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- I. 2023 Independent Auditors' Report and Consolidated Financial Statements
- II. 2023 Independent Auditors' Report and Standalone Financial Statements

I. Letter to Shareholders

Preface

During the past year, the world economy underwent several challenges, such as high interest rates, oil production cuts, geopolitical conflicts, climate change risk, etc. According to IMF statistics, world economic growth in 2023 was 3.0%, dropped 0.4% as compared to that of the previous year. Despite facing various pressures, global economy shows recovery and maintains growth. In the long run, variables such as unstable geopolitics, inflations, increasing extreme weather conditions, global economic prospective is filled with uncertainties.

Under high inflation, high interest rate, and sluggish global economic growth, Taiwan's export in 2023 showed contraction, external trade momentum declined, and domestic investments were also below expectation. While the stock market performed well to effectively sustain private consumption, Taiwan's economic growth still dropped year on year to register 1.3% growth in 2023, marking a new record low within 14 years. Department of Accounting and Statistics of the Executive Yuan predicts that along with revival of global demand, the gradual growth of export and production momentum, coupled with the wealth effect brought by improved domestic job and stock markets to drive economic growth momentum, annual growth is expected to exceed 3% this year.

According to statistics of the Ministry of Economic Affairs, in 2023 Taiwan's consolidated department stores sales were NT\$449.2 billion(US\$14.7 billion), which grew 13.8% year on year, marking historical high in sales, also exceeded convenience stores, supermarkets, and hyper markets and became the largest compound merchandise retail channel in scale. Thanks to strong private consumption, added with internal counter modification, introduction of new merchandise, and multiple marketing campaigns, Far Eastern Department Stores (FEDS) again delivered remarkable performances in 2023 reporting growing profit to register sales at NT\$60.8 billion(US\$2 billion), and operating profit at NT\$2.78 billion(US\$90.7 million), both marking historical highs.

Given dynamic global environment, resilience is the key capability for the enterprise to respond to pressure and turn crisis into opportunities. FEDS has been agile, adopting technologies to build up excellent resilience, and incorporate ESG policies along with business strategies. During the past year, the Company was recognized by Intercontinental Group of Department Stores (IGDS) as the top three 'Most Innovative Department Store' in the World, and received 28 awards both at home and abroad, including Asia Responsible Enterprise Award, National Enterprise Environmental Protection Award, Taiwan Corporate Sustainability Awards, etc. In future, FEDS will continue to focus on important issues such as "Innovation," "Digitalization" and "Sustainability" to accomplish a better operating model and create maximum value for its shareholders and the society.

Operating Result of 2023

Thanks to the support of Board of Directors and the management team, the Company delivered outstanding performance and recorded in 2023 consolidated sales of NT\$135 billion(US\$4.4 billion) in 2023 (according to IFRS, consolidated sales were NT\$36.73 billion(US\$1.2 billion)). Consolidated

net profit was NT\$3.96 billion(US\$129.2 million). Company alone net profit was NT\$2.75 billion(US\$89.8 million), and earnings per share were NT\$1.95, over 40% of growth year on year. According to the 11th Board Meeting of the 19th Board of Directors of FEDS, total cash dividend payment was NT\$1.6. Operating result of the Far Eastern Retail Group in 2023 is summarized as follows:

(1) Far Eastern Department Stores

1. Remarkable operating performance, sales were NT\$60.8 billion(US\$2 billion) in 2023, operating profit was NT\$2.78 billion(US\$90.7 million), both marking historical highs, and pretax net profit was NT\$3.13 billion(US\$102.2 million), nearly 40% growth year on year.

2. Enhance shopping experiences, proceed with cosmetics, boutique, and women's clothing counter modifications at Top City Taichung and Mega City Banqiao Stores which have been opened for more than 10 years, introduce many unique brands, present brand-new images of the existing counters, and provide refreshing consumption experience for customers.

3. Continue to sponsor international exhibitions, cooperate with Aomori Ken, Japan for 12 years to hold "Cultural and Produce Festival of Hirosaki-shi" to provide one-stop purchase of authentic local products, popular with consumers and bring foot traffic to stores.

4. Promote digital management, the management continues to promote various digital projects, already completed 98 digital management systems to elevate retail operating and management efficiency and build up a paperless office environment.

5. Engage in social outreach, each branch store continues to promote "Connected by Love" philanthropic activities, has totally sponsored 805 CSR campaigns to aid the underprivileged, caring for women and children, environmental protection, and local developments, committed to being a good corporate citizen.

6. ESG endeavors were well recognized, Taiwan's first department store awarded by the Intercontinental Group of Department Stores (IGDS) as the top three 'Most Innovative Department Store in the World.' Continue to build sustainable landmark of department store and make a positive impact.

(2) Far Eastern SOGO Department Stores

1. 2023 performances were outstanding. Sales were NT\$49.66 billion(US\$1.6 billion), operating profit was NT\$3 billion(US\$97.9 million), both grew year on year. Pretax net profit was NT\$2.91 billion(US\$95 million), a surge of nearly 60%.

2. With lifting of the pandemic restrictions, private consumption momentum continues to extend, and remodeling effect of each store appear to drive double-digit growth in both men's and women's apparel as well as food and beverage.

3. Due to significant increase in overseas travels, revenue growth of international boutique brands dropped relatively in the previous year, but the sales exceeded by 20%, marking a record high.

4. Actively promote digitalization, through membership economy to connect APP and social media push notification to create consumption momentum, added with elevation of experimental services to enhance revenue growth.

5. Under the impact of continuous economic slowdown in China, sales continued to decline. Shanghai Xuhui Store closed operations on August 31, 2023, after its lease expiry. Chongqing Far Eastern City is scheduled to open in May 2024 as a new lifestyle shopping mall to contribute to future expansion and growth in China.

(3) Far Eastern Ai-Mai

1. Strengthen the development of online shopping and create more convenient service model for customers. Sales were NT\$12.97 billion(US\$423.3 million) in 2023, continue to promote various operating initiatives.

2. Through advanced data analysis, proceed with the analysis of competitor store sales and hit items, also review inventory, strengthen arrival rate, decrease out of stock rate, expedite delivery speed, and lower service cost.

3. With the help of big brand to increase customer base, introduce diversified food and beverage chains to increase service-oriented stores, maintain steady customers, and create service business opportunities.

4. Continue to use ARS (Automated Reorder System) to replace manual order at branch store to elevate the accuracy of order and save operating time of store ordering.

5. Increase the usage and adhesion of Ai-Mai APP, distribute individualized message to recommend merchandise, and achieve accuracy marketing.

Business Plan

The current economic outlook is full of uncertainties. Far Eastern Retail Group should be prudent to adapt to changes, adjust strategy flexibly, set up target, and prepared well in advance, focus on key issues, expedite in reform initiatives, lead the Company toward delivering excellent performances. Major operational focus in 2024 is summarized as follows:

(1)Far Eastern Department Stores

1. Maintain competitive momentum, create unique features, each branch store continues to conduct brand adjustments along with market trend and popularity, elevate merchandise mix, and further boost operating performance.

2. Keep close contacts with foreign representative offices and city governments to plan and sponsor exotic cultural and indigent specialty exhibitions, bring customers delicacies directly by engaging in local cultural and satisfy consumers' interests in various local specialties and gourmet cuisines.

3. Enhance customer stickiness, each branch company continues to create seasonal festivals. With more interactive atmosphere to attract customers and become the primary destination of department store to satisfy their shopping needs.

4. Strengthening of targeted customers' shopping momentum, generate the analysis of Happy Go membership database, utilize FEDS APP and each branch store's social platform, together with Happy Go Pay, to create comprehensive shopping scenarios, and conduct omni-channel communications.

5. Provide individualized services, present targeted segment merchandise proposals,

thus stimulating consumption momentum, but also attracting new customer segment, expand customer base, and satisfy their different needs.

6. Renovation of the first generation FEDS Baoqing Store has been launched, inviting world-renowned architect to design and build the state-of-the-art green department store, which is expected to be an outstanding landmark in the landscape of west Taipei City and Ximending area.

7. Continue to promote digital management, expedite talent cultivation, strengthen risk management, develop sustainable strategy, and fortify operating resilience in response to external shock.

(2)Far Eastern SOGO Department Stores

1. Focus on major customers, actively engage in renovating sales space, introduce new merchandise, expand digital marketing, elevate operating income, continue cost savings, and aim to increase operating profit.

2. Launch retail 4.0 generation, comprehensively to promote “transformation” of small stores, “innovation” of mid- and large-size stores, as well as the “development” of FE Garden City and Chongqing Far Eastern City new stores.

3. Adjust merchandise of large stores in each area, enhance competitiveness, and develop green e-commerce merchandise to establish new online shopping image and differentiation.

4. Expand the “membership of customers” strategy to assist six major SOGO CLUB, promote segment marketing, and elevate the visual image display and experience of shopping space to integrate professional expertise.

5. Establish merchandise information, analyze brand momentum, carefully select excellent suppliers, and strengthen vendors’ contract management in each store.

6. Plan and execute renovations of each store, determine target to elevate gross profit for each store, assist in coordinating mutual benefits of each merchandise category.

(3)Far Eastern Ai-Mai

1. Conduct low-cost operating model:

a. Strengthen energy conservation to lower fixed costs, implement carbon reduction to streamline work process with digitalization.

b. Organize useable space within the store, introduce new counters to enhance existing space efficiency, and continue to increase the service of charging stations to maximize space capacity.

2. Employ advanced data analysis:

a. Optimize targeted marketing, track consumer behaviors to conduct data analysis & individualized recommendations, integrate social media, and establish close customer relationship.

b. Supply chain management of e-commerce, lower service costs and expedite delivery speed.

c. Promote merchandise differentiation via multiple channels, adjust merchandise

- structure, and elevate profit.
3. Enhance expedited growth of digital commerce:
 - a. With AI automatic customer services handling to elevate the energy and efficiency of handling of customer services
 - b. To utilize inventory data more effectively, to lower delivery delay due to out of stock, and expedite delivery speed to elevate operating efficiency.
 - c. Increase B2B revenue and new platform collaboration.
 4. Expedite IT processes, fortify information security:
 - a. Support the surge growth of digital commerce, optimize management efficiency of order delivery.
 - b. Optimize order and inventory management, launch ARS (Automated Reorder System) online.
 5. Talent development, enhance industry-academic collaboration:
 - a. Enlarge collaboration between group universities and industries and find the right people.
 - b. Expedite to promote agile, responsive managers and technical talents in the fresh produce category who are attentive to customers' needs with strong execution.
 - c. Focus on customers' comments, strengthen team consensus, weekly trainings of customer services, to promote sales and revenues.

Future Prospect

According to the analysis of "Economic Intelligence Unit," in 2024 the world will face several major risks including: continuous monetary tightening may lead to economic recession, large strikes and turmoil may lower productivity, China is expanding economic control due to failed stimulus policies, and extreme climate conditions may seriously disrupt supply chain. Furthermore, the threats of Ukraine-Russia War and Israel-Hamas War may all lead to challenges to global economy. Enterprises should stay vigilant and be in control of economic momentum, respond to various risks, plan growth targets, and seek for continuous growth in the future.

At COP 28, global business leaders call on governments to invest in renewable energy and power networks, suggest companies to set scientific emission reduction targets, engage suppliers and customers to reduce emissions, and increase investments in energy efficiency, and carbon reduction. They also urge enterprises and governments to collaborate deeper, accelerate Net-Zero actions, to benefit society, public health, and global economy. Energy transition will reshape competitions of future industries. While facing increasing carbon cost, enterprises should reflect on themselves, actively plan for responsive projects to achieve the net-zero emission target by 2050.

Global CEO survey states, 3 out of 4 indicates their companies are facing tremendous external disruptions, and even 98% of CEOs expect to change their business models in next 3 years. Jack Welch, the former Chairman and CEO of GE had previously stated, "Change before you have to," enterprises

must be well prepared, consider all kinds of possible scenarios, respond with flexible strategies, and also strengthen horizontal communications, readjust organization structure, cultivate and retain adequate talents, nourish leadership team for the next generation, embrace science and technology, continue to innovate, so as to lead the corporation to achieve excellence.

Given the fast-changing business environment, despite the future challenges, we should not lose confidence. With the dynamic advancement of Artificial Intelligence, business leaders and the management should think through how to make good use of AI and technology, to not only enhance operating efficiency, but also innovate business model to satisfy customer needs, and elevate competitive edge. Looking into the future, we are convinced to become better! Thanks to the joint efforts of our staff, and the full support of consumers and our shareholders, Far Eastern Retail Group will continue to expand market share by opening new stores, actively exploit development opportunities, adopt technologies to enrich shopping experiences, innovate management to elevate operating efficiency, strengthen the development of online shopping, implement ESG strategies, through these six growth momentum to continue to improve competitiveness, growth, and profitability, thus become the department store retail group with the highest satisfaction, and continue to create maximum value and reward for stockholders.

Chairman *Douglas Tong Hsu*

II. Company Profile

1. Date of Incorporation

August 31, 1967

2. Company History

1967	August	Far Eastern Textile Co. Ltd. established Far Eastern Department Stores Ltd., which was located on Yongsui Rd. in Taipei
	October	The first store of FEDS opened in its own six-floor building on Yongsui Rd. in Taipei.
1969	October	FEDS Taichung Store was established.
1972	January	FEDS Paoching Store was set up and FEDS Yongsui Store was moved to and merged with FEDS Paoching Store.
1973	April	FEDS established Ya Tung Department Store Ltd. in Far Eastern Department Building on Wufu 4th Road in Kaohsiung City. FEDS made a 65% investment in it.
1976	March	FEDS Tainan Store was established.
1977	September	FEDS Taichung Store suffered some damage due to the fire in a neighboring building.
	December	FEDS Jenai Store was established.
1978	May	FEDS Taichung Store re-opened.
	October	FEDS Taipei Store expanded its operating space to eight floors. FEDS officially listed on the Taiwan Stock Exchange
1980	February	FEDS Taichung Store expanded its operations after helping to restore the neighboring building.
1981	December	EDS made a 64% investment to establish Yuan Yang Department Store Ltd. on Xinsheng Rd., Chungli City.
1982	January	FEDS Chiayi Store was established.
1983	January	Ya Tung Department Store Ltd. suspended its retailing business and FEDS Kaohsiung Store was set up on the same site of Ya Tung Department Store Ltd.
	September	FEDS Panchiao Store was established.
	December	Yuan Yang Department Store Ltd. suspended its retailing business and FEDS Chungli Store was set up on the same site of Yuan Yang Department Store Ltd. FEDS Sanchong Store was established.
1984	November	FEDS Taoyuan Store was established.
1985	December	FEDS Taoyuan Store suffered fire damage on December 1, and resumed first floor operation on December 12.
1986	June	FEDS Sanchong Store suspended its operation.
	August	FEDS Taoyuan Store was re-opened its second and third floors.
	December	FEDS Kaohsiung Chungshan Store, also named Kaohsiung Shopping Center Store, was established.
1987	January	FEDS Hsinchu Store was established.
	July	FEDS Kaohsiung Store moved to and merged with FEDS Kaohsiung Chungshan Store.
	October	FEDS established a first community-based supermarket in the Far Eastern New World Community.
	December	FEDS Jenai Store was transformed into the first all men's department Store in Taiwan.
1988	December	FEDS established two community-based supermarkets in the Hungnan and Houching Communities in Kaohsiung.
1989	August	FEDS opened its first specialty electronic appliance store in Tienmu.

		Panchiao Commodities Transfer and Distribution Center completed.
1990	January	FEDS Taichung Store suffered fire damage from the neighboring building on January 14, but was re-opened its first and second floors and basement first floor on January 23.
	September	Far Eastern Ltd. was set up by FEDS and Chingmei Hyper Store of Far Eastern Enterprise Ltd. was established.
	November	FEDS established Taita METRO Branch Store.
1991	January	Panhsin Hyper Store of Far Eastern Ltd. was established.
	February	FEDS Hualien Store was established.
		The operation of FEDS first specialty electronic appliance store in Tienmu ended.
	April	The operation of the first community-based supermarket in the Far Eastern New World Community ended.
		FEDS Paoching Store suffered the fire damage. Its basement first floor and first and second floors experienced smoke and slight flooding, however, its third, fourth and fifth floors were destroyed by fire.
	May	FEDS Taichung Store was re-opened after completely being restored.
	June	The operation of FEDS Paoching Store on the basement first floor and first and second floors was resumed.
	July	FEDS Tainan Store was re-opened after it expansion and refurbishment.
	October	The operation of FEDS Chiayi Store located at Kuohua St. ended
	December	After FEDS Paoching Store was restored, it not only resumed but also expanded its operation.
		FEDS built and inaugurated a brand new Chiayi Store on Chueiyang Road.
1992	November	The operation of Taita METRO Branch Store ended.
	December	Far Eastern Hon Li Do Co., Ltd. was established.
1993	September	FEDS Panchiao Chungshan Store was established.
	October	FEDS Chungli Central Store was set up and the registration of FEDS Chungli Store was cancelled.
	November	Commodities Transfer and Distribution Center in the Tai Shan plant of Far Eastern Textile Co. Ltd. in Wugu Township was established.
		The renovation of FEDS Taichung Store and its own building completed and re-opened.
1994	March	Taipei Metro, The Mall managed by Ya Tung Department Store Ltd. went into full operation.
	July	Overseas Convertible bonds of seven years maturity were issued to the amount of USD\$75 million.
1995	January	The Tainan Store of Far Eastern Hon Li Do Co., Ltd. was opened.
	May	The operation of Kaohsiung Shopping Center Store ended.
	July	Summer Sale in Taiwan originated with FEDS.
1996	May	The operations of FEDS Chungli Store were expanded to 10 floors in the same building and it was re-opened after being redesigned and remodeled.
	July	Yongho Hyper Store of Far Eastern Ltd. was established.
	September	FEDS Kaohsiung Store, located in front of the Kaohsiung Railway Station, was established and the registration of Kaohsiung Shopping Center Store was cancelled.
	October	FEDS Asia Pacific Development Co., Ltd. was established.
1997	January	FEDS Tainan Cheng-Kong Stores was established.
	December	FEDS thirtieth Anniversary Celebration was held.
1998	March	FEDS Panchiao Chungshan Store was re-opened after being remodeled, and the operation of FEDS Panchiao Store ended due to expiry of its lease.
	May	Yungfu Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.
1999	March	Chungkang Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.

2000	September	Due to the impact of earthquake 921, FEDS Taichung Store temporarily suspended operations. FEDS Taoyuan Store closed due to the expiry of its lease.
	October	FEDS Tainan Park Stores closed and was demolished and another entertainment building was built. FE21' Taoyuan Store was built on the land owned by Tao-Yuan Farmers' Association. The operation of FEDS Kaohsiung Store was located in front of the Kaohsiung Railway Station. It was decreased by 3 floors and continued to operate after re-adjustment and refurbishment.
	November	FEDS New Century Development Co., Ltd. was established to set up Far Eastern Panchiao Shopping Mall
	December	Taoyuan Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.
	February	FEDS Jenai Store closed due to the expiration of its lease.
	March	Far Eastern Ai Mai Co., Ltd. signed a merging contract with French Casino Group's Taiwan Branch D.F.I. Geant. Far Eastern Ai Mai Co., Ltd. was a surviving company. The record date of consolidation was on July 3.
	May	Yangmei HYPER Store of Far Eastern Ai Mai Co., Ltd. was established. The operation of FEDS Panchiao Chungshan Store ended.
	June	FE21' Panchiao Store whose building and land was owned by FEDS was opened.
	July	Far Eastern Ai Mai Co., Ltd. and French Casino Group's Taiwan Branch D.F.I. Geant formally completed their merger to form Far Eastern Co. Ltd. The operation of Tainan Store of Far Eastern Hon Li Do Co., Ltd. ended. Tainan HYPER Store of Far Eastern Ai Mai Co., Ltd. was established. Taichung Fuxing Store and Kaohsiung Pingdeng Store of French Casino Group's Taiwan Branch D.F.I. Geant were renamed as Taichung Fuxing HYPER Store and Kaohsiung Pingdeng HYPER Store of Far Eastern Ai Mai Co., Ltd. FEDS held the eleventh IDGS (International Group Department Store) Asia Summit in Taipei.
	December	The operation of FEDS Taichung Store ended.
2001	September	Chunghsiao HYPER Store of Far Eastern Ai Mai Co., Ltd. was established.
	October	Taoyuan HYPER Store of Far Eastern Ai Mai Co., Ltd. was established. The operation of FEDS Kaohsiung Store, located in front of the Kaohsiung Railway Station, ended. FE21' Mega Kaohsiung Store inaugurated its services.
2002	December	Central HYPER Store of Far Eastern Ai Mai Co., Ltd. was established.
	March	The operation of FEDS Hsinchu Store ended.
	July	FE21' Mega Tainan Chenkong Store re-opened after FEDS Tainan Chenkong Stores was remodeled. FE21' Mega Tainan Konyuan Store comprised of a recreation center which was re-opened after FEDS Tainan Park Stores was remodeled. Yuanlin HYPER Store of Far Eastern Ai Mai Co., Ltd. was established.
2003	September	FEDS invested in Pacific Liu Tong Investment Co., Ltd.
	November	FE21' Mega Hsinchu Store inaugurated its services.
	April	A groundbreaking and commencement ceremony for Far Eastern Panchiao Shopping Mall was held.
	May	The operation of Central HYPER Store of Far Eastern Ai Mai Co., Ltd. ended.
	October	Hsinchu HYPER Store of Far Eastern Ai Mai Co., Ltd. was established. FEDS acquired the land use rights for No. A13 in the Hsinyi district, which is owned by the Taipei City Government, and had the right to use the land for 50 years from the

