(10,169)	(241,735)	-	-	1,766,118	782,751	2,548,869
Adjustments resulting from investments in associates accounted for using the equity method	-	42	-	-	-	-	-	-	-	42	11	53
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(4,539)	-	4,539	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 14,169,406	\$ 3,341,024	\$ 3,729,018	\$ 2,657,978	\$ 2,298,561	\$ 55,766	\$ 2,707,736	\$ 2,177,164	\$ (97,110)	\$ 31,539,542	\$ 9,007,721	\$ 40,547,263

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 3,508,560	\$ 2,436,395
Adjustments for:		
Depreciation expense	5,534,369	5,230,418
Amortization expense	70,246	79,021
Expected credit gain recognized on receivables	212,589	367
Loss on financial assets and liabilities at fair value through profit or loss	8,510	163
Finance costs	869,978	796,860
Interest income	(92,888)	(57,683)
Dividend income	(357,816)	(318,847)
Share of loss of associates accounted for using the equity method	170,711	27,562
Loss on disposal of property, plant and equipment	14,660	5,242
Loss on disposal of intangible assets	1,090	28
Gain on lease modifications	-	(73)
Gain on disposal of investments	(3,266)	(4,330)
Impairment loss recognized on intangible assets	-	437,462
Impairment loss (reversal of impairment loss) on property, plant and equipment	(64,393)	252,499
Impairment loss recognized on right-of-use assets	432,343	231,371
Unrealized gain on physical and slow-moving inventories	(10,271)	(2,463)
Loss on changes in fair value of investment properties	8,083	44,277
Amortization of prepayments	36,100	61,219
Concession on lease liabilities	(149,877)	(227,979)
Recognized (reversal) of unrealized purchase discounts	917	389
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	144,644	(18,979)
Notes receivable	200	1,193
Trade receivables	16,261	(581,023)
Trade receivables from related parties	17,999	(42,437)
Other receivables	(14,790)	83,609
Inventories	77,683	(64,722)
Prepayments	(32,298)	(25,076)
Other current assets	3,952	43,402
Contract liabilities - current	619,955	1,538,250
Notes payable	(2,330)	(796)
Trade payables	243,741	962,332
Trade payables to related parties	20,462	28,296
Other payables	89,027	194,707
Advance receipts	167,831	157,659

(Continued)



## FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Other current liabilities	\$ 124	\$ 15,687
Net defined benefit assets	(88,560)	9,094
Net defined benefit liabilities	<u>(18,158)</u>	<u>(51,700)</u>
Cash generated from operations	11,435,388	11,241,394
Dividends received	508,921	441,004
Interest paid	(772,109)	(746,919)
Interest received	92,081	51,314
Income tax returned	214	287
Income tax paid	<u>(585,121)</u>	<u>(616,711)</u>
Net cash generated from operating activities	<u>10,679,374</u>	<u>10,370,369</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(539,724)	(37,894)
Proceeds from sale of financial assets at fair value through other comprehensive income	45,134	66,595
Purchase of financial assets amortized at cost	(5,580,738)	(3,785,778)
Proceeds from sale of financial assets at amortized cost	4,557,744	3,672,710
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
Payments for property, plant and equipment	(1,480,356)	(2,317,029)
Proceeds from disposal of property, plant and equipment	148	13,793
Payments for intangible assets	(56,385)	(156,329)
Acquisition of right-of-use assets	(383,089)	(152,185)
Acquisition of investment properties	(1,096)	(803)
Increase in other non-current assets	<u>(134,260)</u>	<u>(311,585)</u>
Net cash used in investing activities	<u>(3,572,622)</u>	<u>(3,012,321)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	115,930,553	102,360,062
Repayments of short-term borrowings	(112,170,593)	(101,516,029)
Proceeds from short-term bills payable	19,553,794	22,533,679
Repayments of short-term bills payable	(21,153,655)	(23,071,976)
Proceeds from long-term borrowings	109,760,279	126,399,960
Repayments of long-term borrowings	(116,500,000)	(124,250,000)
Repayment of the principal portion of lease liabilities	(2,969,151)	(2,990,437)
Decrease in other non-current liabilities	(10,364)	(42,940)
Dividends paid to owners of the Company	(1,273,077)	(1,556,294)
Dividends paid to non-controlling interests	<u>(554,934)</u>	<u>(495,016)</u>
Net cash used in financing activities	<u>(9,387,148)</u>	<u>(2,628,991)</u>