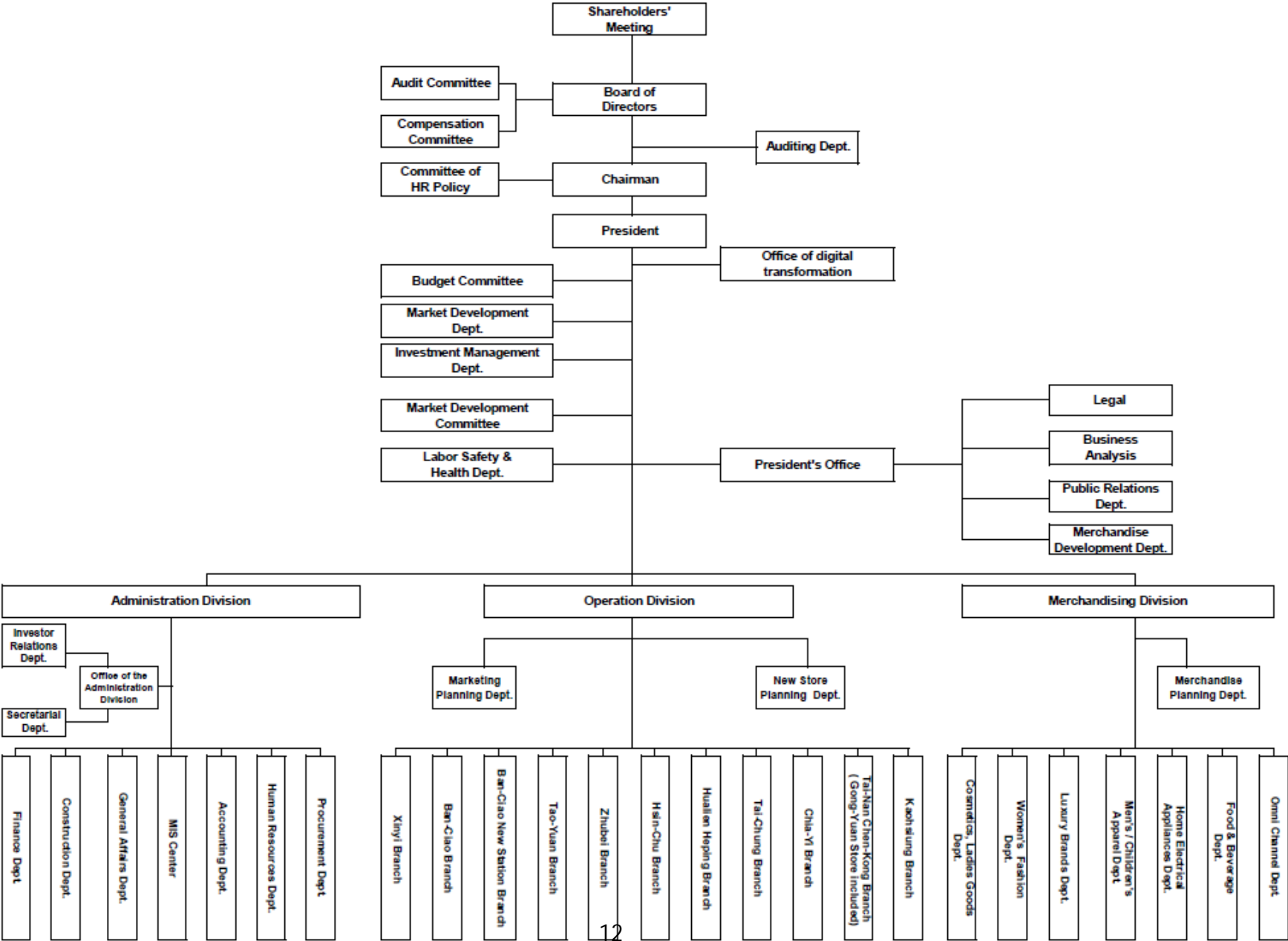
		completion of the right registration.
2004	February	The operation of FEDS Chungli Central Store ended.
	June	FEDS Chungli Store was remodeled to be SOGO Chungli New Hall.
	July	Ministry of Economic Affairs, Investment Commission, approved FEDS's subsidiary, FEDS Development Ltd.(BVI), to set up FEDS Chongqing Store and Chongqing Bai Ding Business Management Consulting Co., Ltd. in Mainland China.
	September	A joint investment was carried out with FEDS and CitySuper in the establishment of Far Eastern CitySuper Ltd.
	November	Ministry of Economic Affairs, Investment Commission, approved to a name change of Chongqing Far Eastern Business Management Consulting Co. to the name of Chongqing Bai Ding Business Management Consulting Co.
	December	Mall Store of Far Eastern CitySuper Ltd. was established.
2005	January	FEDS invested in Far Eastern Finance & Leasing Corp.
	March	Ministry of Economic Affairs, Investment Commission, approved FEDS's subsidiary, FEDS Development Ltd.(BVI), to set up FEDS Tianjin Store in Mainland China.
	November	Far Eastern Department Stores (U.S.A.) Inc. (FEDS-USA) dissolved and FEDS invested in Far Eastern Department Stores (U.S.A.) Inc. from indirectly to directly. FEDS won the bid to lease land (No.89 and 91) located in the West Tun district in Taichung city, which was being managed by the Ministry of Education. On expiry of the contract, the Company has the right to extend the contract for another twenty years.
2006	May	FEDS Tianjin Stores was opened.
	December	Bai Chin (Singapore) Pte. Ltd. dissolved and liquidated. Fuxing Store of Pacific SOGO Department Stores Ltd. was opened. Fuxing Store of Far Eastern CitySuper Ltd. was opened.
2007	January	FEDS bought back the shares of Far Eastern Ai-Mai Co., Ltd held by Bergsaar BV, et al.
2008	February	Ministry of Economic Affairs, Investment Commission, approved to change the name of Chongqing Bai Ding Business Management Consulting Co. to the name of Shanghai Bai Ding Business Management Consulting Co.
	April	Ministry of Economic Affairs, Investment Commission, approved Bai Yang Investment Co., a subsidiary of FEDS, to acquire 40% shares of Pacific China Holdings Ltd., held by ABN AMRO BANK, N.V. LONDON BRANCH.
	October	Sanchong HYPER Store of Far Eastern Ai Mai Co., Ltd. was established.
2009	May	Tienmu Store of Pacific SOGO Department Stores Ltd. was opened. Tienmu Store of Far Eastern CitySuper Ltd. was opened.
	October	Hualien Heping Store of FEDS was established. Hualien Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.
2010	January	Ministry of Economic Affairs, Investment Commission, approved FEDS's subsidiaries, Bai Yang Investment Co. and Pacific Sogo Department Stores Ltd., to indirectly set up WuXi FEDS Co. Ltd. in Mainland China. Keelung Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.
	June	FEDS WuXi Store was opened.
	December	Far Eastern Big City Shopping Center in Hsinchu was established.
2011	January	Fengyuan Hyper Store of Far Eastern Ai Mai Co., Ltd. was established.
	June	FEDS Chengdu Store was opened.
	December	FE21' Mega Taichung Store (Top City) inaugurated its services. FE21' Mega Panchiao Store (Mega City) inaugurated its services. Panchiao Store (Mega City) of Far Eastern CitySuper Ltd. was opened. Taichung Store (Top City) of Far Eastern CitySuper Ltd. was opened.
2012	April	Far Eastern SOGO BIG CITY Shopping Mall was opened.

		Second Hsinchu Store of Pacific SOGO Department Stores Ltd. was opened.
		Far Eastern SOGO BIG CITY Hyper Store of Far Eastern Ai Mai Co., Ltd. was opened.
		Hsinchu Store (Big City) of Far Eastern CitySuper Ltd. was opened.
2013	March	FEDS Chengdu Store signed the letter of intent to lease with Chengdu Longhu North Real Estate Company Limited.
	November	The operation of Pacific Chengdu Tsunsi Store ended.
2014	January	FEDS Chengdu Beicheng Store was opened.
2015	January	FEDS's head office has been relocated at 16F~18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City 220, Taiwan
	March	The operation of FEDS Tianjin Stores ended.
	April	Banqiao Nanya Hyper Store of Far Eastern Ai Mai Co., Ltd. was opened.
	June	Chubei New Century Shopping Mall Co., Ltd. was established.
	July	Chubei New Century Shopping Mall Co., Ltd. signed an investment contract of No.8 Parking Lot BOT Project, Zhubei City, Hsinchu County with Hsinchu County Government.
	August	FEDS issued the 2014 CSR Report, the first one issued by Taiwan Listed Department Store Chain Business.
	October	Panhsin Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
	December	WuXi FEDS Store Co. Ltd ended.
2016	August	Dalian Pacific Department Store Co. Ltd. transferred to Pacific (China) Investment Co. Ltd.
	October	Kaohsiung Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
		Taoyuan Tai Mall Store of Far Eastern City Super Ltd. was opened.
	December	Dazhi Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
		Log on Hsinchu Store of Far Eastern City Super Ltd. was opened.
		Huaihai Store of Shanghai Pacific Department Stores Co. Ltd. ended.(Lease expired)
2017	April	FEDS Chengdu Beicheng Store ended.
		Yuanlin Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
	December	FEDS Chengdu Beicheng Store ended.
2019	March	Chungkang Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
		Yungfu Hyper Store of Far Eastern Ai Mai Co., Ltd. ended.
	April	FEDS Chengdu Luoma City store ended.
	August	SOGO Hsinchu Station Store ended.
	September	Taoyuan Tai Mall Store of Far Eastern City Super Ltd. ended.
2020	January	FEDS Xinyi A13 Store was opened
		Xinyi A13 Store of Far Eastern City Super Ltd. was opened.
	March	Log on Hsinchu Store of Far Eastern City Super Ltd. closed down.
	September	Shuinan Store of Far Eastern Ai Mai Co., Ltd. opened
	October	Shanghai City Plaza Store ceased operation.
2022	January	FEDS Zhubei Store was held its soft opening.
		Zhubei Store of Far Eastern City Super Ltd. was held its soft opening.
	April	FEDS Metropolitan Plaza Store, Chongqing ceased operation.
2023	January	FEDS Zhubei Store opened.
		Zhubei Store of Far Eastern City Super Ltd. was opened.
	July	Taipei Branch (Baoqing Store) has closed permanently.
	August	SOGO Shanghai Xuhui Store and DalianStore have closed.
2024	May	Chongqing FE City was held its soft opening.

III Corporate Governance Report

1. Organization

ORGANIZATION CHART



Affairs in Charge for Each Major Department (organizational structure with risk management function)

Department	Head of Department	Affairs in charge
Auditor Office	Hwa-Ling Hsu Senior Vice President	<ul style="list-style-type: none"> In accordance with the Company's Articles of Incorporation, internal control system, internal audit implementation rules and relevant laws and regulations, assess the potential risks of each unit's operations, and formulate and implement annual audit plans to reduce the Company's operating risks.
Legal Department	Anna Huang Attorney-at-law	<ul style="list-style-type: none"> Responsible for the Company's various contract agreements and reviews, handling of legal disputes, litigation and court appearances, immediate provision of company legal amendment information and various legal consultations to reduce the Company's risks of illegality.
Digital Transformation Office	James Tang Vice President	<ul style="list-style-type: none"> Integrate digital events, planning, e-marketing, digital media and other related businesses of the head office and branches, build smart shopping malls, and develop "digital operations, digital management, and digital experience" to provide customers with more complete digital marketing and services.
Administration Division	James Tang Vice President	<ul style="list-style-type: none"> To supervise the duty of each department, as follows <ol style="list-style-type: none"> The duties of the human resources department: Responsible for handling career development, education and training programs, appointments, retrenchment, transfers, rewards and punishment, evaluation, daily schedules of the staff; the enhancement of working efficiency and relevant affairs of employees welfare. The duties of the accounting department: Responsible for the execution and amendment of the accounting calendar, various daily bookkeeping entries, the fulfillment of financial reports, tax returns and annual budget, the management and inspection of fixed assets and inventories. The duties of the MIS center: Cope with all affairs related to management information systems and information security. The duties of the general affairs department: To handle official documents, general affairs, security and other matters that can not be attributed to other departments. The duties of the construction department: To handle each construction project, the maintenance of air conditioners as well as electronic devices. The duties of the finance department: To handle fund transfers, treasury, sales and management of gifts coupons, the plans of investment activities, the management and supervision of subsidiaries. The duties of the construction department: Handling engineering equipment and general affairs procurement management.
Operation Division	Chang-Li Lin Vice President	<ul style="list-style-type: none"> In charge of all business related to marketing and planning: <ol style="list-style-type: none"> Marketing strategic planning of events and other programs. Propose and implement store visual expression, merchandise displays, and window design. Handle customer complaints and services. Handle media and public relations. Supervise operation business of branches. Plan and integrate new store preparatory affairs.
Merchandise Division	Chris Liu Vice President	<ul style="list-style-type: none"> Responsible for luxury brands, home appliance, cosmetics, lingerie, shoes, women's fashion apparel, young ladies' apparel, kid's apparel, men's apparel, electric appliances and supermarkets. Invite concessionaires and administer stores. Handle online shopping e-commerce management matters.

2. Directors and Management Team

2.1 Directors

2.1.1 Directors

April 20, 2024

Title	Nationality or Record of Birth	Name	Gender/age	Date Elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse & minor children		Curriculum vitae	Other positions in FEDS and/or other companies	Executives, directors, or supervisors who are spouses or within two degree of kinship		
							Share	%	Share	Share	%	Title			Title	Name	Relation
Chairman	R.O.C	Douglas Tong Hsu	M/Over 70	27 Jul 2021	3	2 Aug. 1967	1,779,835	0.13	1,779,835	0.13	0	0.00	<ul style="list-style-type: none"> Honorary Ph.D. of Management, National Chiao Tung University, Taiwan M.A. in Economics, Columbia University, USA. 	<ul style="list-style-type: none"> Chairman of FEDS Chairman of Far Eastern New Century, Asia Cement, Oriental Union, U-Ming Marine, and Far Eastone Telecommunication Vice chairman of Far Eastern International Bank. 	Director	Nancy Hsu	Sister
															Director	Nicole Hsu	Daughter
Director	R.O.C	Ding & Ding Management Consultants, Co., Ltd.	F/Over 70	27 Jul 2021	3	(Note 1)	73,009	0.01	73,009	0.01	0	0.00	<ul style="list-style-type: none"> Department of Fashion Design, Shih Chien University 	<ul style="list-style-type: none"> President, FEDS Chairman of Bai Yang Investment Co., Ltd. Director of Far Eastern Ai Mai Co. Ltd. 	Chairman	Douglas Tong Hsu	Brother
		Representative: Nancy Hsu					*1,173,788	*0.08	*1,173,788	*0.08	228,927	0.02					
	U.S.A	Far Eastern New Century Corporation	F/ 50~60	27 Jul 2021	3	2 Jun. 2006	241,769,702	17.06	241,769,702	17.06	0	0.00	<ul style="list-style-type: none"> Interior Design Arts, New York School of interior Design, USA. B.A., Simmons College, Boston, USA Senior Designer, Saradino Group, New York, USA. 	-	Chairman	Douglas Tong Hsu	Father
		Representative: Nicole Hsu					*0	*0.00	*0	*0.00	0	0.00					
	R.O.C	Yuli Investments Corporation	F/ 60~70	27 Jul 2021	3	(Note 2)	1,769,001	0.12	1,769,001	0.12	0	0.00	<ul style="list-style-type: none"> Department of Accounting, North Arizona State University, USA. US CPA. 	<ul style="list-style-type: none"> Chairman of Far Eastern Big City Shopping Malls Co., Ltd. CEO of Far Eastern Group Synergy & Retail Planning HQ Director of Yuanshi digital technology Co., Ltd. 	-	-	-
		Representative: Philby Lee					*76,483	*0.01	*0	*0.00	0	0.00					

Independent Director	R.O.C	Eugene You-Hsin Chien	M/ Over 70	27 Jul 2021	3	21 Jun. 2012	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> • Ph.D., Aeronautics and Astronautics, New York University, USA. • Department of Mechanical Engineering, National Taiwan University • Minister of the Environmental Protection Administration • Minister of Transportation and Communications • Minister of Foreign Affairs • Legislator, Legislative Yuan (Member of Parliament) • Representative, Taipei Representative Office in the U.K. 	<ul style="list-style-type: none"> • Independent Director, Eva Airways Corporation • Director, ECOVE Environment Corporation 	-	-	-
	R.O.C	Edward Wei	M/ Over 70	27 Jul 2021	3	21 Jun. 2012	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> • MBA, University of Georgia, USA. • CEO of Deloitte Taiwan • Director of Deloitte Touche Tohmatsu • Chairman, United way of Taiwan • CPA of Georgia State, USA. 	<ul style="list-style-type: none"> • Chairman, YCSY Co., Ltd. • Independent Director, Cathay Financial Holdings Co., Ltd., Cathay United Bank Ltd, Cathay Securities Corporation, and Taita Chemical Company • Director, MiTAC Holdings Corp., Iron Force Industrial Co. Ltd., and VIS Corporation 	-	-	-
	R.O.C	Dong, Ding Yu	M/ 60~70	27 Jul 2021	3	24 Jun. 2020	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> • Assistant Professor, San Jose State University, USA 	<ul style="list-style-type: none"> • Chairman, Elite Material Co., Ltd. • Director, Newaisa Construction 	-	-	-

Note 1: Director (April 19, 1979 - April 18, 1982); Supervisor (April 30, 1990 - April 12, 1995); Director(April 12, 1995 - present)

Note 2: Director (June 10, 2003 - June 1, 2006); Supervisor (June 2, 2006 - June 22, 2015); Director (June 22, 2015 - present)

Note: No directors of the Company have shares held in the name of other persons.

Note: Cases of the Company's Chairman and President being the same person, spouses, or relatives within the first degree of kinship: N/A.

2.1.2 Major Shareholders of FEDS's Directors are institutional Shareholders.

April 20, 2024

Name of Corporate Shareholder	Major Shareholders of the institutional Shareholders (%)
Ding&Ding Management Consultants Co., Ltd	Yue Tung Investment Corp. (40.00), Ta Chu Chemical Fiber Co., Ltd. (33.81), Fu-Da Transport Corp. (16.00), Asia Engineering Enterprise Corp. (5.04), Bai Ding Investment Co., Ltd. (5.04)
Far Eastern New Century Corporation	Asia Cement Corporation (23.77), Asia Eastern University of Science and Technology (4.81), Cathay/ MSCI Taiwan ESG Sustainability High Dividend Yield ETF (4.38), Far Eastern Medical Foundation (3.61), Far Eastern Memorial Foundation (3.42), Yuanta/P-shares Taiwan Dividend Plus ETF (3.35), Yuan Ze University (2.74), Chunghwa Post Co., Ltd. (1.89), Douglas Tong Hsu (1.71), Der Ching Investment Co Ltd. (1.55),
Yuli Investments Corporation	U-Ming Marine Transport Corp. (68.18), U-Ming Marine Transport (Singapore) Private Limit (31.82)

2.1.3 Major Shareholders of the Major Shareholders that are Juridical Persons

April 20, 2024

Name of Juridical Persons	Major Shareholders of the Juridical Persons (%)
Yue Tung Investment Corp.	U-Ming Marine Transport Corp. (73.54), U-Ming Marine Transport (Singapore) Private Limit (26.46)
Ta Chu Chemical Fiber Co., Ltd.	Yuan Ding Investment Co., Ltd. (41.86), Yue Ding Industry Co., Ltd. (30.26), Yuli Investment Corp. (19.38), Yue Ming Trading Company Limited (8.50)
Fu Da Transportation Co., Ltd.	Fu Ming Transport Corp. Ltd. (99.97), Asia Investment Corp. (0.03)
Asia Engineering Enterprise Corp.	Asia Cement Corporation (99.76), Asia Investment Corp (0.07)
Bai Ding Investment Co., Ltd.	Far Eastern Department Stores Ltd (66.66), Bai-Yang Investment Co., Ltd (33.34)
Asia Cement Corporation	Far Eastern New Century Corp. (21.16), Far Eastern Medical Foundation (5.15), Yuanta/P-shares Taiwan Dividend Plus ETF (4.56), China Life Insurance Co., Ltd. (2.52), Labor Pension Fund Committee of Far Eastern New Century Corp. (1.67), Yuan Ding Investment Co., Ltd. (1.53), Far Eastern Department Stores Ltd. (1.41), Yuan Ze University (1.37), Chunghwa Post Co., Ltd. (1.35), Far Eastern Memorial Foundation (1.24)
Asia Eastern University of Science and Technology	Asia Cement Corporation (50.00), Far Eastern New Century Corporation (50.00)
Far Eastern Medical Foundation	Y. Z. Hsu (76.90), He Zongyan (2.31), Wang Shu-peng (2.31), Hsu Wei Yuan (2.31), Huang Ying Chung (2.31), Douglas Tong Hsu (2.31), Laurence M. Yang (2.31), John Hsu (2.31), Johnny Shih (2.31), S.S. Hsu (2.31), Yu Wei San (2.31)
Far Eastern Memorial Foundation	Y. Z. Hsu (50.00), Hsu Yi Chu (50.00)
Yuan Ze University	U-Ming Marine Transport Corp. (55.21), Far Eastern Medical Foundation (26.05), Far Eastern New Century Corporation(Original from Far Eastern Textile Ltd.) (5.52), Fu Ming Transport Corp. (5.25), Far Eastern Memorial Foundation (4.91), Asia Cement Corporation (2.76), Connie Hsu (0.28), Y. Z. Hsu (0.10), Yu Chao-Chung (0.10)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communication (100.00)
U-Ming Marine Transport Corp.	Asia Cement Corp. (39.25), Taiwan Cooperative Bank (1.49), Yuan Ding Investment Co., Ltd. (1.05), Yu Yuan Investment Co., Ltd. (0.94), Asia Investment Corp. (0.92), HSBC as the custodian of Mitsubishi UFJ's Morgan Stanley Securities Trading Account (0.85), Cathay Life Insurance (0.84), JPMorgan Chase Bank N.A., Taipei Branch in custody for Japan Securities Finance Co., Ltd. (0.83), Standard Chartered as the custodian of "Standard Chartered - External Account Manager JPMorgan Chase"(0.76), Asia Investment Corp (0.75)
U-Ming Marine Transport (Singapore) Private Limit	U-Ming Marine Transport Corp. (100.00)
Der Ching Investment Corp.	Asia Cement Corporation (99.99), Asia Investment Corp. (0.00)

2.1.4 Directors' Professional Qualifications and Independent Directors' Independence Status

April 20, 2024

Criteria Name	Professional Qualifications and Experience	Independence	Number of Other Public Companies Which the Individual is Concurrently Serving as an Independent Director
Douglas Hsu	<p>- M.A. in Economics from Columbia University, USA.</p> <p>- More than 5 years of work experience in business and finance as well as work experience required for the Company's business.</p> <p>- Currently serves as the Chairman of the Company, Far Eastern New Century, Asia Cement Corporation, Oriental Union Chemical Corp., U-Ming Marine Transport Corporation, and Far Eastone Telecommunications, as well as the Vice Chairman of Far Eastern International Bank.</p>	<p>(1) Not a director, supervisor, or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(2) Not a director, supervisor, or employee of a company or institution with the same chairman of the board, president, or equivalent position as the Company, or a spouse thereof.</p> <p>(3) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding NT\$500,000, or a spouse thereof.</p> <p>(4) Not been a person of any conditions defined in Article 30 of the Company Law.</p> <p>(5) Not elected on behalf of a government agency or corporate or as a representative of these organizations as defined in Article 27 of the Company Act.</p>	0
Nancy Hsu	<p>- Bachelor in the Department of Fashion Design, Shih Chien University</p> <p>- More than 5 years of work experience in business and finance as well as work experience required for the Company's business.</p> <p>- Currently serves as the President of the Company, Chairman of Bai-Yang Investment Co., and Director of Far Eastern Ai Mai Co., Ltd.</p>	<p>(1) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates a representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(2) Not a director, supervisor, or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(3) Not a director, supervisor, or employee of a company or institution with the same chairman of the board, president, or equivalent position as the Company, or a spouse thereof.</p> <p>(4) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding NT\$500,000, or a spouse thereof.</p> <p>(5) Not been involved in any of the situations defined in Article 30 of the Company Act.</p>	0

Nicole Hsu	<p>- Bachelor of Fine Arts in Interior Design from New York School of Interior Design and Bachelor of Arts from Simmons University in Boston, Massachusetts, United States.</p> <p>- More than 5 years of work experience in business and finance as well as work experience required for the Company's business.</p> <p>- Formerly served as the Senior Designer of Saladino Group Inc. in New York.</p>	<p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a director, supervisor, or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(5) Not a director, supervisor, or employee of a company or institution with the same chairman of the board, president, or equivalent position as the Company, or a spouse thereof.</p> <p>(6) Not a director, supervisor, managerial officer, or shareholder with 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.</p> <p>(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding NT\$500,000, or a spouse thereof.</p> <p>(8) Not been a person of any conditions defined in Article 30 of the Company Law.</p>	0
Philby Lee	<p>- Graduated from the Department of Accounting, Northern Arizona University, United States.</p> <p>- More than 5 years of work experience in business, finance, and accounting as well as work experience required for the Company's business; holds an accountant certificate in the United States.</p> <p>- Currently serves as the Chairman of Far Eastern Big City Shopping Mall Co., Ltd., CEO of Comprehensive Efficiency and Retail Planning Headquarters of Far Eastern Group, and Director of Yuanshi Digital Technology Co., Ltd.</p>	<p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons mentioned in (1).</p> <p>(3) Not a director, supervisor, or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p> <p>(4) Not a director, supervisor, or employee of a company or institution with the same chairman of the board, president, or equivalent position as the Company, or a spouse thereof.</p> <p>(5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding NT\$500,000, or a spouse thereof.</p> <p>(6) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.</p> <p>(7) Not been a person of any conditions defined in Article 30 of the Company Law.</p>	0

Edward Wei	<p>- MBA of University of Georgia, USA.</p> <p>- More than 5 years of work experience in business, finance, and accounting as well as work experience required for the Company's business; holds an accountant certificate.</p> <p>- Formerly served as the President of Deloitte & Touche, Director of Deloitte Touche Tohmatsu, Director of Deloitte China, Director of Child Welfare League Foundation, and Chairman of United Way of Taiwan.</p> <p>- Currently serves as the Company's Independent Director, Chairman of YCSY Co., Ltd., Director of Vanguard International Semiconductor Corporation (VIS), Director of MITAC Holdings Corp., Director of Iron Force Industrial Co., Ltd., Independent Director of Taita Chemical Co., Ltd., Independent Director of Cathay Financial Holdings Co., Ltd., Independent Director of Cathay United Bank, and Independent Director of Cathay Securities Corporation.</p>	<p>1. In compliance with Articles 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates.</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer mentioned in (1) or any of the persons mentioned in (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates a representative to serve as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor, or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights.</p>	3
Eugene You-Hsin Chien	<p>- Ph.D. in Aviation Engineering from New York University.</p> <p>- Has more than 5 years of work experience in business and finance as well as work experience required for the Company's business.</p> <p>- Formerly served as Professor and Chair of the Department of Aerospace Engineering at Tamkang University, Dean of the College of Engineering at Tamkang University, Minister of Environmental Protection Administration, Minister of Ministry of Transportation and Communications, Minister of Ministry of Foreign Affairs, Taiwan's Representative in the United Kingdom, and Legislator of Legislative Yuan.</p> <p>- Currently serves as the Company's Independent Director, Independent Director of EVA Airways Corporation, Director of ECOVE Environment Corporation, and Chairman of Taiwan Institute for Sustainable Energy.</p>	<p>(7) Not a director, supervisor, or employee of a company or institution with the same chairman of the board, president, or equivalent position as the Company, or a spouse thereof.</p> <p>(8) Not a director, supervisor, managerial officer, or shareholder with 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting, or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative remuneration exceeding NT\$500,000, or a spouse thereof.</p> <p>However, this does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and</p>	1

Dong Ding Yu	- Ph.D. in Engineering from Stanford University, United States.	Acquisitions Act or related laws or regulations. 2. Not a spouse or relative within the second degree of kinship of any other director of the Company. 3. Not been a person of any conditions defined in Article 30 of the Company Law. 4. Not elected on behalf of a government agency or corporate or as a representative of these organizations as defined in Article 27 of the Company Act.	0
	- More than 5 years of work experience in business and finance as well as work experience required for the Company's business.		
	- Formerly served as Assistant Professor at San Jose State University, United States and President of Elite Material Co., Ltd.		
	- Currently serves as the Company's Independent Director, Chairman of Elite Material Co., Ltd., and Director of New Asia Construction & Development Corporation.		

2.1.5. Diversity and Independence of Board of Directors

(1) Diversity of the Board of Directors:

1. The Company has established the "Corporate Governance Principles", and the "Enhancing the Function of Board of Directors" chapter therein provides guidance on the diversity of the Board of Directors.
2. The Company adopts a candidate nomination system for the nomination and election of members of the Board of Directors. In addition to consulting the opinions of Independent Directors, the academic qualifications and professional experience of each candidate are also evaluated. The Company complies with the "Election Procedures of Directors and Supervisors" and the "Corporate Governance Principles" to ensure that diversity, independence, and stakeholders' opinions are taken into consideration.
3. Members of the Company's 19th Board of Directors (including 4 male directors and 3 female directors) highly specialize in business management, leadership, decision-making, and knowledge of related industries and also have education backgrounds in economics, accounting, finance, sales, diplomacy, engineering, and management. Independent Directors account for 43%; the target percentage of female directors is at least 20%, and currently there are 3 female directors, accounting for 43%.
4. The performance evaluation of the Board of Directors is conducted every year in order to ensure that its members have diverse backgrounds and qualifications. The implementation of the diversity policy is as follows:

Diversity Core Item Name	Gender	Age	Judgement on operations	Accounting and finance	Business management	Crisis management	Industry knowledge	International market perspective	Decision-making Leadership
Douglas Hsu	M	Over 70	V	V	V	V	V	V	V
Nancy Hsu	F	Over 70	V	V	V	V	V	V	V
Nicole Hsu	F	50-60	V	※	V	V	V	V	V
Philby Lee	F	60-70	V	V	V	V	V	V	V
Edward Wei	M	Over 70	V	V	V	V	V	V	V
Eugene You-Hsin Chien	M	Over 70	V	V	V	V	V	V	V
Dong, Ding Yu	M	60-70	V	V	V	V	V	V	V

※ Indicates partial ability.

Among the 3 Independent Directors, two have served a total term of office of 11 years and one has served more than 3 years.

(2) Independence of the Board of Directors:

Currently the Company's Board of Directors has a total of seven Directors, including three Independent Directors (accounting for 43%).

The three Independent Directors all comply with Articles 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and are not involved in any of the situations defined in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act, including the restriction on the spousal relationship or familial relationship within the second degree of kinship among the directors. The Company's Board of Directors is independent (please refer to Page19 – Page20 of this Annual Report—Professional Qualifications of Directors and Disclosure of Independence of Independent Directors), and the Directors have different academic backgrounds, genders, and professional experience (please refer to Page14 – Page15 of this Annual Report—Director Information).

2.2 President, Vice President, Junior Vice President, and Managers of Departments and Branches

April. 20, 2024

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouses & minor children		Curriculum vitae	Positions in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Nancy Hsu	F	Jun. 2, 2006	1,173,788	0.08	228,927	0.02	Fashion Design, Shih Chien University, Taiwan	Chairman of Bai Yang Investment Co., Ltd.; Director of Far Eastern Ai Mai Co., Ltd.	-	-	-
Vice President, Merchandise Division	R.O.C.	Chris Liu	M	Mar. 20, 2007	0	0.00	0	0.00	Master, Computer Science, Central Michigan University, U.S.A.	Director of Ya Tung Department Store Ltd.; Supervisor of Far Eastern Ai Mai Co., Ltd.	-	-	-
Vice President, Administration Division	R.O.C.	James Tang	M	Oct. 1, 2013	169	0.00	0	0.00	Master, Laws, Soochow University, Taiwan, Master, Finance, University of Leicester , U.K Master, Laws, London School of Economics and Political Science , U.K	Chairman of Ding Shen Investment Co., Ltd., Director of Zhubei New Century Shopping Mall Supervisor of Yuan Ding Enterprise (Shanghai) Limited	-	-	-
Vice President, Operation Division	R.O.C.	Chang-Li Lin	M	Jul. 1, 2015	0	0.00	0	0.00	Fine Arts, National Taiwan Normal University, Taiwan	Director of Far Eastern City Super Co., Ltd.; Chairman of Zhubei New Century Shopping Mall	-	-	-
Junior Vice President, Accounting Dept.	R.O.C.	Lily Y. T. Liu	F	Sep. 1, 2011	0	0.00	0	0.00	Master, Accounting, National Taipei University, Taiwan	Director of Chongqing FEDS Co., Ltd.; Supervisor of Far Eastern International Leasing Corporation	Junior Vice President,	Anita Wang	The in-laws
Junior Vice President, Top City Taichung Store	R.O.C.	Cho-Cheng Lan	M	Dec. 1, 2011	5,192	0.00	0	0.00	International Business, Tunghai University, Taiwan MBA Program, Yuan Ze University, Taiwan	-	-	-	-
Junior Vice President, Food & Beverage Dept.	R.O.C.	Peter Chen	M	Jan. 15, 2014	2,132	0.00	0	0.00	Executive Master of Business Administration, National Tsing Hua University, Taiwan	-	-	-	-
Junior Vice President, Mega City Banqiao Store	R.O.C.	Chih-Yao Shih	M	Jan. 15, 2014	137	0.00	0	0.00	Master, Business Administration, Saint John's University, U.S.A.	-	-	-	-

Title	Nationality	Name	Gender	Date effective	Shareholding		Shareholding of spouses & minor children		Curriculum vitae	Positions in other companies	Managers who are spouses or within two degrees of kinship		
					Shares	%	Shares	%			Title	Name	Relation
Junior Vice President, Auditor Office	R.O.C.	Hwa-Ling Hsu	F	Aug. 12, 2014	0	0.00	0	0.00	Master, Business Administration, Yuan Ze University, Taiwan	-	-	-	-
Junior Vice President, Taoyuan Store	R.O.C.	Tian-Zuo Jiang	M	Jul. 13, 2015	563	0.00	0	0.00	Economy, Fu Jen Catholic University, Taiwan	-	-	-	-
Junior Vice President, Luxury Brands Dept.	R.O.C.	Rebecca Chan	F	Jul. 13, 2015	6,252	0.00	0	0.00	Master, Business Administration, University of South Australia , AU	-	-	-	-
Junior Vice President, Finance Dept.	R.O.C.	Greg Tseng	M	Jul. 13, 2015	0	0.00	0	0.00	Department of Finance and Cooperative Management, National Taipei University, Taiwan Master, Political Economy, Nankai University, China	-	-	-	-
Junior Vice President, Zhubei Store	R.O.C.	Wei-Hsing Hsu	M	Jan. 10, 2018	2,040	0.00	3,040	0.00	Business Administration, Chinese Culture University, Taiwan	-	-	-	-
Junior Vice President, Home Electrical Appliances Dept.	R.O.C.	Sophia Yu	F	Sep. 27, 2019	5,463	0.00	0	0.00	National Chao-chou Senior High School, Taiwan	-	-	-	-
Junior Vice President, Construction Dept.	R.O.C.	Jack Chang	M	Feb. 1, 2023	0	0.00	0	0.00	Dept. of Civil Engineering, Vanung University	-	-	-	-
Junior Vice President, Business Analysis Dept.	R.O.C.	Anita Wang	F	Jun. 14, 2023	0	0.00	0	0.00	Dept. of Public Policy and Administration, National Chi Nan University	-	Junior Vice President,	Lily Y. T. Liu	The in-laws

Note 1: No President, Vice President, or Senior Vice President of the Company have shares held in the name of other persons.

Note 2: The Company neither issue employee stock options nor employee restricted stock options.

Note 3: Cases of the Company's Chairman and President being the same person, spouses, or relatives within the first degree of kinship: N/A.

3. Remuneration of Directors, President, and Vice Presidents

Remuneration Paid to Directors and Independent Directors

December 31, 2023 Unit: NT\$ thousand

Title	Name	Remuneration								Ratio of total remuneration (I+II+III+IV) over net income		Relevant compensation received by directors who are also employees								Ratio of total remuneration (I+II+III+IV+V+VI+VII) to net income Operating Allowances		Remuneration paid to Directors from an invested company other than the Company's subsidiary
		Base Remuneration (I)		Severance Pay and Pension (II)		Directors' remuneration from distribution of earnings (III)		Operating Allowances (IV)				Base Remuneration (V)		Severance Pay and Pension (VI)		Directors' remuneration from distribution of earnings (VII)						
		A	B	A	B	A	B	A	B	A	B	A	B	A	B	A		B		A	B	
Chairman	Douglas Tong Hsu	0	0	0	0	24,160	24,160	72	72	24,232	24,232	2,154	15,214	0	0	0	0	0	0	26,386	39,446	55,397
										0.88%	0.88%									0.96%	1.43%	
Director	Representative of Ding&Ding Management Consultants Co., Ltd: Nancy Hsu	0	0	0	0	19,686	19,686	72	72	19,758	19,758	6,859	6,859	0	0	555	0	555	0	27,172	27,172	24
										0.72%	0.72%									0.99%	0.99%	
	Representative of Far Eastern New Century Corporation: Nicole Hsu	0	0	0	0	25,055	25,680	144	154	25,199	25,834	0	0	0	0	0	0	0	0	25,199	25,834	0
	Representative of Yuli Investments Corporation: Philby Lee									0.92%	0.94%									0.92%	0.94%	
Independe nt Director	Edward Wei	0	0	0	0	10,738	10,738	360	360	11,098	11,098	0	0	0	0	0	0	0	0	11,098	11,098	0
	Eugene You-Hsin Chien									0.40%	0.40%									0.40%	0.40%	
	Dong, Ding Yu																					

* Please disclose the remuneration policy, system, standard, and composition for determining independent directors' remuneration, and the correlation between duties, risk, and time input with the amount of remuneration.

The Company's remuneration to directors includes directors' compensation and fees for executing business. Directors' compensation follows the Company's Articles of Incorporation. The Company shall set aside annual profit, if any, not more than 2.5 percent as directors' compensation. The actual percentage and amount of directors' compensation will be decided by the Board of Directors considering factors such as the responsibilities, time spent, performance evaluation, operating result of the Company and future business risks, and reported to the shareholders' meeting. Fees for executing business are mainly transportation expenses for presenting at the Board of Directors meeting. Additional attendance fee for presenting at the functional committee will be reimbursed to independent directors. All reimbursements are decided to be reasonable with reference to industry practice and standards of other listed companies.

In addition to the information disclosed in the table above, remuneration received by the Company's directors for their services (such as serving as a non-employee consultant to the parent company/all companies in the financial report/investees) in the most recent fiscal year: None.

* The remuneration from 2023 distribution of earnings is proposed amount, not actual payment amount yet.

Note A: The Company. Note B: Companies in the consolidated financial statement.

Range of Director Remuneration Chart

Range of Compensation	Name of Directors			
	Total of (I+II+III+IV)		Total of (I+II+III+IV+V+VI+VII)	
	The Company	Companies in the consolidated financial statement	The Company	Parent company and all Affiliated Company
Under NT\$1,000,000	-	-	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$3,500,000 ~ NT\$4,999,999	Edward Wei, Eugene You-Hsin Chien Dong, Ding Yu	Edward Wei, Eugene You-Hsin Chien Dong, Ding Yu	Edward Wei, Eugene You-Hsin Chien Dong, Ding Yu	Edward Wei, Eugene You-Hsin Chien Dong, Ding Yu
NT\$5,000,000 ~ NT\$9,999,999	-	-	-	-
NT\$10,000,000 ~ NT\$14,999,999	Representative of Far Eastern New Century Corporation: Nicole Hsu	Representative of Far Eastern New Century Corporation: Nicole Hsu	Representative of Far Eastern New Century Corporation: Nicole Hsu	Representative of Far Eastern New Century Corporation: Nicole Hsu
	Representative of Yuli Investments Corporation: Philby Lee	Representative of Yuli Investments Corporation: Philby Lee	Representative of Yuli Investments Corporation: Philby Lee	Representative of Yuli Investments Corporation: Philby Lee
NT\$15,000,000 ~ NT\$29,999,999	Douglas Tong Hsu	Douglas Tong Hsu	Douglas Tong Hsu	Representative of Ding&Ding Management Consultants Co., Ltd: Nancy Hsu
	Representative of Ding&Ding Management Consultants Co., Ltd: Nancy Hsu	Representative of Ding&Ding Management Consultants Co., Ltd: Nancy Hsu	Representative of Ding&Ding Management Consultants Co., Ltd: Nancy Hsu	
NT\$30,000,000 ~ NT\$49,999,999	-	-	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-	-	Douglas Tong Hsu
NT\$100,000,000 and over	-	-	-	-
Total	7	7	7	7

Compensation Paid to President and Vice Presidents

December 31, 2023 Unit: NT\$ thousands

Title	Name	Salary (I)		Severance Pay and Pension (II)		Compensation and Allowances (III)		Employees' compensation from distribution of earnings (IV)				Ratio of total remuneration (I+II+III+IV) to net income		Compensation Received from Non-consolidated Affiliates or Parent Company
		The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company	Companies in the consolidated financial statement	The Company		Companies in the consolidated financial statement		The Company	Companies in the consolidated financial statement	
								Cash	Stock	Cash	Stock			
President	Nancy Hsu	13,304	13,904	324	324	23,554	23,554	1,546	0	1,546	0	38,728 1.41%	39,328 1.43%	24
Vice President	Chris Liu													
	James Tang													
	Chang-Li Lin													

* No severance and pension were actually paid this year. The amount listed are the company's contribution to employee's pension account, not actual amount paid.

* Compensation paid to president's driver is NT\$931 thousand.

Range of remuneration for the President and Vice Presidents

Range of Compensation	Name of Presidents and Vice Presidents	
	The Company	Parent company and all Affiliated Company
Under NT\$1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-
NT\$3,500,000 ~ NT\$4,999,999	-	-
NT\$5,000,000 ~ NT\$9,999,999	Nancy Hsu, Chris Liu, James Tang, Chang-Li Lin	Nancy Hsu, Chris Liu, James Tang, Chang-Li Lin
NT\$10,000,000 ~ NT\$14,999,999	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-
NT\$100,000,000 and over	-	-
Total	4	4

Compensation Paid to Managers

December 31, 2023 Unit: NT\$ thousands

Title	Name	Employee Compensation- in Stock	Employee Compensation- in Cash	Total	Ratio of Total Amount to Net Income (%)
President	Nancy Hsu	0	3,905	3,905	0.14
Vice President, Merchandise Division	Chris Liu				
Vice President, Administration Division	James Tang				
Vice President, Operation Division	Chang-Li Lin				
Junior Vice President, Construction Dept.	Jack Chang				
Junior Vice President, Accounting Dept.	Lily Y. T. Liu				
Junior Vice President, Top City Taichung Store	Cho-Cheng Lan				
Junior Vice President, Food & Beverage Dept.	Peter Chen				
Junior Vice President, Mega City Banqiao Store	Chih-Yao Shih				
Junior Vice President, Auditor Office	Hwa-Ling Hsu				
Junior Vice President, Taoyuan Store	Tian-Zuo Jiang				
Junior Vice President, Luxury Brands Dept.	Rebecca Chan				
Junior Vice President, Finance Dept.	Greg Tseng				
Junior Vice President, Zhubei Store	Wei- Hsing Hsu				
Junior Vice President, Women's Fashion Dept.	Shawn Cheng				
Junior Vice President, Home Electrical Appliances Dept.	Sophia Yu				
Junior Vice President, Business Analysis Dept.	Anita Wang				

Note: Proposed amount of remuneration of 2023 earnings distribution.

Employees' Compensation Paid to Top 10 Employee

Unit: NT\$ thousands

Title	Name	Stock Dividend	Cash Dividend	Total Amount
President	Nancy Hsu	0	2,759	2,759
Vice Presidents	Chris Liu			
	James Tang			
	Chang-Li Lin			
	Lily L. Y. Liu			
Junior Vice Presidents	Cho-Cheng Lan			
	Peter Chen			
	Chih-Yao Shih			
	Greg Tseng			
	Rebecca Chan			

Note: Proposed amount of remuneration of 2023 earnings distribution.

The remunerations to directors, presidents, and vice presidents

- (1) Analysis of the ratio of remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, president, and vice presidents of the Company to the net profit after taxes:

The ratio of remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, president, and vice presidents of the Company for 2023 to the net profit after taxes are 4.32% and 4.37%, respectively. In 2022, the remuneration paid to directors, presidents and vice-presidents accounted for 4.75% and 4.82% of the net profit after tax, respectively.

- (2) Explain the relevance of remuneration policies, standards and combinations, procedures for determining remuneration and business performance.

- (A) Description of the policy, standard and combination of remuneration:

The remuneration paid to directors by the Company is in accordance with Article 27 of the Company's Articles of Incorporation. If the Company makes a profit during the year, no more than 2.5% shall be allocated as director remuneration. The ratio and amount of the actual distribution of director remuneration shall be determined by the Board of Directors considering its performance evaluation, the Company's operating results, targets achievements, future operating risks and other factors, and shall be reported to the shareholders meeting. In addition, business execution costs are mainly based on transportation fees, which are formulated with reference to the payment standards of relevant peers and listed companies.

The manager remuneration paid by the Company is divided into salaries, retirement pensions, bonuses and special expenses, plus employee remunerations, totaling four items. Among them, employee remuneration is handled in accordance with the Company's Articles of Incorporation, and the actual distribution rate, amount, and method are determined by the Board of Directors, and reported to the shareholders meeting. The overall remuneration package is based on the job title, with reference to the usual level of payment in the industry, and considering the reasonableness of the relationship with personal performance, company's operating performance including revenue growth, profit growth, or profit contribution, and future risks, and formulating incentive remuneration policies that can reasonably reflect performance.

- (B) Procedures for stipulating remuneration:

Set up a Remuneration Committee in accordance with the law, take into account the standards of relevant peers and listed companies, convene meetings to evaluate and determine the salary and remuneration of directors and managers, and submit the suggestions to the Board of Directors for discussion. If the Board of Directors resolutions reject or modify the committee's recommendations, it should be specifically stated, but if the Board of Directors resolution has a higher salary than the committee's recommendation, the relevant announcement and declaration shall be handled in accordance with the committee's organizational rules.

- (C) Relevance to business performance:

Business performance directly affects remuneration.

- (D) Relevance to future risks:

Operational performance and remuneration are based on systematic operation to avoid the risks of human operation and ensure the overall interests of the enterprise.