(Continued)

## FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>2,986</u>	\$ <u>11,599</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,277,410)	4,740,656
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>19,532,090</u>	<u>14,791,434</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 17,254,680</u>	<u>\$ 19,532,090</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, 2022 and 2021, 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, 2022 and 2021, 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 the Standards on Auditing of 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, 2022. 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, 2022 is stated as follows:

#### Assessment of impairment of property, plant and equipment and right-of-use assets

The department store and hypermarket industries in which the Company is engaged in are highly competitive, and in recent years, the public tends to spend on e-commerce platforms or nearby retail channels to instantly address their needs. Due to the rising threat from external competition, some of our cash-generating units have been in the red in recent years. Management estimates and makes judgments about the expected future economic benefits and recoverable amounts of the assets of the cash-generating units in accordance with IAS 36, "Impairment of Assets," in order to assess whether they are impaired. The assessment of impairment of the Company's property, plant and equipment and right-of-use assets is considered to be a key audit matter for the current year because of the high percentage of property, plant and equipment and right-of-use assets in the total assets of the cash-generating units, which is material to the financial statements as a whole. Thus, we considered the evaluation of impairment loss of property, plant and equipment and right-of-use assets as a key audit matter. For the accounting policy related to the impairment loss of the property, plant and equipment and right-of-use assets, refer to Notes 4 (k), 5, 12, and 13 to the accompanying financial statements.

The key audit procedures that we performed in respect of the impairment loss of property, plant and equipment and right-of-use assets are as follows:

1. We obtained an assessment of impairment of assets for each cash-generating unit as assessed by management.
2. We assessed the reasonableness of the assumptions and methods used in the valuation.

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

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

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

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



## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 Standards on Auditing of 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, 2022 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 2, 2023