4. Corporate Governance

4.1. Board of Directors

Total 6 meetings (A) were convened by the Board of Directors from 2023 up to the Annual Report being published. Attendance of each Director is as follows:

Title	Name		Attendance in person (B)	Attendance by proxy	Meetings during the term of office (A)	Attendance rate (%) (B/A)	Remarks
Chairman	Douglas Tong Hsu		6	0	6	100	-
Director	Ding Ding Management Consultant Corp.	Nancy Hsu	6	0	6	100	-
	Far Eastern New Century Corporation	Nicole Hsu	6	0	6	100	-
	Yuli Investment Corporation	Philby Lee	5	1	6	83	-
Independent Director	Edward Wei		6	0	6	100	-
	Eugene You-Hsin Chien		6	0	6	100	-
	Dong, Ding Yu		4	2	6	67	-

Other required disclosure:

- (1) In the event of any of the following situations related to Board operations, specify the date of the Board meeting, term, motion content, opinions of all independent directors, and the Company's response to the independent directors' opinions: N/A.
 - (A) Any circumstance described in Article 14-3 of the Securities and Exchange Act: Not applicable since The Company has established the Audit Committee.
 - (B) Except for the matters above, other resolutions adopted by the Board of Directors to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement: N/A.
- (2) Specify the name of directors, agenda item, reason for recusal, and participation in voting by directors who recused themselves from agenda items in which they had a conflict of interest: None.
- (3) Targets and measures of this and previous years established to improve the functionality of the Board of Directors and their execution results (for instance, the establishment of the audit committee, the improvement of information disclosure, etc.):
 - (A) The Company elected its Independent Directors in 2012 of which their independence and professionalism not only provides objective opinions on company matters but also elevates business operations and protects shareholders' equity. In addition, during the re-election of Directors in 2015, the Audit Committee was established, strengthening corporate governance.
 - (B) The Company has established methods for assessing the performance of the Board of Directors, including annual internal evaluations, and once every three years external professional independent organization or experts to perform evaluation. The evaluation results are used as reference for remuneration and re-election nomination. In addition, every important resolution of the Board of Directors is announced and published on the Company's website, and liability insurance is purchased for the Directors to enhance the transparency of information regarding the operations of the Company, and protect the rights and interests of shareholders.
- (4) TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	7/27/2022 to 7/26/2023	Performance evaluation of the Board of Directors, individual directors, the Audit Committee and Remuneration Committee	Internal self-evaluation of the Board of Directors, self-evaluation of directors, internal self-evaluation of the Audit Committee and Remuneration Committee	<ol style="list-style-type: none"> 1. Self-evaluation by Board members: Focus on the six major aspects of the Company's goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, and internal control. 2. Performance Evaluation of the Board of Directors: Focusing on the five major aspects of the Board's participation in the Company's operations, improving the quality of board decisions, the composition and structure of the Board, the selection and continuing education of directors, and internal controls. 3. Performance Evaluation of the Audit Committee: Aimed at the five major aspects of the Audit Committee's participation in the Company's operations, awareness of the Audit Committee's responsibilities, improvement of the Audit Committee's decision-making quality, Audit Committee composition and member selection, and internal controls. 4. Performance Evaluation of the Remuneration Committee: Focusing on the five major aspects of the Remuneration Committee's participation in the Company's operations, the recognition of the compensation committee's responsibilities, the improvement of the decision-making quality of the compensation committee, the composition of the compensation committee, the selection of members, and internal controls.
<p>Note : To implement corporate governance and enhance the functions of the Board of Directors, the Company carries out an evaluation by an external professional independent institutes or external expert scholar teams at least once every three years in accordance with the "Rules for Performance Evaluation of the Board". The Company has completed the 2021 evaluation and reported the evaluation results to the Board of Directors in 2022 Q1 and disclosed the evaluation results on the corporate website. In addition, the Company will carry out internal performance evaluation of the Board of Directors annually, and has completed the 2023 evaluation and reported the evaluation results to the Board of Directors in 2024 Q1 and disclosed the evaluation results on the corporate website.</p>				

4.2 Audit Committee

4.2.1 Responsibilities of the Audit Committee

The Audit Committee should consists of all independent directors and meets at least once a quarter. The Audit Committee is responsible to review the following major matters.

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control systems.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. Material asset or derivatives transaction.
6. Material lending funds, endorsement, or guarantees.
7. Offering, issuance, or private placement of any equity-type securities.
8. Hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. Appointment or discharge of a financial, accounting, or internal auditing officers.
10. Annual financial reports and semi-annual financial reports.
11. Any other material matter so required by the Company or the competent authority.

◆ Audit of Financial Reporting

The Board of Directors has submitted the Company's 2023 Business Report, financial statements, and distribution of earnings. CPAs Eddie Shao, Leon Huang from Deloitte Taiwan have audited the Company's financial statements and prepared an audit report. The Audit Committee has audited the aforementioned business report, financial statements, and distribution of earnings and found them to be in order.

◆ Appointment of CPAs

The independence and adequacy of CPAs have been evaluated by the Audit Committee and Board of Directors on March 1, 2024. The CPAs have no relations of interests nor kinship with the Company, and maintained an impartial and objective attitude while providing professional service. In addition, the CPAs had their adequacy evaluated according to the Audit Quality Indicators (AQIs), and received a disinterested and independent written statement produced by the certifying accounting firm compliant with the regulations of independence and adequacy.

4.2.2 Audit Committee

The company has already set up an Audit Committee according to the law to strengthen corporate governance in 2015 board election.

Holding 6 times (A) of Audit Committee Meetings, the attendance status of Independent Directors from 2023 up to the Annual Report being published:

Title	Name	Attendance in Person (B)	By Proxy	Meetings during their term of office (A)	Attendance Rate (%) (B/A)	Remarks
Independent Director	Edward Wei	6	0	6	100	-
Independent Director	Eugene You-Hsin Chien	6	0	6	100	-
Independent Director	Dong, Ding Yu	4	2	6	67	-

Other required disclosure:

- (1). If any of below listed-circumstances of operation of Audit Committee Meetings, it's necessary to be disclosed, including dates of Audit Committee meetings, sessions, the contents of motions, all independent opinions from Audit Committee members and the Company's response to Audit Committee's opinions :

A. Any circumstance described in Article 14-5 of the Securities and Exchange Act:

Meeting Date (Term)	Important resolutions	Resolution results and the Company's response to the Audit Committee's opinions
7th Meeting of the 3rd Term, (Mar. 2, 2023)	<ol style="list-style-type: none"> 1. Approved the Company's 2022 consolidated financial statements and individual financial statements. 2. Approved the Company's 2022 distribution of earnings proposal. 3. Approved the change of auditing CPA from Deloitte & Touch since 2023 1st quarter. 4. Approved the establishment to the previous approved policy of non-assurance service provided by CPA. 5. Approved the Company's audit reports. 6. Approved the Company's 2022 "Statement on Internal Control System". 	<p>Approved by all presented committee members and submitted to the Board of Directors.</p> <p>Approved by all Directors present with no dissenting opinion expressed.</p>
8th Meeting of the 3rd Term, (May. 10, 2023)	<ol style="list-style-type: none"> 1. Approved the Company's 2023 1st quarter financial report. 2. Approved the Company's 2022 business report. 3. Approved the Company's audit reports. 	
9th Meeting of the 3rd Term, (Aug. 10, 2023)	<ol style="list-style-type: none"> 1. Approved the Company's 2023 2nd quarter financial report 2. Approved the early termination of Paoching Store lease agreement 3. Approved the Company's audit reports. 4. Approved the amendment to the Company's "Corporate Governance Principles". 5. Approved the amendment to the Company's "Meeting Rules of Board of Directors". 6. Approved the amendment to the Company's "Audit Committee Charter". 	
10th Meeting of the 3rd Term, (Nov. 9, 2023)	<ol style="list-style-type: none"> 1. Approved the Company's 2023 3rd quarter financial report 2. Approved the lease renewal for the Mega Tower building. 3. Approved the Company's audit reports. 4. Approved the Company's 2024 audit plan. 5. Approved the establishment of the Regulations for "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company. 6. Approved the capital increase for the subsidiary Bai-Yang Investment Co., Ltd. 	
11th Meeting of the 3rd Term, (Mar. 1, 2024)	<ol style="list-style-type: none"> 1. Approved the Company's 2023 consolidated financial statements and individual financial statements. 2. Approved the Company's 2023 distribution of earnings proposal. 3. Approved the Company's audit reports. 4. Approved the Company's 2023 Statement on Internal Control System. 5. Approved the amendment to the Company's "Meeting Rules of Board of Directors". 6. Approved the amendment to the Company's "Audit Committee Charter". 	
12th Meeting of the 3rd Term, (May 8, 2024)	<ol style="list-style-type: none"> 1. Approved the Company's 2024 1st. quarter financial report 2. Approved the Company's 2023 business report. 	

3. Approved the Company's audit reports.		
<p>B. In addition to the matters above, any matters that were not passed by the Audit Committee but approved by more than two-thirds of all Directors: N/A.</p> <p>(2) If independent directors recused themselves from agenda items due to conflicts of interests, specify the director's name, agenda item, reason for recusal, and participation in voting: N/A.</p> <p>(3) Communications among Independent Directors and the Company's Chief Auditor and CPA (Including significant issues, methods, and resolutions of discussion regarding the Company's financial and business status) :</p> <p>A. Communication between independent directors and internal auditor:</p> <p>a. Independent directors convene the Audit Committee quarterly, take minutes of relevant discussions, and notify the Company's senior management of important discussions and resolutions. The chief internal auditor attended all such meetings in a non-voting capacity and reported on audit proposals to the independent directors, while reporting on the audits performed, improvements made and tracked, and major internal audit and internal control matters, and completing and reporting on the tasks assigned by the independent directors.</p> <p>b. All audit reports shall be delivered to independent directors for inspection before the end of the next month after completion according to laws and regulations.</p> <p>c. In addition to regular business reports to the Audit Committee, the Board of Directors and independent directors must: Depending on the degree of risk, conduct irregular communication and discussion when necessary, and the communication channel should be open.</p> <p>B. Communication between independent directors and accountants: The CPA appointed by the Company will report the results of the quarterly financial report review or review and other communications required by relevant laws and regulations at the quarterly Audit Committee meetings. If there are special circumstances, they will also report to the Audit Committee immediately. The Audit Committee of the Company communicates well with the CPA, and the independent directors have no special recommendations.</p> <p>C. Summary of communication between independent directors and internal auditors and accountants:</p> <p>a. Communication between independent directors and accountants</p>		
Date/session	Main communicated points	Communication results and opinions
The 7th meeting of the 3rd Audit Committee on Mar. 2, 2023	Accountant's 2022 Consolidated and Individual Financial Reports Audit Quality Indicators(AQI) for CPAs' reports The previous approved policy of non-assurance service for CPA's reports	All presented committee members have approved and submitted to the Board of Directors
The 8th meeting of the 3rd Audit Committee on May 10, 2023	Accountant's Consolidated Financial Report for the 1st quarter of 2023.	
The 9th meeting of the 3rd Audit Committee on Aug. 10, 2023	Accountant's Consolidated Financial Report for the 2nd quarter of 2023	
The 10th meeting of the 3rd Audit Committee on Nov. 9, 2023	Accountants' Consolidated Financial Report for the 3rd quarter of 2023	
The 11th meeting of the 3rd Audit Committee on Mar. 1, 2024	1. List of Non-Assurance Services Provided by Accountants for 2023 2. Accountant's 2023 Consolidated and Individual Financial Reports 3. Audit Quality Indicators(AQI) for CPAs' reports	
The 12th meeting of the 3rd Audit Committee on May 8, 2024	Accountant's Consolidated Financial Report for the 1st quarter of 2024.	
b. Communication between independent directors and internal auditors		
Date/session	Main communicated points	Communication results and opinion
The 7th meeting of the 3rd Audit Committee on Mar. 2, 2023 The 7th meeting of the 19th Board of Directors on Mar. 2, 2023	<ul style="list-style-type: none"> Audit Report for the 4th quarter of 2022 2022 Internal Control Statement 	Approved by Audit Committee and Board of Directors. and

The 8th meeting of the 3rd Audit Committee on May 10, 2023 The 8th meeting of the 19th Board of Directors on May. 10, 2023	<ul style="list-style-type: none"> • Audit Report for the 1st quarter of 2023 	publicly announced on schedule and reported to the securities authority.
The 9th meeting of the 3rd Audit Committee on Aug. 10, 2023 The 9th meeting of the 19th Board of Directors on Aug. 10, 2023	<ul style="list-style-type: none"> • Audit Report for the 2st quarter of 2023 	
The 10th meeting of the 3rd Audit Committee on Nov. 9, 2023 The 10th meeting of the 19th Board of Directors on Nov. 10, 2023	<ul style="list-style-type: none"> • Audit Report for the 3rd quarter of 2023 • 2024 Auditing Plan 	
The 11th meeting of the 3rd Audit Committee on Mar. 1, 2024 The 11th meeting of the 19th Board of Directors on Mar. 1, 2024	<ul style="list-style-type: none"> • Audit Report for the 4th quarter of 2023 • 2023 Internal Control Statement 	
The 12th meeting of the 3rd Audit Committee on May 8, 2024 The 12th meeting of the 19th Board of Directors on May 8, 2024	<ul style="list-style-type: none"> • Audit Report for the 1st quarter of 2024 	

4.2.3 Communication outlines of Supervisors with the Board of Directors: Not applicable. The Company has set up an Audit Committee according to the law to strengthen corporate governance in its 2015 board election.

4.3 Corporate Governance Execution Results and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Summary	
1. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies when establishing and disclosing its Corporate Governance Best Practice Principles?	V		The Company has established Corporate Governance Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The Company has implemented these principles and disclosed them on the corporate website and the Market Observation Post System (MOPS).	No material difference.
2. Shareholding structure and shareholders' equity of the Company				
(1) Does the Company have the internal operating procedure for handling shareholders' suggestions, questions, disputes, or legal action in place and abide by it?	V		The Company has established Corporate Governance Principles, with a specific chapter titled "Protection of Shareholders' Rights and Interests". Based on the Principles, the Company appointed a spokesperson, acting spokesperson, and the stock affairs agent "Oriental Securities Corporation" to handle suggestions or questions from shareholders to protect shareholders' rights and interests. In cases of disputes and lawsuits, the Company will hire lawyers to provide assistance depending on the situation.	No material difference.
(2) Does the Company possess a list of major shareholders and a list of ultimate owners of these major shareholders?	V		Through its stock affairs agency, the Company keeps abreast of the list of major shareholders with actual control over the Company and the ultimate controllers of major shareholders, and reports any relevant changes in accordance with the "Rules Governing Information Reporting by Companies with TPEX Listed Securities"	No material difference.
(3) Does the Company have a risk management mechanism and "firewall" against its affiliates in place or implement it?	V		The financial and business operations between the Company and the affiliated companies have established written regulations, and clearly set the price conditions and payment methods to eliminate unconventional transactions and reduce operating risks. In addition to formulating the "Subsidiary Supervision and Management Measures", the Company also formulated the "Procedures for Extending Loans to Others", "Procedures for Endorsements and Guarantees", "Procedures for the Acquisition or Disposal of Assets" and "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties ", and other measures to establish risk management mechanisms and firewalls for personnel, assets, and finances between the Company and affiliated companies.	No material difference.

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Summary	
(4) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	V		<p>The Company has established the "Procedures for Handling Material Inside Information", "Code of Ethics", and "Ethical Corporate Management Best Practice Principles", which stipulate that insiders of the Company may not use undisclosed information to purchase or sell securities. Such procedures and principles are announced to all Directors, management, and employees and disclosed on the corporate website (http://www.feds.com.tw) for all Company personnel to comply with so as to prevent violations or insider trading and promote the following:</p> <ol style="list-style-type: none"> 1. Insiders such as newly appointed directors and managers shall be given both the "Procedures for Applying for Handling Material Inside Information" and the latest edition of the "Regulations and Directions Governing Insiders' Equity at TWSE Listed Companies" compiled by TWSE for insiders to comply with. 2. The Company conducts irregular management training on the "Procedures of Applying for Handling Material Inside Information of the Company" and other law and regulations prohibiting Company insiders from using undisclosed information to trade securities. 3. Newly appointed managers and employees shall sign confidentiality agreements, and the Company shall inform them of the "Procedures of Applying for Handling Material Inside Information of the Company". 4. On the date of notifying the holding of Board meeting, the Company will remind directors that they are not allowed to trade their shares during the lock-up periods of 30 days prior to the announcement of annual financial report and 15 days prior to the announcement of quarterly financial report in order to avoid directors violating this regulation by mistake. 5. The implementation status is disclosed on the corporate website. 	No material difference.
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board of Directors establish and consolidate the diversification policy for its composition?	V		<p>The nomination and election of Board members are carried out by way of candidate nomination, with reference to the opinions of independent directors and the curriculum vitae of each member. The nomination and election are also carried out in compliance with the "Election Procedures of Directors and Supervisors" and the "Corporate Governance Principles" to ensure that diversity, independence, and stakeholders' opinions are taken into consideration.</p> <p>Members of the Company's 19th Board of Directors (4 male directors and 3 female directors) are highly specialized in business management, leadership and decision-making, and relevant industry knowledge, with education backgrounds in accounting, finance, sales, diplomacy, engineering, management, as well as information and communications technology. Independent director accounted for 43% of all directors. The Company has achieved its target of 20% female representation on the Board with 3 female directors accounting for 43% of all directors. The Board's diversity policies and their implementation status are detailed in Page20 - Page21 and disclosed on the corporate website. The succession plan is detailed in Appendix 1.</p>	No material difference.
(2) Besides the Remuneration	V		A "Remuneration Committee" was established on August 31, 2011 to strengthen corporate governance and improve the	No material difference.

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Summary	
Committee and the Audit Committee set up according to law, does the Company have other types of functional committees in place that it spontaneously set up?			<p>Company's compensation system. The committee convenes irregularly to examine and evaluate whether directors and managers are reasonably compensated.</p> <p>The Company has established its Remuneration Committee and Audit Committee according to the law, along with other functional committees such as the Personnel Evaluation Committee, the Market Development Committee, and the Budget Committee. Departments are responsible for corporate governance operations within the scope of their duties. Going forward, the Company shall establish other functional committees if necessary.</p>	
(3) Has the Company established and implemented methods for assessing the performance of the Board of Directors, conducted performance evaluation annually, presented the performance evaluation results to the Board of Directors, and used the results as reference for individual director remuneration and re-election nomination?	V		<p>To implement corporate governance, enhance the functions of the Board of Directors, and set performance targets to improve the efficiency of the Board, the Company established "Rules for Performance Evaluation of the Board of Directors" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". On the 7th meeting of the 18th Board of Directors on November 7, 2019, the Board approved amendments to the Rules to add that the performance evaluations of the Audit Committee and Remuneration Committee are to be carried out by external professional independent institutes or external expert scholar teams at least once every 3 years, and announced the Rules on the Company website.</p> <p>Regular "Performance Evaluation for Board of Directors" are conducted every year. Members of the Board of Directors, Audit Committee, and Remuneration Committee were evaluated through a questionnaire in November 2023. The performance evaluation indicators are established according to the Company's operations and requirements to effectively improve the quality of Board decisions and its performance. The evaluation results were submitted to the Board of Directors in the first quarter of 2024 to be used as reference for director nominations.</p>	No material difference.
(4) Does the Company evaluate the independence of CPAs regularly?	V		The Board of Directors evaluates the independence (Appendix II) and adequacy (Appendix III) of CPAs with reference to the Audit Quality Indicators (AQIs) once a year, and submits the results to the Audit Committee and the Board of Directors on March 1, 2024 for review and approval.	No material difference.
4. Does the TWSE/TPEx-listed company have a suitable number of competent corporate governance personnel? Has it appointed a chief governance officer responsible for corporate governance matters	V		<p>The main responsibilities of the Head of Corporate Governance and the performance of said responsibilities are as follows: Handle matters related to Board of Directors' meetings and shareholders' meetings, and prepare minutes for those meetings in accordance with the law:</p> <ol style="list-style-type: none"> 1. Draw up Board meeting agendas and notify Directors of these agendas at least seven days in advance, convene Board meetings and provide meeting information and materials, notify directors in advance if recusals are required for specific agendas due to conflicts of interest, and complete meeting minutes within 20 days after Board meetings. <ol style="list-style-type: none"> (1) Pre-register Board of Directors' meeting dates in accordance with the law; prepare meeting notices, meeting handbooks, and meeting minutes within the statutory time limit; and change the registered information when amendments are made to the Articles of Incorporation or when directors are re-elected. (2) Assist directors in taking office and undergoing continuing education and training: 2. Assist independent directors and other directors in 	No material difference.

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons															
	Yes	No	Summary																
			<p>formulating annual continuing education plans and arranging courses according to the Company's industry characteristics and the education and professional background of directors.</p> <p>3. Provide directors with the information required for them to carry out their responsibilities and assist them in legal compliance:</p> <p>(1) Regularly notify Board members of the latest developments and amendments to rules and regulations related to the Company's field and corporate governance.</p> <p>(2) Review relevant confidentiality levels and provide company information required by directors to maintain smooth communication between directors and department supervisors.</p> <p>(3) Assist in arranging meetings between independent directors and the Chief Audit Executive or CPAs when necessary in accordance with the Corporate Governance Best Practice Principles.</p> <p>(4) Confirm whether the convening of shareholders' meetings and Board of Directors' meetings are in line with relevant laws and the Best Practice Principles of Ethical Corporate Management.</p> <p>(5) Assist and remind directors of regulations and suggestions that need to be followed when carrying out their duties or making formal resolutions in Board meetings.</p> <p>(6) Examine the announcement of major information regarding important resolutions passed by the Board of Directors and ensure the legality and accuracy of said announcements to ensure information symmetry for investment transactions.</p> <p>4. Other matters stipulated in the Company's Articles of Incorporation or contracts.</p> <p>Routine tasks related to corporate governance in 2023 are as follows:</p> <p>(1) Handled matters related to the Board meetings and the meetings of the Audit Committee and prepared minutes: Four Board meetings and four meetings of the Audit Committee.</p> <p>(2) Handled matters related to a shareholders’ meeting and prepared the minuets of said meeting once.</p> <p>(3) Assisted directors with continuing education: seven directors for a total of 61.6 hours.</p> <p>(4) Assisted in providing the materials required by the directors to perform their duties, including the relevant materials provided seven days before for a Board meeting and a meeting of the Audit Committee.</p> <p>(5) Assisted directors in complying with laws and regulations in the performance of duties or adopting formal resolutions at Board meeting.</p> <p>5. Head of Corporate Governance training status:</p> <table><tr><td>Advanced study date</td><td>Organizer</td><td>Hours</td></tr><tr><td>2023.06.02</td><td>Securities & Futures Institute</td><td>3</td></tr><tr><td colspan="3">2023 Annual Conference on Preventing Insider Trading</td></tr><tr><td>2023.08.18</td><td>Taiwan Corporate Governance Association</td><td>3</td></tr><tr><td colspan="3">Big Data Analysis and Fraud Prevention</td></tr></table>	Advanced study date	Organizer	Hours	2023.06.02	Securities & Futures Institute	3	2023 Annual Conference on Preventing Insider Trading			2023.08.18	Taiwan Corporate Governance Association	3	Big Data Analysis and Fraud Prevention			No material difference.
Advanced study date	Organizer	Hours																	
2023.06.02	Securities & Futures Institute	3																	
2023 Annual Conference on Preventing Insider Trading																			
2023.08.18	Taiwan Corporate Governance Association	3																	
Big Data Analysis and Fraud Prevention																			

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons												
	Yes	No	Summary													
			<table><tr><td>2023.10.13</td><td>Securities & Futures Institute</td><td>3</td></tr><tr><td colspan="3">2023 Annual Conference on Preventing Insider Trading</td></tr><tr><td>2023.11.17</td><td>Compliance Practices for Corporate Governance Officer</td><td>3</td></tr><tr><td colspan="3">Tax Regulations and Practices for Controlled Foreign Corporations (CFC)</td></tr></table>	2023.10.13	Securities & Futures Institute	3	2023 Annual Conference on Preventing Insider Trading			2023.11.17	Compliance Practices for Corporate Governance Officer	3	Tax Regulations and Practices for Controlled Foreign Corporations (CFC)			No material difference.
2023.10.13	Securities & Futures Institute	3														
2023 Annual Conference on Preventing Insider Trading																
2023.11.17	Compliance Practices for Corporate Governance Officer	3														
Tax Regulations and Practices for Controlled Foreign Corporations (CFC)																
5. Does the Company have a communication channel in place with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders only section on its website to properly address stakeholders' concerns such important corporate social responsibilities?	V		The company website offers contact information for each operational location, along with an online feedback form. Additionally, the stakeholder engagement page has created in FEDS ESG website. All stakeholders can communicate with the Company at any time. At the same time, a complete system and handling mechanisms have been established to respond to the important corporate social responsibility issues concerning the stakeholders in real-time.	No material difference.												
6. Has the Company entrusted a professional shareholder services agent to handle shareholders' meeting matters?	V		The Company has appointed the Stock Transfer Agent Department of Oriental Securities Corporation to serve as a stock transfer agent and assist in handling matters related to shareholders' meetings.	No material difference.												
7. Disclosure of information																
(1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	V		A shareholders' section has been established on the corporate website in Chinese and English to disclose comprehensive information regarding financial statements and revenues, major news, and corporate governance information. URL: http://www.feds.com.tw	No material difference.												
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)?	V		The Company has established and implemented a spokesperson and acting spokesperson system to hold irregular investor conferences and announce public information. The Company has also appointed designated personnel to compile company information and disclose major news on MOPS. The corporate website has a shareholders' section in both Chinese and English.	No material difference.												
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operating status before		V	In accordance with “Regulations Governing the Applicable Scope of Special Circumstances for the Public Announcement and Filing of Financial Reports and Operational Status Reports by Public Companies”, the Company announces and declares its annual financial report within 75 days after the end of its accounting year. In accordance with “Article 36 of the Securities and Exchange Act”, the Company announces and declares its quarterly financial reports within 45 days after the end of the first, second, and third quarters, and the monthly operating status before the 10th day of each month.	The Company handles the reporting in accordance with Article 36 of the Securities and Exchange Act.												

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Summary	
the prescribed time limit?				
8. Does the Company have other important information to facilitate better understanding of the its corporate governance practices	V		<p>1. Employee rights and interest: The Company and its affiliated companies have always adhered to the founding spirit of The Far Eastern Group, namely "Sincerity, Diligence, Thrift, Prudence and Innovation", to encourage employees and treat them with integrity while safeguarding employee rights and interests in accordance with the Labor Standards Act.</p> <p>2. Employee care: To improve the living and safety standards of employees, the Company and its affiliates implemented various employee care measures such as insurance for employees and their dependents, employee health checkups, solatium for injuries and illnesses, and hospital treatment discounts at Far Eastern Memorial Hospital.</p> <p>3. Investor relations: The Company has appointed dedicated personnel to handle suggestions and questions from investors in order to maintain a good channel of communication between investors and the Company.</p> <p>4. Supplier relations: The Company have always maintained good long-term partnerships with suppliers based on mutual trust and benefits in order to provide customers with products that meet their needs.</p> <p>5. Stakeholders' rights: Stakeholders may establish communication with the Company and offer suggestions to protect their legal rights and interests. They may also look up financial, business and corporate governance information on the corporate website.</p> <p>6. Continuing education for director and managers: See Appendix 4 and Appendix 5.</p> <p>7. The Company's risk management policy follows the relevant regulations and the Group's corporate culture of honest management. Through the operation of the Board of Directors, the Company has formulated various management policies and internal control regulations and systems for all departments and divisions to comply with. Risk identification, assessment, and avoidance are implemented and managed by each business and administrative departments and audited by the Internal Audit Department through planned, project, or digital for-cause audits. Audit results are regularly reported to the Company for decision-making, allowing the Company to adjust and revise its risk management policies appropriately. (For the relevant implementation status, refer to VI. Review and Analysis of Risk Issues in Chapter 7. Risk Analysis and Assessment)</p> <p>8. Implementation of Customer Policies: Regarding customer policies for all consumers, the strategies we have adopted are as follows: In terms of products, we provide high-quality and diversified products and kept up with changes in the market, constantly introducing new brands to maintain product competitiveness. In terms of management, in addition to the launching ISO quality management system and implementing standardized operating procedures, all stores regularly hold supervisor meetings, striving to do the best in terms of relevant hardware equipment and sales services and take care of customers.</p> <p>9. Liability insurance purchased for directors by the Company: The Company purchased liability insurance for all directors on June 30, 2023, reducing the legal risks and financial liabilities of directors, thereby protecting directors from possible damage in performing their duties. The purchase</p>	No material difference.

Assessment Items	Operating status			Discrepancy with industry standards in governance practices and reasons
	Yes	No	Summary	
			was reported to the Board of Directors on Aug. 10, 2023. 10. Relevant certifications obtained by personnel related to financial information transparency as required by the competent authority: See Appendix 6.	

Appendix 1. Succession planning and management goals for board members and important management

- In the succession plan of the Company's board members and important management, the successor should not only have excellent academic experience, professional knowledge and excellent work ability, but also the business philosophy must be consistent with the Company. The successors understand and agree with the Company's business philosophies of integrity, diligence, simplicity, caution, and innovation and the participation of the Company's business goals, the communication of the business team, and the status of the industry.
- In order to ensure that directors and successors can immediately grasp the ever-changing management and competitive environment and corporate governance related laws, the Company also plans various exclusive courses for directors to ensure that corporate governance is up to date.
- Regarding important management personnel, the Company would plan a series of annual training courses and special management training programs to identify and actively train the management and operation succession talents required for the continuous operation of the stores. The course content is mainly to strengthen management, operation and foreign language skills, and with performance and promotion, gradually strengthen the internal high-quality talent pool to ensure sustainable operation.

Appendix 2. CPA independence assessment criteria

Assessment Items	Assessment result	Compliance
1. Whether the accountant has a direct or significant indirect financial relationship with the Company.	No	Yes
2. Whether the accountant has any financing or guarantee actions with the Company or its directors.	No	Yes
3. Whether the accountant has a potential employment relationship with the Company.	No	Yes
4. Whether accountants and members of the audit service team currently serve or have served within the last two years as directors, supervisors, managers, or positions that have a significant influence on audit cases.	No	Yes
5. Whether the accountant has provided non-audit services to the Company that will directly affect the important items of the audit case.	No	Yes
6. Whether the accountant promotes or mediates the stocks or other securities issued by the Company.	No	Yes
7. Whether the accountant serves as a defender of the Company, or on behalf of the Company to coordinate conflicts with other third parties.	No	Yes
8. Whether the accountant is related to the Company's directors, managers, or persons with positions that have a significant influence on the audit case.	No	Yes

Appendix 3. CPA adequacy evaluation criteria

Evaluation Criteria		Key points of evaluation	Evaluation result	Compliance with adequacy
Item I. Professionalism				
Indicator 1-1	Audit experience	Whether the auditors have sufficient audit experience to perform the audit.	Yes	Yes
Indicator 1-2	Training hours	Whether the CPAs and auditors receive sufficient training each year to continuously acquire professional knowledge and skills.	Yes	Yes
Indicator 1-3	Turnover rate	Whether the firm maintains sufficiently experienced human resources.	Yes	Yes

Indicator 1-4	Professional support	Whether the firm have sufficient professionals to support the audit team.	Yes	Yes
Item II. Quality control				
Indicator 2-1	Workload of CPA	Whether the CPA is overloaded.	No	Yes
Indicator 2-2	Audit commitment	Whether the audit team members are properly committing in each audit phase.	Yes	Yes
Indicator 2-3	Engagement quality control review	Whether EQCR accountants input sufficient hours to perform review of audit cases.	Yes	Yes
Indicator 2-4	Quality control support capability	Whether the firm have sufficient quality control manpower to support the audit team.	Yes	Yes
Item III: Independence				
Indicator 3-1	Non-audit services	Effect of the proportion of non-audit service expenses on independence	No	Yes
Indicator 3-2	Customer familiarity	Effect of the cumulative number of years of annual financial reports certified by the firm for individual audit object on independence	No	Yes
Item IV. Supervision				
Indicator 4-1	External inspection deficiency and punishments	Whether the quality control and audit cases of the firm are in compliance with the relevant laws and rules.	Yes	Yes
Indicator 4-2	Improvement according to the letters from competent authorities	Whether the quality control and audit cases of the firm are in compliance with the relevant laws and rules.	Yes	Yes
Item V. Innovation capability				
Indicator 5-1	Innovation plans or initiatives	The firm's commitment to improve audit quality, including the innovation capability and planning of the accounting firm.	Yes	Yes

Appendix 4. Board Directors' training status:

Title	Name	Advanced study date		Organizer	Hours
		Start	End		
Chairman	Douglas Tong Hsu	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum: Challenges and Opportunities in the Global Net Zero Transition			
Director	Nancy Hsu	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance	3

		Corporate Governance Forum: Challenges and Opportunities in the Global Net Zero Transition			
Director	Nicole Hsu	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
		2023.08.15	2023.08.15	Taiwan Corporate Governance Association	3
		ESG Risks and Opportunities			
		2023.03.02	2023.03.02	Greater China Financial and Economic Development Association	3
		Digital Era Business Strategy			
Director	Philby Lee	2023.07.04	2023.07.04	Taiwan Stock Exchange	3
		2023 Cathay Sustainable Finance and Climate Change Summit			
		2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
Independent Director	Eugene You-Hsin Chien	2023.02.09	2023.02.09	Taiwan Institute for Sustainable Energy	2
		The 31th TCCS Council Meeting and CEO Lecture			
		2023.04.20	2023.04.20	Taiwan Institute for Sustainable Energy	2
		The 32th TCCS Council Meeting and CEO Lecture			
		2023.07.13	2023.07.13	Taiwan Institute for Sustainable Energy	2
		The 33th TCCS Council Meeting and CEO Lecture			
Independent Director	Edward Wei	2023.04.07	2023.04.07	Securities and Futures Institute	3
		2030/2050 Green Industrial Revolution			
		2023.06.21	2023.06.21	Taiwan Academy of Banking and Finance	3.6
		2023 Green Finance Leadership Roundtable Forum			
		2023.07.04	2023.07.04	Taiwan Stock Exchange	3
		2023 Cathay Sustainable Finance and Climate Change Summit			
		2023.07.05	2023.07.05	Securities and Futures Institute	3
		Political Economy of the Chinese Communist Party, the International Situation, and Cross-Strait Relations			
		2023.08.30	2023.08.30	Taiwan Corporate Governance Association	3
		The Impact of ChatGPT on the Industry and Its Response			
		2023.09.08	2023.09.08	Taipei Foundation of Finance	3
		Information Security Governance and Business Resilience in the Financial Industry			
		2023.10.13	2023.10.13	Securities and Futures Institute	3
		Directors supervise the company's corporate risk management and crisis management			
Independent Director	Dong, Ding Yu	2023.04.26	2023.04.26	Taiwan Corporate Governance Association	3
		Understanding Global Economic Trends and Technological Developments: Key Issues for Businesses			
		2023.05.09	2023.05.09	Taiwan Corporate Governance Association	3
		Creating Excellence and Building Sustainable Businesses in the Global Competitive Market			
		2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and			

		Tomorrow: ChatGPT and Corporate Responses			
		2023.11.06	2023.11.06	Taiwan Corporate Governance Association	3
		Examining the Risks of Unsustainability and Corporate Governance during the COVID-19 Pandemic			

(The above data are as of 12/31/2023)

Appendix 5. Advanced studies for managers

Title	Name	Advanced study date		Organizer	Hours
		Start	End		
President	Nancy Hsu	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum: Challenges and Opportunities in the Global Net Zero Transition			
Vice President	James Tang	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
		2023.12.15	2023.12.15	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum: Challenges and Opportunities in the Global Net Zero Transition			
Vice President	Chang-Li Lin	2023.07.11	2023.07.11	Taiwan Academy of Banking and Finance	3
		Corporate Governance Forum - The Impact of Industry AI-ization Today and Tomorrow: ChatGPT and Corporate Responses			
Junior Vice President	Hwa-Ling Hsu	2023.05.30	2023.05.30	Accounting Research and Development Foundation (ARDF)	6
		Improving the Practical Measures for the "Three Lines of Defense" for Internal Control			
		2023.06.12	2023.06.12	Accounting Research and Development Foundation (ARDF)	6
		Promoting Sustainable Development through Effective Risk Management			
Junior Vice President	Lily Y.T. Liu	2023.06.02	2023.06.02	Securities and Futures Institute	
		2023 Insider Trading Prevention Promotion Conference			
		2023.06.30	2023.06.30	Taiwan Corporate Governance Association	3
		Global Future Risks and Opportunities for Sustainable Transformation			
		2023.08.18	2023.08.18	Taiwan Corporate Governance Association	3
		Big Data Analysis and Fraud Prevention			
		2023.10.13	2023.10.13	Securities and Futures	

				Institute	
		2023 Insider Trading Prevention Promotion Conference			
		2023.11.17	2023.11.17	Taiwan Corporate Governance Association	3
		Compliance Practices for Corporate Governance Executives			
		2023.12.01	2023.12.01	Taiwan Corporate Governance Association	3
		The Dawn of the Age of Stringent Personal Data Regulation			
		2023.12.14	2023.12.15	Accounting Research and Development Foundation (ARDF)	6
		Ongoing Education for Securities Issuers, Securities Firms, and TWSE Chief Accounting Officer			

The above data are as of 12/31/2023)

Appendix 6. Certificates designated by the competent authority held by the Company's personnel involved in transparency of financial information:

Department Certification	The Company			All companies in the Financial Report		
	Finance unit	Accounting unit	Audit unit	Finance unit	Accounting unit	Audit unit
Republic of China Accountant	1	2	1	2	3	1
China Intermediate Accountant				1	5	
China Junior Accountant				1	8	
Certified Internal Auditor (CIA)					1	
Class C Technical Certification for Accounting Services	1	9	2	2	20	3
Accounting Proficiency Test Level 3					1	1
Basic proficiency test for internal control		2	5		2	5
International Certified Internal Auditor			3	1		3
Computer Audit Software Application Engineer (JCCP)			14			14
International Computer Audit Software Application Engineer (ICCP)			6			6
Bank internal control and internal audit	2		3	4	2	3
Internal auditor of energy management system ISO 50001			6			6
Environmental Management System Lead Auditor ISO14001			1			1
Quality management system lead auditor ISO9001			1			1
Occupational safety and health management system lead auditor ISO45001			1			1
SME financial personnel	1			2		
Financial planning personnel	2	2	1	3	2	1
Securities investment analyst			1	1		1
Senior Securities Specialist.	4	1	2	6	1	2
Securities Specialist.	1		2	3	2	2
Securities Investment Trust and Consulting Professionals	1		3	1		3
Qualification Test for Advanced Calculation of Equity Capital Adequacy Ratio of Securities Firms			1			1
Securities trading, margin financing			1			1

and securities lending business personnel						
Securities lending business personnel			1			1
Certification Test for Financial Derivatives Sales Personnel			1	1		1
Trust agents	3		3	5	2	3
Bookkeeper		2	1		2	1
Basic Proficiency Test for Bank Lending Personnel	1			2		
Structured Commodity Salesperson Qualification Test	2			2		
Property insurance representative	1		2	2		2
Life insurance salesperson	3		2	3		2
Futures Specialist	1		3	1	1	3
Common knowledge and professional ethics of the financial market	1	1	2	3	1	2
Corporate governance basic ability test	1			1		
Stock Affair Specialist	1		1	1		1
Wealth management personnel			1			1
Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist			1			1
ERP software application engineer			1			1
TQC-DK Junior Accounting					1	
FIT I	1			1		
FIT II	1			1		
Basic Proficiency Test for International Banking Personnel	1	1		1	1	
ERP Planner			1			1
Class-1 Occupational safety and health affair managers			1			1
Level C technician for computer software application	1			1		
Qualification Exam for Securities Investment Trust and Consulting Regulations (including professional ethics rules)				1		
CISA			1			1
CEAP			1			1
ISMS ISO/IEC 27001	1	1	2	1	1	2
ISMS ISO27001			2			2
Test for Life Insurance Agent Sales of Foreign Currency Receipts and Payments for Non-Investment Insurance Products	1			1		
Bill Finance Specialist	1			1		
Certified Anti-Money Laundering Specialist (CAMS)	1			1		
Basic Test on the FinTech Knowledge	1			1		
Test for Insurance Agents of Investment Products	1			1		

(9) Base on the result of "Corporate governance Evaluation" announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters have not been improved:

The Company ranked top 21~35% of the "Corporate Governance Evaluation" in 2023 and continued to take effort and to optimize the Company's website and the content of annual report such as the English information in corporate website, and upload the previous month's insider shareholding changes to the Market Observation Post System (MOPS) before the 10th of each month

4.4 Composition, duties, and operation of the Remuneration Committee

1. Remuneration Committee member information

Role	Condition	Professional qualifications and experience	Independence status	Number of publicly listed companies where the individual serves as a member of the Remuneration Committee concurrently
	Name			
Independent director (Convener)	Edward Wei	Please refer to Table 1 on page17 – page 20 for the disclosed information on the directors' professional qualifications and the independent directors' independence.	<p>(1)Not an employee of the Company or its affiliates.</p> <p>(2)Not a director or supervisor of the Company or its affiliates.</p> <p>(3) No one percent or more of the total issued shares of the Company are held by the individual or spouse or minor children thereof or by nominee arrangement, or none of their shareholding percentage is among top ten shareholders.</p> <p>(4) Not the spouse, relative within the second or third degree of kinship of the managers as stated in (1), or persons stated in (2) and (3).</p> <p>(5)Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designates its representative to serve as a director or supervisor at the Company in accordance with Article 27, paragraphs 1 or 2 of the Company Act.</p> <p>(6)Not a director, supervisor, or employee at another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person.</p> <p>(7)Not a director (managing director), supervisor, or employee at another company or institution where the Chairman, the President, or person holding an equivalent position of the Company and a person in an equivalent position at another company or institution are the same person or are spouses.</p> <p>(8)Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any</p>	2

Independent director	Eugene You-Hsin Chien	Please refer to Table 1 on page17 – page20 for the disclosed information on the directors' professional qualifications and the independent directors' independence.	affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. (10) Not under the circumstances specified in the provisions of Article 30 of the Company Act.	1
Others	Mei-sueh Lin	Has more than five years of work experience in business, legal, financial, and accounting, and work experience required to carry out the Company's business: Corporate Advisor and Special Assistant to the Chairman at an affiliate of the Far Eastern Group Vice President of Human Resources, Far East Tone Senior Assistant Vice President, Human Resources Department, Aetna.		1

2. The Remuneration Committee's responsibilities

The operation method is handled in accordance with the Company's "Remuneration Committee Charter", and its main responsibilities are:

- (1) Stipulate and review regularly the remuneration policies, systems, standards and structures, and performance of directors and managers.
- (2) Regularly review and adjust director and manager remuneration.

3. Operation Status of the Remuneration Committee

- (1) The Remuneration Committee is comprised of 3 members.
- (2) Current term of office: July 27, 2021 to July 26, 2024. Three meetings of the Remuneration Committee were held in the period from January 1, 2023 to the Annual Report publication date. The attendance of committee members is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Expected attendance in person (A)	Attendance rate (%) (B/A)	Note
Convener	Edward Wei	3	0	3	100%	
Committee member	Eugene You-Hsin Chien	3	0	3	100%	
Committee member	Mei-Xue Lin	3	0	3	100%	
Other details that need to be recorded in the meeting minutes: (1) If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors, the date, the content of the proposal, the results of the resolutions of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration and remuneration approved by the Board of Directors are better than the recommendations of the Remuneration Committee, The differences and reasons should be stated): None. (2) For the resolutions of the Remuneration Committee, if members have objections or reservations and have records or written statements, the Remuneration Committee's date, period, proposal content, all members' opinions, and the handling of their opinions should be stated: None.						

4. In the most recent year, the reasons for discussion and resolution of the Remuneration Committee of the Company, and the Company's handling of members' opinions are as follows

Remuneration Committee	Agenda content	Resolution result	The Company's opinion on the Remuneration Committee
March 2, 2023 (4th meeting of the 5th committee)	2022 Distribution of employee and director remuneration	Approved by all attending committee members	Presented in the board meeting and approved by all attending directors as proposed
November 10, 2023 (5th meeting of the 5th committee)	2023 Performance Evaluation of the Board of Directors		Handle as resolved by the Remuneration Committee
March 1, 2024 (6th meeting of the 5th committee)	2023 Distribution of employee and director remuneration		Presented in the board meeting and approved by all attending directors as proposed

5. Performance of Corporate Social Responsibility and deviations from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
1. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	V		<ol style="list-style-type: none"> To plan the vision of sustainable corporate development, the Company set up the "Corporate Social Responsibility Committee" in 2015, and renamed as the "Corporate Sustainability Committee" in 2022. It is the highest-level internal decision-making center for sustainable development, in which the President serves as the chairman of the committee, and the Vice President of Management Department and Chief Financial Officer serve as the chief executive officer of the committee. Moreover, an executive office has also been set up to communicate sustainability issues and organize sustainability work. There are eight functional committees under the Corporate Sustainability Committee, which hold regular monthly meetings to report and track the progress of each project. The Company consistently communicates with the Board of Directors regarding significant decisions and the execution of sustainable development strategies, including the timeline for promoting greenhouse gas inventory and verification. At each quarterly board meeting, the Board of Directors reviews and discusses the report, scrutinizing the content and direction of the work, and offering guidance as needed to oversee the management team and make appropriate adjustments in a timely manner. In 2023, the Board of Directors passed a total of 54 resolutions. 	No material difference.
2. Does the Company perform risk assessments in environmental, social, and corporate governance issues	V		<ol style="list-style-type: none"> The Company has long used a sound risk management mechanism to identify potential risks and threats based on the principle of the materiality and has established functional committees and power and responsibility departments to manage and control, to 	No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.						
	Yes	No	Summary							
relevant to its business activities according to the materiality principle and devise risk management policies and strategies accordingly?			<p>ensure that the Company engages in various business developments under a comprehensive risk management system to reduce the impact of business activities on the environment, society, and corporate governance.</p> <p>2. Various types of risks are managed by the internal authority and responsibility units of the organization to formulate management rules for the front-line prevention and management. Through consistent standards, all levels of the Company can identify, measure, monitor and control risks when engaging in various businesses. The audit office also regularly performs various audit operations and projects to ensure the effective operation of the risk management system of each unit, and regularly reports to the Board of Directors.</p> <p>3. From the perspective of "systematic risk" and "non-systematic risk", the Company regularly assesses possible changes in the risks that the Company may face in the course of its business operations, and the management and countermeasures thereof are as follows. For more details, please refer to the Sustainability Report.</p> <table><tr><th>Risk type</th><th>Control focus</th></tr><tr><td>Commodity safety risks</td><td><ul style="list-style-type: none">Inspect the labels and effective period of the merchandise sold and displayed in the stores, and the quality and safety of food in restaurants and supermarkets in accordance with the latest laws and regulations and news in due course</td></tr><tr><td>Department store operational risks</td><td><ul style="list-style-type: none">Ensure the operation safety, and fire and public safety in department stores and assist in the inspection of department store renovation, the change of counter and acceptance of construction projects in order to provide the customers safe and comfortable shopping environment.Carry out inventory sampling and supervision of inventory counting on self-operating cosmetics, self-operating supermarket inventories, inventory of gifts, fixed assets, and equipment, to reduce the risk of loss of operating assets.Conduct spontaneous inspections on the issuance of invoices of branch offices, recording of counter sales, and deduction of contract fees to fulfil business integrity and ensure revenue.</td></tr></table>	Risk type	Control focus	Commodity safety risks	<ul style="list-style-type: none">Inspect the labels and effective period of the merchandise sold and displayed in the stores, and the quality and safety of food in restaurants and supermarkets in accordance with the latest laws and regulations and news in due course	Department store operational risks	<ul style="list-style-type: none">Ensure the operation safety, and fire and public safety in department stores and assist in the inspection of department store renovation, the change of counter and acceptance of construction projects in order to provide the customers safe and comfortable shopping environment.Carry out inventory sampling and supervision of inventory counting on self-operating cosmetics, self-operating supermarket inventories, inventory of gifts, fixed assets, and equipment, to reduce the risk of loss of operating assets.Conduct spontaneous inspections on the issuance of invoices of branch offices, recording of counter sales, and deduction of contract fees to fulfil business integrity and ensure revenue.	No material difference.
Risk type	Control focus									
Commodity safety risks	<ul style="list-style-type: none">Inspect the labels and effective period of the merchandise sold and displayed in the stores, and the quality and safety of food in restaurants and supermarkets in accordance with the latest laws and regulations and news in due course									
Department store operational risks	<ul style="list-style-type: none">Ensure the operation safety, and fire and public safety in department stores and assist in the inspection of department store renovation, the change of counter and acceptance of construction projects in order to provide the customers safe and comfortable shopping environment.Carry out inventory sampling and supervision of inventory counting on self-operating cosmetics, self-operating supermarket inventories, inventory of gifts, fixed assets, and equipment, to reduce the risk of loss of operating assets.Conduct spontaneous inspections on the issuance of invoices of branch offices, recording of counter sales, and deduction of contract fees to fulfil business integrity and ensure revenue.									