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, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 838,566	1	\$ 965,361	1
Financial assets at amortized cost - current	25,600	-	25,508	-
Trade receivables	525,632	1	556,103	1
Trade receivables from related parties	86,973	-	91,986	-
Other receivables	102,064	-	280,143	-
Inventories	353,112	1	406,593	1
Prepayments	262,890	-	236,804	-
Other current assets	<u>8,134</u>	<u>-</u>	<u>8,686</u>	<u>-</u>
Total current assets	<u>2,202,971</u>	<u>3</u>	<u>2,571,184</u>	<u>3</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current	2,793,214	4	2,903,935	4
Financial assets at amortized cost - non-current	200	-	-	-
Investments accounted for using the equity method	22,573,000	29	21,086,222	27
Property, plant and equipment	17,083,127	22	17,627,670	22
Right-of-use assets	22,963,693	29	23,901,501	31
Investment properties	9,018,266	12	9,067,580	12
Intangible assets	60,986	-	59,660	-
Deferred tax assets	87,144	-	80,496	-
Net defined benefit assets	283,748	-	196,701	-
Other non-current assets	<u>562,391</u>	<u>1</u>	<u>514,881</u>	<u>1</u>
Total non-current assets	<u>75,425,769</u>	<u>97</u>	<u>75,438,646</u>	<u>97</u>
<b>TOTAL</b>	<u>\$ 77,628,740</u>	<u>100</u>	<u>\$ 78,009,830</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings	\$ 8,500,000	11	\$ 4,800,000	6
Short-term bills payable	599,932	1	1,549,515	2
Contract liabilities - current	4,076,038	5	3,938,860	5
Trade payables	4,707,626	6	4,237,424	6
Trade payables to related parties	53,419	-	50,629	-
Other payables	1,703,701	2	1,664,367	2
Current tax liabilities	180,160	-	101,329	-
Lease liabilities - current	950,111	1	945,167	1
Advance receipts	265,297	1	202,282	1
Current portion of long-term borrowings	950,000	1	-	-
Other current liabilities	<u>166,546</u>	<u>-</u>	<u>160,013</u>	<u>-</u>
Total current liabilities	<u>22,152,830</u>	<u>28</u>	<u>17,649,586</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings	9,100,000	12	13,949,720	18
Deferred tax liabilities	2,155,083	3	2,132,730	2
Lease liabilities - non-current	12,595,824	16	13,145,744	17
Other non-current liabilities	<u>85,460</u>	<u>-</u>	<u>83,420</u>	<u>-</u>
Total non-current liabilities	<u>23,936,367</u>	<u>31</u>	<u>29,311,614</u>	<u>37</u>
Total liabilities	<u>46,089,197</u>	<u>59</u>	<u>46,961,200</u>	<u>60</u>
<b>EQUITY</b>				
Share capital				
Ordinary shares	<u>14,169,406</u>	<u>18</u>	<u>14,169,406</u>	<u>18</u>
Capital surplus	<u>3,341,024</u>	<u>4</u>	<u>3,340,982</u>	<u>4</u>
Retained earnings				
Legal reserve	3,729,018	5	3,611,319	5
Special reserve	2,657,978	3	2,619,569	3
Unappropriated earnings	<u>2,798,561</u>	<u>4</u>	<u>2,216,433</u>	<u>3</u>
Total retained earnings	<u>9,185,557</u>	<u>12</u>	<u>8,447,321</u>	<u>11</u>
Other equity	4,940,666	7	5,188,031	7
Treasury shares	<u>(97,110)</u>	<u>-</u>	<u>(97,110)</u>	<u>-</u>
Total equity	<u>31,539,543</u>	<u>41</u>	<u>31,048,630</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 77,628,740</u>	<u>100</u>	<u>\$ 78,009,830</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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 11,287,323	100	\$ 10,013,982	100
OPERATING COSTS	<u>3,665,034</u>	<u>32</u>	<u>3,918,627</u>	<u>39</u>
GROSS PROFIT	<u>7,622,289</u>	<u>68</u>	<u>6,095,355</u>	<u>61</u>
OPERATING EXPENSES				
Selling and marketing expenses	398,555	4	374,713	4
General and administrative expenses	4,794,877	42	3,973,921	40
Expected credit loss	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>-</u>
Total operating expenses	<u>5,193,432</u>	<u>46</u>	<u>4,351,169</u>	<u>44</u>
OPERATING PROFIT	<u>2,428,857</u>	<u>22</u>	<u>1,744,186</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	165	-	130	-
Other income	201,628	2	201,956	2
Other gains and losses	(181,610)	(2)	(342,600)	(3)
Finance costs	(473,255)	(4)	(438,433)	(4)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>264,276</u>	<u>2</u>	<u>221,348</u>	<u>2</u>
Total non-operating income and expenses	<u>(188,796)</u>	<u>(2)</u>	<u>(357,599)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	2,240,061	20	1,386,587	14
INCOME TAX EXPENSE	<u>309,887</u>	<u>3</u>	<u>178,487</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,930,174</u>	<u>17</u>	<u>1,208,100</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	45,616	-	(30,278)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(110,721)	(1)	58,315	-

(Continued)



## FAR EASTERN DEPARTMENT STORES, LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ (31,751)	-	\$ 171,943	2
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(9,123)</u>	<u>-</u>	<u>6,055</u>	<u>-</u>
	<u>(105,979)</u>	<u>(1)</u>	<u>206,035</u>	<u>2</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>(58,077)</u>	<u>-</u>	<u>(2,981)</u>	<u>-</u>
	<u>(58,077)</u>	<u>-</u>	<u>(2,981)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(164,056)</u>	<u>(1)</u>	<u>203,054</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,766,118</u>	<u>16</u>	<u>\$ 1,411,154</u>	<u>14</u>
EARNINGS PER SHARE, NT\$				
Basic	<u>\$ 1.37</u>		<u>\$ 0.86</u>	
Diluted	<u>\$ 1.37</u>		<u>\$ 0.86</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, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation		
BALANCE AT JANUARY 1, 2021	\$ 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)	-	-	-	-	-
Special reserve	-	-	-	-	89,694	-	-	-	-	-
Cash dividends	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)
	-	-	186,704	(89,694)	(1,655,645)	-	-	-	-	(1,558,635)
Net profit for the year ended December 31, 2021	-	-	-	-	1,208,100	-	-	-	-	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
Appropriation of 2021 earnings	-	-	117,699	-	(117,699)	-	-	-	-	-
Legal reserve	-	-	-	-	(38,409)	-	-	-	-	-
Special reserve	-	-	-	-	(1,275,247)	-	-	-	-	(1,275,247)
Cash dividends	-	-	-	-	-	-	-	-	-	-
	-	-	117,699	38,409	(1,431,355)	-	-	-	-	(1,275,247)
Net profit for the year ended December 31, 2022	-	-	-	-	1,930,174	-	-	-	-	1,930,174
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	87,848	(10,169)	(241,735)	-	-	(164,056)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,018,022	(10,169)	(241,735)	-	-	1,766,118
Adjustments resulting from investments in associates accounted for using the equity method	-	42	-	-	-	-	-	-	-	42
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiary	-	-	-	-	(4,539)	-	4,539	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 14,169,406	\$ 3,341,024	\$ 3,729,018	\$ 2,657,978	\$ 2,798,561	\$ 55,766	\$ 2,707,736	\$ 2,177,164	\$ (97,110)	\$ 31,539,543