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
			Human resources management risk	<ul style="list-style-type: none"> Examine the correctness of attendance, number of employees, and application for leave, making sure they comply with legal regulations and fairness. Conduct spontaneous inspections on the actual attendance of outsourced security personnel, check on duty attendance status, insurance operations and check the manpower quality of outsourced suppliers.
			Purchase and inspection payment management risk	
			Information security management risk	
			Legal compliance risk	
				No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
				No material difference.
			<p>control system and internal audit implementation rules.</p> <ul style="list-style-type: none"> Monthly summarize law and regulation revisions and letter orders in Financial Supervisory Commission R.O.C., and Taiwan Stock Exchange Corporation, etc. to keep up to date with the latest news from the competent authority, and perform inspections in accordance with the latest regulations in a timely manner. 	
			<p>Financial management risk</p> <ul style="list-style-type: none"> Remind and advise the financial management unit to comply with the requirements of the competent authority in due course. Remind the subsidiaries to implement relative processes of financial management in comply with the regulation of Competent Authority in due course. Perform audits on financial and accounting operations in accordance with laws and regulations, including capital loans, guarantees/endorsement, asset acquisition and disposal, related party transactions, the procedures for preparation of financial statements, derivatives, and operation of functional committees Assist the accounting and financial units' supervision of counting of securities, sampling counting of the branches' financial revolving funds, gifts coupons and control of the treasury. 	
			<p>Risks of subsidiary supervision</p> <ul style="list-style-type: none"> Supervise and manage financial and business information of subsidiaries in accordance with laws and regulations, and to compile quarterly reports and analysis of subsidiaries' supervision. Supervise the annual audit plan of the subsidiaries Far Eastern Department Stores and Ya Tung Department Store Co., Ltd., and review operations, financial security, seal management, welfare fund management, contract deduction, catering and food safety, etc. 	

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and their causes.						
	Yes	No	Summary							
			<ul style="list-style-type: none">Revise the internal control system of subsidiaries according to the plan in line with the audit supervision of the parent company.							
3. Environmental issues										
(1) Has the Company developed an appropriate environmental management system based on its distinctive characteristics?	√		The Company its subsidiaries actively promote various energy management and energy conservation goals, including: (1) water chiller switch control, (2) reduced backstage lighting, (3) reduced elevator-usage during off-peak hours, and (4) addition of automatic escalator speed control devices and replacement of old equipment in order to follow government policies, slow global climate change, and fulfill the corporate social responsibility of protecting the environment.	No material difference.						
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	√		In order to properly protect the natural environment, the Company actively promotes the implementation of a code of practice that strives to improve the efficiency of various resources. Ecological impacts are always considered before any operating activity is conducted to reduce the Company's environmental impact.	No material difference.						
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	√		Global warming has caused the gradual rise of annual average temperatures. In response to relevant risks and opportunities, the Company's energy team referenced the internal control charts "indoor air-conditioning temperature limits" and "air-conditioning on/off timetable" as well as the operating hours, region, and category of different stores to establish standards for indoor temperature range and air-conditioning on/off hours. The Company also introduced the ISO 50001 energy management system to the FEDS Headquarters and Mega City Banqiao and the ISO 14064-1:2018 to all branches to conduct greenhouse gas inspections, Taoyuan Store tied-in ISO14046 water footprint, constantly achieving its goal to improve energy efficiency and carbon-emission management.	No material difference. No material difference.						
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?	√		<div><div>1. 2023. FEDS' main greenhouse gas emissions source is purchased electricity, accounting for 96% of the total emissions, so FEDS's GHG reduction plan is mainly reducing electricity consumption.</div><table><tr><th>Year</th><th>Categories 1+2 (Metric Tons CO2e)</th></tr><tr><td>2022</td><td>83,757</td></tr><tr><td>2023</td><td>77,562</td></tr></table><div>2. FEDS's management target refers to the average EUI of the department store industry, and the EUI is tracked and managed by the energy conservation team on a weekly basis. The EUI has decreased from 333 in 2017 to 309 in 2023, showing a decrease of 7% (excluding Baoqing Store) and an average annual energy saving rate of 1%, which is better than the standard and requirement of the regulation. We also set short- and medium-term power saving targets to achieve the purpose of reducing greenhouse gas emissions by 5% in 2025 and 20% in</div></div>	Year	Categories 1+2 (Metric Tons CO2e)	2022	83,757	2023	77,562	No material difference.
Year	Categories 1+2 (Metric Tons CO2e)									
2022	83,757									
2023	77,562									

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.															
	Yes	No	Summary																
			<p>2030. There are large-scale cinemas in over half of FEDS stores, and the daily opening hours of FEDS stores are longer than other department stores. Yet, our energy use is more efficient than the average performance in the department store industry, demonstrating the excellent energy-saving performance of FEDS.</p> <p>EUI of FEDS over the past three years:</p> <table><tr><th>Year</th><th>Total Electricity Consumption (MWh)</th><th>EUI (kWh/(m2*yr)</th></tr><tr><td>2020</td><td>203,870</td><td>320</td></tr><tr><td>2021</td><td>184,418</td><td>290</td></tr><tr><td>2022</td><td>226,189</td><td>314</td></tr><tr><td>2023</td><td>221,889</td><td>309</td></tr></table> <p>Note 1: In 2021, the business hours were shortened due to the epidemic</p> <p>Note 2: Electricity savings in 2023 decreased by 1.48% compared to 2022.</p> <p>3.FEDS Banqiao Xinzhan Branch took the lead in obtaining ISO 50001 energy management system certification in 2017, and ISO 50001 was introduced to Tainan Branch in 2021. The energy management policy of FEDS's branches throughout the province also takes into account the spirit of ISO 50001 and sets up the “p Table of Indoor Air Conditioning Temperature Limits” and the “Internal Control Table of Air Conditioner Switching Schedule” to set the control range of indoor temperature and the standard of air conditioner switching time according to the different conditions of each branch such as business hours, business area and business type.</p> <p>Latest certificate expiration date: Mega Branch: 2024/01/07~2027/01/06. Tainan Branch: 2021/11/08~2024/11/07</p> <p>4.FEDS headquarters and branch offices strive to implement water-saving measures:</p> <p>(1)The Company set water resource management indicators in 2019, began to track and manage the effectiveness of water consumption in branches on a monthly basis and from 2020, and incorporated counter water consumption into internal control items in 2022 to manage the counter water consumption by regular tracking and analysis.</p> <p>(2)Water-saving measures implemented at each store include installation of water-saving equipment, adjustment of the conductivity of the cooling tower to reduce water consumption of the air conditioners, detection of pipeline leaks, etc.</p> <p>(3)Mega City Banqiao Store, Top City Taichung Store,</p>	Year	Total Electricity Consumption (MWh)	EUI (kWh/(m2*yr)	2020	203,870	320	2021	184,418	290	2022	226,189	314	2023	221,889	309	No material difference.
Year	Total Electricity Consumption (MWh)	EUI (kWh/(m2*yr)																	
2020	203,870	320																	
2021	184,418	290																	
2022	226,189	314																	
2023	221,889	309																	

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.															
	Yes	No	Summary																
			<p>FEDS Xinyi A13 Store, and FEDS Zhubei Store (trial-operated in 2022) are equipped with a rainwater recovery system. Through proper management and equipment upgrades, FEDS effectively implement water conservation efforts to maximize the use of water resources.</p> <p>(4)FEDS took the Taoyuan Store as a model store and obtained the ISO14046 water footprint certification in 2020. The first water footprint inventory was completed in 2021, and the continued certification was completed in 2022. Through analyzing the water usage data, FEDS expects to improve the performance of water-saving management at each store.</p> <p>(5)In 2022, more than 90% of each store's water consumption came from air conditioning cooling water, kitchen water, and toilet water. Considering the fact that kitchen and drinking water is used for food safety reasons, we primarily focus on conserving water used for air conditioning cooling towers and toilets.</p> <p>Water consumption of FEDS over the past 3 years:</p> <table><tr><th>Year</th><th>Total water consumption (thousand kiloliters)</th><th>Water consumption per unit area (liters/(m2*day))</th></tr><tr><td>2020</td><td>1,964</td><td>8.45</td></tr><tr><td>2021</td><td>1,570</td><td>6.75</td></tr><tr><td>2022</td><td>2,075</td><td>7.91</td></tr><tr><td>2023</td><td>2,248</td><td>8.57</td></tr></table> <p>Note 1: In 2021, the business hours were shortened due to the epidemic</p> <p>Note 2: In 2023, there was an increase in water consumption due to the lifting of post-pandemic restrictions, driven by the recovery of consumer spending power</p> <p>5. In recent years, the structural changes in department stores have attracted large-scale food vendors, contributing to the increase in waste; in order to effectively control the weight, we implement the following measures:</p> <p>(1)Goals:</p> <p>(a) Take zero waste growth and year-on-year reductions as annual targets.</p> <p>(b) Continuously increase the amount of recycling.</p> <p>(c) Ban use of disposable tableware, promote the reuse of packaging materials, and encourage customers to dine in</p> <p>(2)Activity: Recycling items _ paper, iron, aluminum, PET bottles; conduct monthly efficacy reviews.</p> <p>(3)Results:</p> <p>(a) General Waste: 8,118 tons in 2022 and 7,812</p>	Year	Total water consumption (thousand kiloliters)	Water consumption per unit area (liters/(m2*day))	2020	1,964	8.45	2021	1,570	6.75	2022	2,075	7.91	2023	2,248	8.57	No material difference.
Year	Total water consumption (thousand kiloliters)	Water consumption per unit area (liters/(m2*day))																	
2020	1,964	8.45																	
2021	1,570	6.75																	
2022	2,075	7.91																	
2023	2,248	8.57																	

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
			tons in 2023, representing a decrease of 3.9%. (b) Resource: 1,315 tons in 2022 and 1,372 tons in 2023, representing a decrease of 4.33%.	
4. Social issues				
(1) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?	V		<p>In order to protect the basic human rights of employees and create an environment that protects the human rights of employees, the Company agrees with the principles of the ILO Tripartite Declaration of Principles for Multinational Enterprises and Social Policies, the Guiding Principles for Multinational Enterprises of the Economic Cooperation and Development Organization, the United Nations Universal Declaration of Human Rights and the principles of the United Nations Global Covenant the Company's labor policies and regulations are formulated in accordance with labor laws and gender-work equality related laws and regulations. Check regularly every month to ensure compliance with all laws and regulations.</p> <p>In order to ensure a good labor-management relationship, labor-management meetings are held regularly, and any matters related to employee rights can be decided after full communication between labor and management. At the same time, in order to motivate employees' morale, ensure their legal rights and interests, and promote harmonious labor-management relations, we have specially formulated the Company's employees' opinions handling methods, and employees whose rights have been violated or unfair events can submit appeals.</p> <p>The Company complies with the relevant regulations of the occupational safety and health laws and regulations, and the Company's most senior management signs an occupational safety and health policy declaration to demonstrate the Company's determination to promote occupational safety and health management matters. Occupational safety and health committee meetings are held regularly every quarter to discuss and review the Company's safety and health management related matters and work rules, management regulations, occupational safety and health management plan revisions, and record keeping.</p>	No material difference.
(2) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee compensation?	V	k	<p>The Company's articles of incorporation are disclosed in the Annual Report and the Company's official website, which clearly stipulate the provision of employee compensation. If the Company makes a profit during the year, it shall allocate 2% to 3.5% as employee compensation. For this purpose, the actual distribution ratio, amount, method and number of shares shall be decided by the Board of Directors and shall be processed after reporting to the shareholders meeting.</p> <p>In addition, in addition to setting up a "Remuneration Committee", the Company strengthens corporate governance and improves the salary and remuneration system. It also takes into account the salary standards of relevant peers and listed companies, formulates reasonable remuneration policies for employees, and</p>	No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
			clearly establishes incentive bonus systems such as monthly performance appraisal bonuses and weekly rewards. Bonuses for the achievement of celebration activities and year-end bonuses are all issued in conjunction with individual or departmental performance to promote overall business performance. At the same time, it also accelerates the promotion of key talents through annual appraisal, performance and salary adjustments, and promotes performance improvement. In 2023, the salary will not be adjusted comprehensively, and the salary will be adjusted according to the needs of the business. The average salary adjustment is about 3%~5%. Other working conditions, such as vacations and other welfare matters, are given in accordance with the law or even better than the law, to ensure the employees' legal and reasonable welfare measures.	
(3) Does the Company provide its employees with safe and healthy workplaces, and organize training on safety and health for its employees on a regular basis?	V		<p>The Company follows occupational safety and health regulations and establishes policies based on the principle of "safety first, health first". Under the support and leadership of senior management, we implement the "Occupational Safety and Health Policy" and meet the requirements of occupational safety and health to build a warm, healthy and happy work environment.</p> <p>【Implementation of Safe Environment】</p> <ol style="list-style-type: none"> 1. Review occupational safety and health related rules and measures in accordance with laws and regulations on an annual basis to comply with the items stipulated in the laws and regulations. 2. We regularly implement the work environment monitoring program every six months and conduct work environment monitoring (carbon dioxide and noise); the test results are in compliance with the legal standards, thus ensuring the safety of work environment. 3. The Company conducts indoor air quality inspection every two years; the test items are in compliance with legal standards, thus providing a high-quality shopping environment. 4. Drinking water quality inspection is conducted regularly every three months. The test results showed that drinking quality met the standards, so employees can drink water with relief. 5. In 2023, the Company experienced no fire incidents. With regard to fire safety, the Company regularly conducts fire drills once every six months and Group A personnel drills every month, ensuring that staff are familiar with handling firefighting tasks and emergency response. 6. Every year, we draw up an education and training plan to arrange safety and health education and advocacy for new employees, employees in-service and with professional certificates to enhance their safety and health knowledge and emergency response capabilities: <p>(1) Implement safety and health education, training, and exercises for new employees when they register.</p>	<p>No material difference.</p> <p>No material difference.</p>

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and their causes.
	Yes	No	Summary	
			<p>(2) Regularly promote safety and health and workplace health issues for in-service employees every year.</p> <p>(3) Implement professional training and regular retraining for personnel with safety and health related licenses (e.g. first aid personnel, fire protection managers, indoor air quality maintenance and management professionals and AED managers, etc.).</p> <p>7. Create a zero-accident workplace. In 2022, the Company's Paoching Store, Panhsin Store, Banqiao Store, Hsinchu Store, Taichung Store, Chiayi Store, Kaohsiung Store, and Hualien Store were awarded the "Zero-Accident Time Record Certification" from the Ministry of Labor, and established a safe and healthy work environment.</p> <p>8. The Company implements self-management and meets automatic inspection programs, and establishes safety and health inspection procedures to inspect the implementation of self-management of each branch in accordance with the occupational safety and health management plan:</p> <p>(1) The General Management Office will visit each branch semiannually to inspect the safety and health operations, and review and improve together with the branch in the same month, and track the improvement results.</p> <p>(2) The branch performs monthly self-management, and the General Management Office tracks the improvement results and implements the principle of "irregular inspection and immediate improvement of deficiencies" to significantly reduce the occurrence of accidents.</p> <p>【Employee Healthcare】</p> <p>1. The Company has implemented its Health Management Guidelines, and for 2023, it also introduced the Middle-aged and Elderly Workers Health Protection Program to help protect the health of all employees. Furthermore, a dedicated unit draws up health management, occupational disease prevention, and health promotion plans based on the particular needs and characteristics of the staff, pursuing their implementation accordingly in order to protect the physical and mental health of workers.</p> <p>2. In 2023, in accordance with the Occupational Safety and Health Act and the Labor Health Protection Guidelines, the Company revised the questionnaires held under the Physical and Mental Health Protection Plan (musculoskeletal injury prevention, overwork prevention, workplace violence prevention, and maternal health protection) to better track and care for medium- and high-risk groups and maintain the physical and mental health of employees in the workplace.</p> <p>3. To encourage employees to actively participate in health promotion activities, we have held the "Forever Health Card" point collection activity for three consecutive years, and each time you participate in the activity, you can accumulate points</p>	No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and their causes.
	Yes	No	Summary	
			<p>and get a lottery ticket after collecting nine points, which will be drawn at the end of the year. A total of 100 lucky staff had their names drawn this year, a 50% increase on last year.</p> <p>4. To assist colleagues in checking the point balance of the Forever Health Card, a new EIP query function has been added for 2023. Staff can now conveniently check their point balance anytime through the EIP mobile office and keep track of the balance for various items.</p> <p>5. Taking into account employee surveys, daily observations, and current health and environmental concerns, we have devised a plan to facilitate health promotion activities. The annual Walk for Carbon Reduction competition was held for three months in 2023. The aim of the competition was to promote exercise in daily life through walking activities and to collaborate with the New Taipei City Department of Health. Participants were encouraged to download the New Taipei Health 2.0 app to track their daily steps and take part in the Forever Health Card point collection activity. Not only did the top three participants win product vouchers, participants also had the opportunity to earn points to exchange for lucky draw tickets. This generated enthusiastic participation from colleagues. In 2023, a total of 158,545,308 steps were taken, leading to a reduction of approximately 22,000 kilograms of carbon emissions.</p> <p>6. The Company organizes health promotion activities every year. In 2022, we held the "Healthy Diet Online Contest", hoping to share our daily diet through the concept of healthy dishes and encourage our employees to cook their own meals. Through the dietitian's explanation and evaluation and open online voting, all employees can vote for the most convenient, delicious, healthy and nutritious dishes. In the future, the Company will also continue to promote the establishment and maintenance of proper diet and good exercise habits among employees to jointly enhance immunity and maintain good health.</p> <p>7. The "Health Information Zone" in the EIP Action Office will provide more than two health information messages every month, including the latest health information, and update digital board health posters from time to time to provide employees with new safety and health information.</p> <p>8. The Company has set up AEDs (Automated External Defibrillators) and AED administrators, and more than 70% of colleagues participate in AED+CPR training. In 2023, Xinyi Store, Banqiao Store, Banxin Store, Taoyuan Store, Hsinchu Store, Zhubei Store, Taichung Store, Chiayi Store, Tainan Chenggong Store, Tainan Park Store, Kaohsiung Store and Hualien Store have all received the "AED Safe Place Certification", suggesting that we have created a high-quality store environment and a high level of safety.</p>	No material difference.

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	Yes	No	Summary	
			<p>9. The Company sets up first-aid personnel with a number 50% higher than the specified number by regulations, to ensure that first-aid services are available immediately in case of emergency.</p> <p>10. In order to prevent employees suffering occupational diseases or accidental injuries at work, the Company is committed to protecting the safety and health of employees in the workplace. In 2023, the general management office, Xinyi Store, Mega City, Banqiao Store, Taoyuan Store, Hsinchu Store, Taichung Store, Chiayi Store, Tainan Store, Kaohsiung Store and Hualien Store have obtained the "Healthy Workplace-Health Promotion Mark" certification.</p> <p>11. The Company organizes over six safety and health seminars annually, featuring diverse and enriching course content. These seminars are conducted both in-person and online simultaneously. In 2023, we introduced additional mental health seminars. The seminar topics included "Workplace Interpersonal Communication" and "SMART Stress Relief and Adaptation for the Mind." Additionally, we offer aromatherapy relaxation courses to boost the physical and mental well-being of our employees.</p> <p>12. Employees are encouraged to set up club activities, with the Company hosting clubs such as a badminton club, yoga club, aerobics club, walking club, and table tennis club. During their off-duty time, employees spontaneously form groups and exercise together to maintain good physical fitness and promote overall health. The Company's Employee Welfare Committee offers monthly subsidies for club expenses, encouraging colleagues to participate in physical activities and spend time outdoors to maintain a healthy work-life balance.</p> <p>13. In 2023, the Committee entered into a contract with a fitness center to offer colleagues a wider range of preferential programs and exercise options.</p>	
(4) Does the Company offer its employees effective occupational empowerment training programs?	V		According to personal work needs, performance appraisal results and career development needs, provide diversified learning channels and development resources, and strive to create a learning environment, including on-the-job training, classroom training, job guidance and job rotation, etc., so that employees can advance their personal careers and continue to learn happily with the development of the Company.	No material difference.
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and has it	V		Products are provided by ethically and legitimately operated counters and exhibit the terms of use, country of origin, and certification labels which indicate that they comply with national standards. All products are in compliance with laws and regulations. In the event of any damage to their rights or interests, customers may report the problem to the customer service center of each store, our customer service hotline, or customer service mailbox. Complaints will be addressed and handled within 3 days.	No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
established relevant consumer protection policies and grievance procedures?			Mega City values the protection of consumers' personal data and privacy. Internally, the Company controls its personnel's use of consumers' personal data according to the Information Security Management Regulations. Externally, the Company discloses its consumer personal data protection clauses and provides avenues for consumers to delete their personal data and make complaints, appointing dedicated personnel to answer consumers' questions or delete their data. The Company also conducts irregular audits based on the aforementioned regulations to protect consumers' personal data. Customers may report any damages to their rights or interests to the customer service center at each store, customer service hotline/mailbox, the Mega City official website, or Mega City app. Complaints will be addressed and handled within 3 days.	
(6) Has the Company established supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		<p>4. In order to ensure that suppliers meet social and ethical standards in the process of providing products and services, understand and abide by laws, actively respond to environmental protection and social-related issues, and have the courage to assume corporate social responsibility and continue to improve, the Company has established "Contractor Management Regulations" "Regulate the operation of suppliers in terms of occupational safety and health.</p> <p>In addition to selecting suppliers by referring to supplier evaluation records, the Company also requires suppliers to sign the "Supplier Social Responsibility Commitment", instructing suppliers to continue to pay attention to "labor and human rights, health and safety, environmental protection, and business ethics." Standard" and use this as one of the supplier selection criteria.</p> <p>5. The Company has set up "Contractor Management Regulations" to comply with safety and health related laws and regulations, fulfill the obligation of notification of hazards, implement safety and health management and effectively implement safety and health work, reduce the incidence of disasters, and ensure personal safety.</p> <p>6. The Company's contracts with various suppliers have detailed the management of building environment, shopping mall management, product quality, store safety, personnel management, accounting treatment, customer service and other related matters, in order to achieve the goal of jointly enhancing corporate social responsibility. If the supplier violates it, it shall be dealt with in accordance with the law.</p>	No material difference.
5. Does the Company adopt internationally widely recognized standards or guidelines when producing corporate sustainable reports and reports disclosing the Company's non-financial information?	V		The report was compiled with reference to the GRI Standards (2021 Edition) issued by Global Reporting Initiatives (GRI), as well as the United Nations Global Compact (UNGC), Task Force on Climate-Related Financial Disclosure (TCFD), SASB Standards, the "Rules Governing the Preparation and Declaration of Sustainability Reports for Listed Companies", the spirit of the Integrated Report (IR) framework and other sustainability standards. The	No material difference.

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.
	Yes	No	Summary	
Does the Company obtain a third-party assurance or verification for such reports?			report is guaranteed by a third-party verification unit to confirm that it complies with the Type 1 Moderate Level of AA 1000 AS v3 guarantee standards, and is disclosed on the Company's website.	

6. If the Company has established sustainable development best practice principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and the implementation:

The Board of Directors resolved to formulate the Company's "Corporate Social Responsibility Policy" in March 2015, and amended the policy and renamed it as "Corporate Sustainable Development Policy" in March 2022 to strengthen and implement sustainable development of the Company. The Company regularly reviews the implementation of this policy and makes improvements on this basis, and there has been no discrepancy in its implementation to date.

7. Please state any other important information that would facilitate a better understanding of the Company's status in the promotion of sustainable development:

Our company has a dedicated section on our official website called the "ESG Sustainability Zone", where we disclose information and achievements pertaining to corporate governance, environmental sustainability, social welfare, and supply chain management. This initiative aims to enhance the transparency of our corporate sustainability information.

- Categories of Social Welfare Events Organized by FEDS:



Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and their causes.	
	Yes	No	Summary		
8. Climate-related Information for Listed and OTC Companies					
Item		Implementation Status:			
1. Describe the Board and management's supervision and governance of climate-related risks and opportunities.		FEDS's Corporate Sustainability Committee has established the "Greenhouse Gas Inventory and Climate Change Response Team" to regularly discuss the potential impacts of climate change on both internal and external aspects of the Company, identify and assess relevant risks, and respond to corresponding impacts. Since 2022, quarterly reports on greenhouse gas inventory have been submitted to the Board of Directors. The Board reviews the operational content and directions, provides recommendations as needed, and supervises the management team to make timely adjustments. In 2023, a total of 4 reports were conducted, promoting more comprehensive analyses of climate-related risks and opportunities for the Company.			
2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances in the short-, medium-, and long-term.		Impacts of climate change: (1) Business aspect: Climate change has become a significant international concern in recent years. FEDS has incorporated the potential impacts into its overall operational considerations. Currently, in the short term, initiatives such as paperless operational management, replacement of energy-saving equipment, and encouragement of ‘reduce, recycle, reuse’ policies are promoted to reduce the carbon footprint of company operations and services. At the same time, the Company has set future medium- to long-term goals, including the planning of green buildings, green energy usage, adoption and maintenance of green landscapes in shopping malls, and the promotion of green consumerism among customers; thus, demonstrating FEDS's aspiration to become a leader in sustainable fashion and environmentally friendly operations. (2) Strategy: FEDS integrates potential effects of climate change into its overall operational considerations. The Company estimates the likelihood of risks, their impacts on the department store industry, and develops response plans and mitigation measures. Taking into account the nature of its business, risk strategy, and financial planning status, FEDS identifies entities and transformation risks and opportunities. The Company also advocates for various green environmental policies to reduce the carbon footprint of its operations and services by conducting simulations of potential climate-related financial impacts. (3) Financial aspect: FEDS evaluates potential risks climate change may pose, in participation of the global climate change discourse, and collaborates with financial institutions to explore the viability of related ventures. Currently, the Company has secured preferential loan interest rates by meeting ESG criteria, which has reduced borrowing costs; in the future, it plans to partner with financial institutions to pursue ESG-related initiatives in accordance with FEDS's overall capital utilization plan.			
3. Describe the financial implications of extreme weather events and transitional actions.		Extreme weather conditions may lead to higher energy consumption, increased energy costs, and additional expenses due to stricter environmental regulations. Seizing this opportunity, Far East Department Store has implemented paperless management and upgrades to energy-efficient equipment for cost reductions, and is planning to incorporate green energy and green building practices into its malls. The Company is			

Evaluation Item	Operating status			Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and their causes.
	Yes	No	Summary	
<p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts thereof should be described.</p> <p>6. If there is a transition plan for managing climate-related risks, describe the plan, metrics, and objectives used to identify and manage entity and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the method for price determination should be explained.</p> <p>8. If climate-related targets are set, information on the activities covered, scope of GHG emissions, planning period, and annual achievement progress should be stated; if carbon offsets or renewable energy certificates are used (to achieve the relevant targets), the source and amount of carbon credits or renewable energy certificates offset should be stated.</p> <p>9. Inventory and assurance of GHG emissions, reduction goals, strategies, and specific action plans</p>			<p>also engaging with customers to promote eco-friendly consumption, reduce carbon emissions from both FEDS operations and customer activities, and minimize the financial impact of these transformations.</p> <p>FEDS has a comprehensive risk management system that identifies risks including food safety, operational, information security, and regulatory compliance. Climate change risks are also integrated into the management process, overseen by responsible units or functional committees, to optimize management and mitigate impacts on the economy, environment, and society.</p> <p>(1) FEDS assesses the impacts of potential climate disasters based on the RCP 8.5 climate scenario, and then analyzes the possible physical climate disasters based on public climate models and relevant diagram websites such as "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform" and "3D Disaster Potential Map".</p> <p>(2) After analyzing the potential cost increase caused by climate change, FEDS intends to adopt eco-friendly construction and water-saving practices to cut expenses. Additionally, the Company aims to enhance eco-consciousness among customers, build trust, and minimize business disruptions.</p> <p>FEDS has developed an action plan for energy conservation and carbon reduction so as to achieve the target of net zero emissions by 2050. The plan outlines gradual decreases in energy intensity, minimization of resource waste, and active reduction of carbon emissions through practical measures at various operational stages.</p> <p>In the most recent fiscal year and up until the publication date of the annual report, the Company has not used internal carbon pricing as a planning tool.</p> <p>The Company's reduction goal is to achieve a 30% carbon emission reduction by 2030, with the inventory report following requirements of ISO14064-1:2018 and the GHG Protocol. The inventory report employs an operational control approach and recognizes 100% of the GHG emissions generated by facilities under FEDS's management or operation, with the inventory scope encompassing scopes 1 to 6.</p> <p>A. The Company's Greenhouse Gas Inventory and Assurance Status in the Past Two Years</p> <p>(1) Information on greenhouse gas inventory: Greenhouse gas (GHG) inventory has been completed for the years</p>	

Evaluation Item	Operating status		Deviation from the Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and their causes.									
	Yes	No		Summary								
			<p>2022 and 2023, with the inventory already assured.</p> <p>Provincial Branch Companies' Greenhouse Gas Emissions</p> <table><tr><th>Annual Inventory</th><th>Categories 1and 2 (metric tons of CO₂e per year)</th><th>Intensity (etric tons of CO₂e per million dollars)</th></tr><tr><td>2022</td><td>83,757</td><td>1.47</td></tr><tr><td>2023</td><td>77,562</td><td>1.28</td></tr></table> <p>(2) Information on greenhouse gas assurance: The GHG inventory for 2022 and 2023 were completed; their corresponding reports were organized in accordance with the requirements of ISO14064-1:2018 and recommendations of the GHG Protocol, and adopted the operational control approach. 100% of the GHG emissions caused by facilities managed or operated under the Company's control were recognized, with the inventory scope covering scopes 1 to 6, and the assurance conducted by TUV Rheinland, a German verification body, following the specifications of ISO 14064-1:2018. In 2022, the inspection and verification opinions found no non-conformity. Assurance for 2023 has been completed.</p> <p>B. Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans The baseline year for reduction is set at 2022, which is when the FEDS completed greenhouse gas inventory. Energy saving is achieved through routine KPI management, including assessing the replacement of outdated energy-consuming equipment to improve energy efficiency, substitution of LED energy-saving lighting in stores, management of chillers' operation schedule, reduction of back-end lighting, decrease elevator use during non-peak hours, and other energy-saving measures, such as installing frequency conversion automatic deceleration devices for escalators; the goal is projected to be a 30% reduction by 2030.</p>	Annual Inventory	Categories 1and 2 (metric tons of CO ₂ e per year)	Intensity (etric tons of CO ₂ e per million dollars)	2022	83,757	1.47	2023	77,562	1.28
Annual Inventory	Categories 1and 2 (metric tons of CO ₂ e per year)	Intensity (etric tons of CO ₂ e per million dollars)										
2022	83,757	1.47										
2023	77,562	1.28										

4.6 The state of the company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches				
(1) Has the Company implemented a board-approved business integrity policy and stated in its regulations and external correspondence its business integrity policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		The Company adopted the resolution of the Board of Directors to formulate the "Code of Ethical Conduct" and the "Code of Integrity Management" to regulate the Company's personnel to operate various business activities in accordance with the principle of integrity, and clearly stipulate that "bribery and acceptance of bribes" and "illegal political contributions are prohibited" "", "Prohibition of improper charitable donations or sponsorships", "Prohibition of unreasonable gifts, entertainment or other improper benefits" and other behavioral norms matters, of which the "Code of Integrity Management" applies to the Company's subsidiaries. In order to ensure the implementation of the policy, the Company's website (http://www.feds.com.tw) and Annual Report have clearly stated the policy of honest operation. The Board of Directors and senior management should commit to actively implement it and implement it in internal management and business activities. Through internal publications, various meetings and other channels, the ethical code of conduct and the concept of ethical management are implemented to all employees' daily business execution, and the Company's stakeholders are reminded to observe and respect the Company's ethics and integrity standards.	No material difference.
(2) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure the continued effectiveness of the design and enforcement of the systems.	No material difference.

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(3) Did the Company specify operating procedures, guidelines for conduct, punishments for violation, and complaint filing systems in the unethical conduct prevention plan? Does it implement and periodically review and revise the plan?	V		In order to implement the ethical management policy, the "Ethical Corporate Management Operating Procedures and Code of Conduct" has been formulated to specifically regulate the matters that the Company's personnel should pay attention to when performing business, establish a punishment and reporting appeal system for violations, and announce internal and external independent reporting mailboxes, with a view to Restrict the abuse of dishonesty and implement the policy of honest operation.	No material difference.
2. Implementation of ethical corporate management (1) Does the Company evaluate credit records of its counterparts and specify good faith terms and conditions in the contracts entered into?	V		<p>1. The Company has been deeply cultivated and developed in the country for many years. With the entrepreneurial spirit of "honesty, diligence, simplicity, prudence and innovation" as the highest guiding principle of business development, it will require stakeholders who have business dealings with the Company, such as suppliers and contractors. Suppliers or other partners must comply with the same ethical standards as the managers and colleagues of the Company. For example, the Company has gradually required suppliers, contractors or other partners to sign the "Supplier" in the service contract since October 2016. "Social Responsibility Commitment" includes the integrity behavior clause, and is committed to complying with the content of the commitment, or clearly stipulates the integrity behavior clause in the important contract, and continues to seize the opportunity to communicate with stakeholders and continue to remind and promote, to avoid unethical behavior.</p> <p>2. The Company asks the supplier to provide product-related inspection records before dealing with suppliers, and carefully evaluates and understands the supplier's past information. The Company's contract with each supplier lists various management measures to achieve common and mutually beneficial operations, and against breach of contract and the contract suspension and confidentiality are all listed. If the supplier violates it, it shall be dealt with in accordance with the law.</p>	No material difference.

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(2) Did the Company establish a dedicated unit under the Board of Directors to promote ethical corporate management and periodically (at least once a year) report to the Board of Directors about the supervision and implementation of the ethical corporate management policy and unethical conduct prevention plan?	V		In order to improve the management of ethical management, the Company's corporate governance director and the human resources department under the Board of Directors are responsible for the formulation, supervision and implementation of ethical management policies and prevention plans, and report to the Board of Directors on a regular basis (at least once a year). At the same time, internal audits conduct annual self-assessment operations in accordance with laws and regulations, include the implementation of ethical management in self-evaluation, summarize the results of self-evaluation by various departments, and report to the Board of Directors.	No material difference.
(3) Does the Company have policies that help prevent against conflict of interests and appropriate channels for filing related complaints in place and precisely enforce them?	V		When the directors, managers, or other personnel of the Company discover conflicts of interest with themselves, the legal persons or stakeholders they represent, etc., when performing the Company's business, the directors and managers shall be avoided when discussing and voting at the current Board of Directors. Other personnel should report the relevant situation to the direct supervisor and the Company's dedicated unit at the same time, and the direct supervisor should provide appropriate guidance.	No material difference.
(4) Does the Company have an effective accounting system and internal control systems set up to facilitate ethical corporate management? Does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results? Does it audit compliance with the unethical conduct prevention plan or commission an accountant to perform the audit?	V		<p>The Company clearly stipulates the "Ethical Corporate Management Operating Procedures and Code of Conduct" and "Reporting and Disciplinary Measures for Violating Ethical Behaviors and Ethical Business Operations". If any personnel violates the ethical management regulations, they will be punished according to the rewards and punishments measures based on the severity of the circumstances. The Company has a complaint system to provide remedies for violators in accordance with relevant regulations.</p> <p>The Company's internal auditors check the compliance of the systems from time to time and without prior notice in accordance with the management rules of the Company's management unit, the accounting system, the internal control system, and the automated production of risk management reports through the audit digital system, and check the compliance of each system from time to time and without forewarning, and then prepare audit reports to be submitted to the Audit Committee and the Board of Directors.</p>	No material difference.

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(5) Does the Company organize internal and external educational trainings periodically to help enforce honest operations?	V		<p>In order to implement education and publicity, the code and other documents are posted on the Company's website. In addition to the education of new colleagues on ethical behavior and integrity requirements, the establishment of internal regulations, internal management requirements, education and training are also used to implement the ethical management policy.</p> <p>In 2023 the Company has held internal and external education and training related to ethical management issues and forbid of insider trading (including courses related to ethical management regulations and compliance, accounting systems, and internal control), and had a total of 1,026 participants and 1111.3 course-hours.</p>	No material difference.
<p>3. Implementation status of the Company's reporting system</p> <p>(1) Does the Company have a substantial reporting and reward system as well as a convenient reporting channel in place with appropriate personnel to be assigned to assist the party being reported on?</p> <p>(2) Has the Company established standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the Company adopt measures to prevent reporters from improper treatment for filing the report?</p>	V		<p>The Company has specified relevant normative matters in the "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Operating Procedures and Code of Conduct", and "Report and Disciplinary Measures for Violations of Ethical Behavior and Ethical Management".</p> <p>The Company's personnel should proactively report to the Audit Committee, managers, internal audit supervisors, corporate governance supervisors, human resources department, or other appropriate supervisors if they find any violations of the regulations on ethical management. Upon investigation, if the violation of the regulations on ethical management is confirmed, the Company will punish them according to the rewards and punishments based on the severity of the circumstances. The Company will keep the identity of the informant and the content of the report confidential, and promises to protect the informant from being improperly handled due to the report.</p>	No material difference.
<p>4. Enhance information disclosure</p> <p>Has the Company disclosed its Ethical Corporate Management Best Practice Principles and progress onto its website and MOPS?</p>	V		<p>In order to implement the "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles" and "Report and Disciplinary Measures for Violation of Ethical Behavior and Ethical Management" set by the Company, the regulations are posted on the Market Observation Post System (http://www.feds.com.tw), as the code of conduct followed by every Far Eastern employee.</p>	No material difference.

Assessment Items	Operating status			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
5. If the Company has established Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancies between the principles and their implementation: No discrepancies				
6 Other important information to facilitate a better understanding of the Company’s implementation of ethical corporate management (such as the Company’s review and revision of the Ethical Corporate Management Best Practice Principles): The Company abides by the Company law, securities exchange law, commercial accounting law, listing-related regulations and other business conduct related laws and regulations, and reviews the Company's internal regulations at any time to ensure the implementation of ethical management				

4.7 If the Company has established the Corporate Governance Principles and the related regulations, it shall disclose the inquiry method:

4.7.1 The corporate website: <http://www.feds.com.tw>

4.7.2 Market Observation Post System: <http://mops.twse.com.tw>

4.8 Other information relating to corporate governance:

4.8.1 The Company's intellectual property management plan

- (1) Intellectual property strategy, management policies, possible risks, and countermeasures: The Company's intellectual property strategy is to register new trademarks, protect existing trademarks, and train intellectual property management talents. Currently, the legal unit is responsible for the relevant procedures and management of trademarks, including the registration of new trademarks, and maintaining the validity of existing trademarks and patents. The legal unit searches for trademark counterfeiting or imitations. In case of such an event, the legal affair unit is responsible for the subsequent matters. For the licensing of trademarks to a third party, the individual contract shall include the methods of licensing, and violation penalties, in order to achieve risk control.
- (2) Execution Status for 2022: The Company acquired 137 domestic trademarks and 31 international trademarks in 2022. Furthermore, there were 15 trademark extensions in 2023. Moreover, we have obtained and maintained five domestic patents.

4.8.2 The "Procedures for Handling Material Inside Information", which was established to manage the Company's material inside information, has been announced to all directors, managers, and employees and published on the corporate website (<http://www.feds.com.tw>) for all personnel to follow in order to avoid violations or instances of insider trading.

4.8.3 Insiders such as newly appointed directors and managers shall be given the latest edition of "Regulations and Directions Governing Insiders' Equity at TWSE Listed Companies" formulated by TWSE for insiders to comply with.

4.8.4 The Company irregularly educates insiders about information regarding insider trading published on the TWSE website.

4.9 Implementation of Internal Control System

4.9.1. The declaration of internal control system

Far Eastern Department Stores Co., Ltd.

The Declaration of Internal Control System

Date: 1 March 2024

Based on the self-examination results of the internal control system for the year of 2023, Far Eastern New Century Corporation (the Company) therefore declares the following:

1. Board of Directors and the management of the Company understand that it is their responsibility to establish, implement, and maintain an internal control system, and such a system has been established. The purpose to establish the aforesaid system is to reasonably assure (1) the operating results and operating efficiencies (including profit, performance, and the safeguard of assets); (2) the reliability, instantaneity and transparency of the financial reports, and (3) the compliance of the relevant laws and regulations.
2. An internal control system, regardless how perfectly the system is being designed, can have its defects. A system that can reasonably assure the achievements of the three purposes mentioned in the preceding paragraph is considered as effective and useful. In addition, changes in the business environment and situation may, as a result, hinder the effectiveness of an adequate system. However, the internal control system of the Company has included a self-examination mechanism; the Company will make immediate corrections considering the materiality when material errors are detected.
3. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with “Guidelines for the Establishment of Internal Control Systems by Public Companies” (the Guidelines). The Guidelines are made to exam the following five items during the internal control process: (1) Control Environment, (2) Risk Evaluation and Management, (3) Control Activities, (4) Information and Communication, and (5) Monitoring processes. Details of each area being examined can be found in the Guidelines.
4. Based on the items mentioned in the preceding paragraph, the Company has evaluated the design of the internal control system and the effectiveness of the implementation of the aforesaid system.
5. The Company management declares that the internal control system (including Subsidiary Governance) as of 31 Dec. 2023 has effectively assured that the following objectives have been reasonably achieved during the assessment period:
 - (1) The effectiveness and efficiency of business operations;
 - (2) The reliability, timeliness, transparency, and regulatory compliance of the financial reports;
 - (3) The compliance of the relevant laws/regulations.
6. This Declaration is a significant content in the annual report and prospectus of the Company, and it is available to the general public. If it contains false information or conceals any material contents, the Company is in violation of Article 20, Article 32, Article 171 and Article 174 set forth in the ROC Securities and Exchange Act.
7. The Board of Directors has approved the Declaration of Internal Control System in the board meeting held on 1 March 2024. All of 7 Directors present consented to the Declaration, and no dissenting opinion was expressed.

Far Eastern Department Stores Ltd

Chairman: Douglas Tong Hsu

President: Nancy Hsu

4.9.2 Independent Auditor's Review Report: The Company did not contract an independent auditor to review the internal control system, therefore, this is not applicable. : None.

4.10 Penalty on the Company and its personnel, punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement in the most recent year and during the current fiscal year up to the date of publication of the Annual Report: None.

4.11 Major resolutions of shareholders' meetings and Board meetings in the recent year and up to the Annual Report publication date

4.11.1 Resolutions in the Annual Shareholders' Meeting

Date: June 21, 2023

Location: Taipei Hero House, No. 20, Sec. 1, Changsha St., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Resolutions of Shareholders' Meeting	
Reported Items	<ol style="list-style-type: none"> 2022 Business Report. 2022 Financial Report. The Audit Committee's review report of the 2022 financial statements. 2022 employees' compensation and Directors' remuneration.
Approving Items	<ol style="list-style-type: none"> 2022 Financial Statements. Resolution: The number of votes in favor has exceeded the statutory amount, resolution passed. The Company's 2022 distribution of earnings proposal. Resolution: The number of votes in favor has exceeded the statutory amount, resolution passed. Implementation status: 2022 distribution of earnings. Cash dividend was NT\$1.1 per share. The ex-dividend date was settled as July 24, 2023, and cash dividends were distributed by August 15, 2023.

4.11.2 Important Resolutions of Board Meetings until the annual report being published

Term	Date	Important Resolutions
7th Board Meeting of the 19 th term	2023/03/02	<ol style="list-style-type: none"> 1. Approved the 2022 employee compensation and director remuneration. 2. Approved the Company's 2022 consolidated financial statements and individual financial statements. 3. Approved the Company's 2022 distribution of earnings proposal. 4. Approved the Company's 2023 operating budget. 5. Approved the change of auditing CPA from Deloitte & Touch since 2023 1st quarter. 6. Approved the Company's 2022 "Statement on Internal Control". 7. Approved the date of the 2023 Annual General Shareholders' Meeting and relevant matters.
8th Board Meeting of the 19 th term	2023/05/10	<ol style="list-style-type: none"> 1. Approved Company's 2023 1st quarter financial report. 2. Approved the Company's 2022 business report. 3. Approved the nullification registration of FEDS Taipei Branch.
9th Board Meeting of the 19 th term	2023/08/10	<ol style="list-style-type: none"> 1. Approved the Company's 2023 2nd quarter financial report. 2. Approved the early termination of Paoching Store lease agreement. 3. Approved the amendment to the Company's "Corporate Governance Principles". 4. Approved the amendment to the Company's "Meeting Rules of Board of Directors". 5. Approved the amendment to the Company's "Audit Committee Charter".
10th Board Meeting of the 19 th term	2023/11/10	<ol style="list-style-type: none"> 1. Approved the Company's 2023 3rd quarter financial report 2. Approved the lease renewal for the Mega Tower building. 3. Approved the Company's 2024 audit plan. 4. Approved the establishment of the Regulations for "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" of the Company. 5. Approved the capital increase for the subsidiary Bai-Yang Investment Co., Ltd.
11th Board Meeting of the 19 th term	2024/03/01	<ol style="list-style-type: none"> 1. Approved the 2023 employee compensation and director remuneration 2. Approved the Company's 2023 consolidated financial statements and individual financial statements. 3. Approved the Company's 2023 distribution of earnings proposal. 4. Approved the Company's 2024 operating budget. 5. Approved the Company's 2023 Statement on Internal Control System. 6. Approved the amendment to the Company's "Meeting Rules of Board of Directors". 7. Approved the amendment to the Company's "Audit Committee Charter". 8. Approved to elect directors (including independent directors) of the company 9. Approved the date of the 2024 Annual General Shareholders' Meeting and relevant matters.
12th Board Meeting of the 19 th term	2024/05/08	<ol style="list-style-type: none"> 1. Approved the Company's 2024 1st. quarter financial report 2. Approved the Company's 2023 business report. 3. Approved the candidates for Board of Directors 4. Approved to release the non-competition restriction for directors

4.12 In recent years until the annual report being published, Dissenting Comments On Major Board of Director Resolutions from Directors and Supervisors: None

4.13 Any resignation or dismissal of the Company's Chairman of the Board, President, Accounting Director, Financial Director, internal audit manager, corporate governance manager, and research and development manager in the most recent year up to the publication date of this report: None.