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 2,240,061	\$ 1,386,587
Adjustments for:		
Depreciation expense	1,907,923	1,972,608
Amortization expense	30,298	42,530
Expected credit loss recognized on receivables	190,000	2,535
Amortization of prepayments	525	1,721
Finance costs	473,255	438,433
Share of profit of subsidiaries and associates accounted for using the equity method	(264,276)	(221,348)
Interest income	(165)	(130)
Dividend income	(201,628)	(201,956)
Loss on disposal of property, plant and equipment	10,486	2,199
Loss on disposal of investment properties	538	335
Impairment loss of non-financial assets	-	437,462
Loss (Gain) on changes in fair value of investment properties	50,970	(42,435)
Concession on lease liabilities	(54,625)	(170,191)
Net changes in operating assets and liabilities		
Trade receivables	30,471	(311,850)
Trade receivables from related parties	5,013	(16,743)
Other receivables	(11,919)	(24,191)
Inventories	53,481	(53,464)
Prepayments	(26,086)	10,721
Other current assets	552	52,295
Contract liabilities	137,178	735,918
Notes payable and trade payables	470,202	415,134
Trade payables from related parties	2,790	646
Other payables	176,744	22,485
Advance receipts	159,053	29,475
Other current liabilities	6,533	31,410
Net defined benefit liabilities	(41,431)	(21,116)
Cash generated from operations	5,345,943	4,519,070
Interest paid	(438,350)	(411,284)
Interest received	163	130
Dividends received	689,340	625,330
Income tax paid	(224,474)	(233,213)
Net cash generated from operating activities	<u>5,372,622</u>	<u>4,500,033</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(25,800)	(25,508)
Proceeds from sale of financial assets at amortized cost	25,508	25,424
Acquisition of investments accounted for using the equity method	(1,800,000)	(1,500,000)
Payments for property, plant and equipment	(502,424)	(572,647)

(Continued)

**FAR EASTERN DEPARTMENT STORES, LTD.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	<b>2022</b>	<b>2021</b>
Proceeds from disposal of property, plant and equipment	\$ 60	\$ 89
Payments for intangible assets	(23,813)	(22,465)
Acquisition of right-of-use assets	(41,681)	(117,836)
Payments for investment properties	(2,194)	(2,177)
(Increase) decrease in other non-current assets	<u>(37,932)</u>	<u>46,642</u>
Net cash used in investing activities	<u>(2,408,276)</u>	<u>(2,168,478)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	63,370,000	58,270,000
Repayments of short-term borrowings	(59,670,000)	(58,120,000)
Proceeds from short-term bills payable	7,546,731	12,916,598
Repayments of short-term bills payable	(8,496,314)	(13,816,363)
Proceeds from long-term borrowings	111,000,280	133,249,959
Repayments of long-term borrowings	(114,900,000)	(132,600,000)
Repayment of the principal portion of lease liabilities	(670,801)	(527,684)
Increase in other non-current liabilities	2,040	4,884
Dividends paid	<u>(1,273,077)</u>	<u>(1,556,294)</u>
Net cash used in financing activities	<u>(3,091,141)</u>	<u>(2,178,900)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(126,795)</b>	<b>152,655</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<b><u>965,361</u></b>	<b><u>812,706</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b><u>\$ 838,566</u></b>	<b><u>\$ 965,361</u></b>

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

(Concluded)



## **Audit Committee's review report for 2022 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 10, 2023