5. Audit Fees

5.1 Professional Fees of CPA in Recent Year:

Unit: NT\$ thousands

Accounting Firm	CPA name		Audit Period	Audit fee	Non-audit Fees	Total
Deloitte & Touche	Chih-Ming Shao	Kuo-Ning Huang	2023/01/01-2023/12/31	7,100	345	7,445
Remarks	Non-audit Fees are mainly for services such as transfer pricing.					

5.2 If accounting firm was replaced and if the audit fees paid for the fiscal year in which such replacement took place are lower than those for the previous year, the fees before and after the change and the reason(s) should be disclosed: the Company has not changed its accounting firm.

5.3 If the audit fee is more than 10% less than that paid in the previous year, the amount and percentage of decrease and reason shall be disclosed: None.

6. Information For Change of CPA:

6.1 About the previous CPA:

Replacement Date	May 2023		
Replacement reasons and explanations	The original CPAs Shu-Chuan Yeh and Ming-Hsing Cho were replaced by accountants Chih-Ming Shao and Kuo-Ning Huang due to the internal organization adjustment of Deloitte Taiwan.		
Describe whether the Company terminated or the CPA did not accept the appointment	Party	CPA	The Company
	Situation		
	Termination of appointment	Not applicable	Not applicable
	No longer accepted (continued) appointment	Not applicable	Not applicable
Audit opinions other than unqualified opinions in the most recent two years and reason	None		
Has different opinion from the Company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
	Description		
Other disclosures Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)	None		

6.2 About the successor CPA:

Name of accounting firm	Deloitte & Touche
CPA name	Chih-Ming Shao, Kuo-Ning Huang
Date of appointment	May 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable

6.3 Reply of the predecessor auditor regarding Article 10, Subparagraph 6, Item 1 and Point 3 of Item 2 of the Guidelines: Not applicable.**7. The Company's Chairman, President and Managers Responsible for Finance or Accounting Who Have Held a Position in Company's Audit Firm or its Affiliations in the Last Year: None**

8. Shareholding Transferred or Pledged by Directors, Management, and Major Shareholders Who Holds 10% of the Company Shares or More:

8.1 Shareholding Variation

Unit: share

Title	Name	2023		From Jan. 1 to Apr. 20, 2024	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairman	Douglas Tong Hsu	0	0	0	0
Director	Ding & Ding Management Consultants Co.	0	0	0	0
	Representative : Nancy Hsu	0	0	0	0
	Far Eastern New Century Corporation	0	0	0	0
	Representatives : Nicole Hsu	0	0	0	0
	Yuli Investment Corporation	0	0	0	0
	Representative : Philby Lee	(58,483)	0	0	0
Independent Director	Edward Wei	0	0	0	0
	Eugene You-Hsin Chien	0	0	0	0
	Dong, Ding Yu	0	0	0	0
Manager	Nancy Hsu	0	0	0	0
	Chang-Li Lin	0	0	0	0
	Chris Liu	0	0	0	0
	James Tang	0	0	0	0
	Lily Y. T. Liu	0	0	0	0
	Cho-Cheng Lan	0	0	0	0
	Chih-Yao Shih	0	0	0	0
	Peter Chen	0	0	0	0
	Hwa-Ling Hsu	0	0	0	0
	Greg Tseng	0	0	0	0
	Tian-Zuo Jiang	0	0	0	0
	Rebecca Chan	0	0	0	0
	Wei- Hsing Hsu	0	0	0	0
	Sophia Yu	0	0	0	0
	Jack Chang	0	0	0	0
	Anita Wang	0	0	0	0
Major shareholder with more than 10% shareholding	Far Eastern New Century Corporation	0	0	0	0

8.2 Shareholding Transferred: None

8.3 Shareholding Pledged: None

9. Relationships Between Top 10 Shareholders:

April 20, 2024

Name	Current Shareholding		Spouse & Minor Children's Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are Spouses of within 2 degrees of consanguinity to each other		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Far Eastern New Century Corporation Representative: Douglas Tong Hsu	241,769,702	17.06	0	0	0	0	Asia Cement Corporation, Yuan Ze University, Yuan Ding Investment Co., Ltd Tranguil Enterprise Ltd Yuan Tong Investment Co., Ltd	The same Chairman The same Chairman The same Chairman The same Chairman Invested by evaluated by Far Eastern New Century Corporation and evaluated by equity method	N/A
Yuan Ding Investment Co., Ltd. Representative: Douglas Tong Hsu	139,785,985	9.87	0	0	0	0	Far Eastern New Century Corporation Asia Cement Corporation Yuan Ze University Tranguil Enterprise Ltd. Yuan Tong Investment Co., Ltd.	The same Chairman The same Chairman The same Chairman The same Chairman Invested by evaluated by Far Eastern New Century Corporation and evaluated by equity method	N/A
Asia Cement Corporation Representative: Douglas Tong Hsu	80,052,950	5.65	0	0	0	0	Far Eastern New Century Corporation Yuan Ze University Yuan Ding Investment Co., Ltd. Tranguil Enterprise Ltd Yu Yuan Investment Co., Ltd.	The same Chairman The same Chairman The same Chairman The same Chairman Invested by evaluated by Asia Cement Corporation	N/A

								and evaluated by equity method	
Yuan Tong Investment Co., Ltd Representative: Jian Cheng Wang	79,699,530	5.62	0	0	0	0	Far Eastern New Century Corporation Yuan Ding Investment Co., Ltd.	Invested by evaluated by Far Eastern New Century Corporation and evaluated by equity method	N/A
Yuan Ze University Representative: Douglas Tong Hsu	67,373,794	4.75	0	0	0	0	Far Eastern New Century Corporation Asia Cement Corporation Yuan Ding Investment Co., Tranguil Enterprise Ltd	The same Chairman	N/A
Yuanta Taiwan High Dividend Low Volatility ETF	42,518,000	3.00	0	0	0	0	N/A	N/A	N/A
Mega Bank Finance Department	34,540,000	2.44	0	0	0	0	N/A	N/A	N/A
Labor Pension Fund of Far Eastern Department Stores Co., Ltd.	29,926,799	2.11	0	0	0	0	N/A	N/A	N/A
Yu Yuan Investment Co., Ltd. Representative: Peter Hsu	29,130,476	2.06	0	0	0	0	Asia Cement Corporation	Invested by evaluated by Asia Cement Corporation and evaluated by equity method	N/A
Tranguil Enterprise Ltd Representative: Douglas Tong Hsu	28,956,421	2.04	0	0	0	0	Far Eastern New Century Corporation Asia Cement Corporation Yuan Ze University Yuan Ding Investment Co., Ltd.	The same Chairman	N/A

10. The combined shareholding ratio of the Company, Director, Supervisor, President and the Business that is controlled by the Company directly or indirectly on the Invested Company:

31 Dec, 2023 Unit: Thousand shares; %

Affiliated Company (Note 1)	Investment of the Company		Directors, Supervisors, Managements and Direct or Indirect Investment of the Affiliated company		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
Far Eastern Ai Mai Co., Ltd.	87,744	100	0	0	87,744	100
Bai Ding Investment Co., Ltd.	131,979	67	66,021	33	198,000	100
Bai Yang Investment Co.	1,654,991	100	0	0	1,654,991	100
Yu Ming Advertising agency Co., Ltd	3,500	100	0	0	3,500	100
Ya Tung Department Store Ltd.	51,000	100	0	0	51,000	100
Far Eastern Hon Li Do CO., Ltd.	1,571	56	1,259	44	2,830	100
Asians Merchandise Company	950	100	0	0	950	100
FEDS Development Ltd.	218	54	185	46	403	100
Pacific Liu Tong Investment Co., Ltd	281,734	35	485,644	61	767,378	96
Far Eastern City Super Ltd.	47,827	96	2	0	47,829	96
Oriental Securities Corporation	83,008	20	140,843	33	223,851	53
Ding Ding Integrated Marketing Services. Ltd.	3,631	10	3,631	10	7,262	20

Note 1: Long-term investment accounted for using equity method

IV. Capital Overview

1. Capital and shareholding of the Company

1.1 Issued Shares

April 20, 2024 unit: shares; NT\$

Month/Year	Par Value (NT\$/share)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
12/2015	10	1,750,000,000	17,500,000,000	1,416,940,589	14,169,405,890	Capital reduction by treasury shares	None	None

Note : 2015.12.3 MOEA Ruling Reno. 10401255720

Type of Stock	Authorized Capital			Remarks
	Outstanding issued shares	Un-issued Shares	Total Shares	
Common Shares	1,416,940,589 (Listed)	333,059,411	1,750,000,000	None

1.2 Composition of Shareholders

April 20, 2024

Shareholder Structure Amount	Government Institutions	Financial Institutions	Other Institutional Shareholders	Individual Shareholders	Foreign Institutions and Individual Shareholders	Total
Head count	11	19	187	59,919	200	60,336
Number of shares held	482	56,876,666	929,462,614	270,397,366	160,203,461	1,416,940,589
Shareholding (%)	0.00	4.01	65.60	19.08	11.31	100

1.3 Distribution Profile of Share Ownership

April 20, 2024

Shareholder Ownership	Number of Shareholders	Number of shares held	%
1 - 999	30,279	6,499,070	0.46
1,000 - 5,000	21,659	45,665,337	3.22
5,001 - 10,000	4,115	29,792,129	2.10
10,001 - 15,000	1,480	17,883,916	1.26
15,001 - 20,000	733	13,063,791	0.92
20,001 - 30,000	697	17,275,414	1.22
30,001 - 40,000	312	10,949,433	0.77
40,001 - 50,000	190	8,776,070	0.62
50,001 - 100,000	385	27,321,882	1.93
100,001 - 200,000	217	31,020,031	2.19
200,001 - 400,000	107	29,584,588	2.09
400,001 - 600,000	39	18,885,036	1.33
600,001 - 800,000	20	14,257,596	1.01
800,001 - 1,000,000	10	8,888,883	0.63
1,000,001 - 999,999,999	93	1,137,077,413	80.25
Total	60,336	1,416,940,589	100

1.4 Major Shareholders

April 20, 2024

Major Shareholders	Shares	Shares	%
Far Eastern New Century Corporation		241,769,702	17.06
Yuan Ding Investment Co., Ltd.		139,785,985	9.87
Asia Cement Corporation		80,052,950	5.65
Yuan Tong Investment Co., Ltd		79,699,530	5.62
Yuan-Ze University		67,373,794	4.75
Yuanta Taiwan High Dividend Low Volatility ETF		42,518,000	3.00
Mega Bank Finance Department		34,540,000	2.44
Labor Pension Fund of Far Eastern Department Stores Ltd.		29,926,799	2.11
Yu Yuan Investment Co., Ltd.		29,130,476	2.06
Tranguil Enterprise Ltd		28,956,421	2.04

1.5 Stock price, net worth, earnings, and dividends for the most recent two years

Item			Year	2022	2023	From 1 Jan. 2024 to 31 Mar. 2024
Market Price per Share	High			22.00	25.90	29.95
	Low			17.45	21.10	23.6
	Average			20.16	23.25	25.26
Net Value per Share	Before distribution			22.39	22.23	22.82 (Note 1)
	After distribution			21.28	(Note 2)	(Note 2)
Earnings per Share	Weighted Average Shares (thousand shares)			1,408,734	1,408,734	1,408,734
	Earnings per share	Before adjustment		1.37	1.95	0.41 (Note 1)
		After adjustment		1.37	(Note 2)	-
Dividends per Share (Note 3)	Cash dividend			1.10	1.60	-
	Stock dividend	From retained earnings		-	-	-
		From capital surplus		-	-	-
	Accumulated un-distributed dividend (NT\$ '000)			39,952	41,524	44,091
Return on Investment Analysis	Price/Earnings Ratio (Note 4)			14.72	11.92	15.4
	Price/Dividend Ratio (Note 5)			18.33	14.53	-
	Cash dividend yield (Note 6)			5.46	6.88	-

Note 1: The numbers is calculated based on 2024 Q1 financial report reviewed by CPA.

Note 2: Earnings distribution shall be resolved by Shareholders' Meeting in the subsequent year.

Note 3: Distribution of profit generated from the preceding year.

Note 4: Price/Earnings Ratio = Average closing share price of the period/Earnings per share.

Note 5: Price/Dividend Ratio = Average closing share price of the period/Cash dividend per share.

Note 6: Cash dividend yield = Cash dividend per share/average closing share price of the year.

1.6 Dividend policy and implementation status

1.6.1 The Company's dividend policy declared in the Articles of Incorporation:

If there is a surplus in the Company's annual final accounts, after paying the income tax for profitable businesses in accordance with the law, it shall first make up for the previous years' losses. Ten percent of the legal earnings reserve is set aside, and the special surplus reserve is set aside according to laws and regulations, together with the accumulated undistributed surplus of the previous year, as the surplus available for distribution, but a portion may be reserved depending on the business situation, share dividends to shareholders evenly based on all shares, but in case of capital increase, the dividends that should be distributed to the new shares in the current year shall be handled in accordance with the resolutions of the shareholders meeting.

The Company's dividends shall be distributed with the objective of maintaining stable dividends, taking into account the characteristics of the business climate change, considering the impact of the life cycle of each product or service on the future demand for funds and the tax system. The distribution of dividends shall not be less than the balance of the current year's after-tax net profit after deducting the amount of loss, the legal earnings reserve and the special surplus reserve, except for the improvement of the financial structure and the capital needs to support transfer investment, capacity expansion or other major capital expenditure 50%, the cash dividend shall not be less than 10% of the shareholder dividend for the year.

Taking the dividends paid by the Company in the last three years as an example, the dividend payout rates for 2021, 2022 and 2023 are 105%, 80% and 82%, respectively. The distribution of cash dividends is in line with the cash dividends in the Company's Articles of Incorporation and is not less than 10% of the shareholders' dividends for the year. The calculation method is as follows

Year	EPS (A)	Cash Dividend (B)	Stock Dividend (C)	Dividend Per Share (D=B+C)	Payout Ratio (D/A)	Cash Payout Ratio (B/D)
2021	0.86	0.90	0.00	0.90	105%	100%
2022	1.37	1.10	0.00	1.10	80%	100%
2023	1.95	1.60	0.00	1.60	82%	100%

1.6.2 Current year dividend distribution proposal to the shareholders' meeting: A cash dividend of NT\$1.6 per share will be distributed.

1.7 Effects on Business Performance and EPS Resulting from Stock Dividend Distribution Proposed by 2023 Annual General Shareholders' Meeting: Not applicable due to no stock dividend distribution.

1.8 Remuneration to Employees and Directors

1.8.1. Description regarding compensation for employees and Directors in the Articles of Incorporation:

The standard is set according to Articles of Incorporation of the Company: "If there is profit for the current year, the Company shall set aside 2%~3.5% of it as compensation for employees and, shall set aside not more than 2.5% of it as compensation for Directors. If there is accumulated loss on the books of the Company, portion of the profit equaling the loss shall first be set aside to cover the latter.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-third of the total number of Directors, determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation, and, in addition, thereto report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as Directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

1.8.2. The accounting treatment for the differences between actual and accrued amount of compensation for employees and Directors:

The estimated amount of compensation for employees and directors is based on the employee's remuneration and director's remuneration from 2% to 3.5% and not more than 2.5%, respectively, prior to the pre-tax benefit of the deduction of staff and directors' compensation. The 2023 annual estimates are based on 3.2% and 2.4% of the pre-tax benefits mentioned above. These amounts were allotted in cash on March 1, 2024. If the amount of the annual financial report is significantly changed by the resolution of the Board of Directors before the date of issuance, the change will be adjusted to the original annual cost. If the amount of the annual financial report still changes after the date of publication, it will be adjusted according to the accounting estimate and adjusted in the next year.

1.8.3. Proposed employees' compensation and Directors' remuneration:

The 2023 employees' compensation and Directors' remuneration was resolved on 1 March 2024 by 11th Board Meeting of the 19th term. The amounts and forms are listed below:

(1) The amount of employees' compensation and Directors' remuneration in cash or in shares:

The Board of Directors of the Company resolved to distribute employees' compensation of NT\$106.185 million in 2023 and directors' compensation is NT\$79.639 million. These amounts are not different from the amount recognized in the 2023 accounts.

(2) Proposed employee compensation by shares as percentages of net income and total employee compensation: None

1.8.4. Remuneration to employees and Directors of Year 2022. The discrepancy, if there is any, between the total amount being actually paid as employees' compensation, remuneration for Directors for 2022 (including number of shares, dollar amount, and share price) and the amount of such compensation and remuneration being recognized should be stated, and the reason for such discrepancy:

(1) The Board of Directors resolved to allot employees for NT\$75.934million and actually issued NT\$75.941 million for 2022.

(2) The Board of Directors resolved to allot 2022 directors' compensation for NT\$56.951 million and actually issued NT\$45.5 million for 2022.

The number of differences will be released in the following years or supplemented with the remaining years of the previous year.

1.9 Shares buyback by the Company: The Company did not buy back share during year 2023 until the annual report being published.

2. Corporate Bonds:

- (1) **Corporate Bond Issued and Outstanding:** None
- (2) **Convertible Bond:** None
- (3) **Exchangeable Bond:** None
- (4) **Shelf Registrations for Issuing Corporate Bonds:** None
- (5) **Bond with Warrants:** None

3. Preferred Shares: None

4. Issuance of Overseas Depository Receipts: None

5. Employee Stock Options: None

6. Employee Restricted Stock Options: None

7. Share Issued for Merger or Acquisition: None

8. Fund Utilization Plans and Status

8.1 Plan: Uncompleted bond issues, private placement of securities, completed bond issues or private placement of securities in recent 3 years whose return of investment has not emerged: None

8.2 Implementation Status: None

V. Business Overview

1. Business activities

1.1 Business Scope

1. The Company's main business activity is as follows:
The Company and its subsidiaries are single industries that operate retail department stores and supermarkets.
2. Main business content and proportion: Refer to page 90 for sales volume and value during the most recent two years.
3. New product development plan: None.

1.2 Industry Overview

1. The industry's current status and developments

Based on data from the Directorate-General of Budget, Accounting, and Statistics, private consumption growth in 2023 skyrocketed to 8.41%, representing the most significant surge in almost three decades. There has been a robust rebound in domestic consumption, and consumer spending is vigorous, culminating in a record-breaking revenue for department stores. The annual growth rate for the business performance of department stores surged to 13.8%, significantly outpacing convenience stores (8.0%), supermarkets (1.4%), and variety stores (-2.2%). The total revenue generated amounted to NT\$449.2 billion. In the face of rapid changes in the market environment, the department store industry should actively build a more resilient business model to respond to the new normal retail market after the epidemic.

According to a study conducted by the Department of Statistics under the Ministry of Economic Affairs, there has been a notable shift in consumer behavior in the aftermath of the pandemic. The internet has become a prominent platform for routine shopping. The department store continues to face operational difficulties, primarily due to the competitive pressure from local e-commerce in the market. To align with evolving consumer preferences, it is imperative for department store operators to accelerate the merger of brick-and-mortar retail with e-commerce. This can be accomplished by implementing a multi-channel sales strategy, which will aid in creating a sales network that resonates with consumer trends and propels business expansion.

Department store operators are continually leveraging technology to cater to the varied requirements of their customers and provide a more extensive range of digital services. In addition to the launch of our online shopping platform, we have consistently been upgrading our application to cater to the convenience-oriented shopping preferences of our customers. Our application provides a variety of versatile services, integrating features such as convenient parking, discount notifications, electronic gift cards, and point rewards, all tied together with a mobile payment system. Numerous department stores are proactively fostering customer loyalty via specialized mobile applications. Leveraging big data analytics, they can acquire a deeper understanding of customer purchasing habits. This enables them to execute precise marketing tactics and improve the comprehensive shopping experience.

Digital technology is flourishing, and consumer purchasing habits are evolving. Operators of department stores are leveraging technological advancements to provide more efficient services, meeting the increasing consumer demand for convenience. At the same time, they are integrating engaging and enriching experiential activities into the shopping journey to retain customers and set themselves apart from the online retail sector. Moving forward, department stores will be able to craft a more seamless omnichannel shopping experience by utilizing big data analytics. This will entail

"offline merge online" experiences, thus amplifying the benefits and competitive edge of brick-and-mortar retail.

2. Relationship between the industry's up-, mid-, and down-stream

According to the definition of the industry classification, department stores belong to retail sale in non-specialized stores, which refers to the business model of engaging in a wide range of products and retailing by department. Therefore, the relevance of the upper, middle and lower reaches of the department store industry is mainly composed of the manufacturers (or counters) that provide products in the upstream, the department stores that provide sales places in the midstream, and the customers who come to buy the products from the downstream. Various factors, including the location of department stores, the characteristics of business district, the consumer crowd, and convenience in public transportation, are closely related to the performance of department stores.

3. Product development trends and competition

Over the next five years, a significant number of department stores in Taiwan are proactively gearing up to inaugurate new outlets, with the aim of broadening their retail footprint. These businesses possess strong brand assets and distribution benefits, factors that are anticipated to heighten the competitive landscape within the department store industry. In 2023, the three major chain department stores, Far Eastern Department Stores, Far Eastern Sogo, and Shin Kong Mitsukoshi, collectively achieved a performance of over NT\$205 billion (figures to be provided by the accounting department), capturing a market share of over 46%. This highlights the prevailing trend in the department store market, where larger players continue to dominate. In an era where distribution channels are of utmost importance, chain groups with ample resources enjoy significant advantages in attracting investments and managing operations. The shift towards large-scale and chain operations in department store management is expected to persist and is not easily reversible.

1.3 Overview of technology and R&D

FEDS offers comprehensive education and training programs for its employees to meet the diverse needs of various business areas, thereby ensuring continuous professional growth. The training program is structured for new hires, professionals, and employees at different management levels. It is divided into three types of courses: fundamental company training, specialized core training, and personal development training. In 2023, the program offered a total of 30,262 hours of training, with an annual investment exceeding 1.27 million. The Company, through a variety of comprehensive training programs, seeks to augment the skills and knowledge of its employees. It also aims to embody its core values and ensure consistent growth in conjunction with FEDS.

As a leading domestic listed department store company, FEDS has become the first Asian department store to become a member of IGDS (Intercontinental Group of Department Stores), and the only department store company representing Taiwan in the group. In Taiwan, it also joined 52 department store business associations and other related public associations, including the Republic of China Department Store Retailers Association, the Republic of China Chamber of Commerce and Industry Association, and Taiwan Enterprise Sustainability Research and Training Center, aiming to promote the booming development of the domestic department store retail industry and enhance its own management capabilities, and contribute to the prosperity of the industrial economy, and lay the key cornerstone of a sustainable enterprise.

1.4 Long-term and short-term business development plans

1. Short term:

- (1) To enhance growth momentum, each branch company will continue to adjust the brand lineup

and industry segments in response to market trends and the local characteristics of the business district to enhance the merchandise power of the mall.

- (2) To organize special events, organize international exhibitions and various activities in accordance with festivals, seasons and popular topics, increase interaction with customers, and strengthen malls' ability to gather customers and operate.
 - (3) To optimize app and other digital tools to provide customers with innovative services and experiences, conducting more detailed segmented marketing through customer relationship management (CRM) data analysis, and provide smarter personal services.
 - (4) Embracing digital technology, strengthening social media marketing, developing online shopping, constructing all-customer channels, optimizing customer shopping experience, and moving towards innovative and smart new retail.
 - (5) Cross-industry and different industry integration, co-operating with industry players to launch a series of merchandise or exhibition activities to create topical department stores and increase shopping retention rate.
2. Long term:
- (1) Deeply cultivating local operations, continue to build a new type of digital shopping mall, and expand the scale of operation and grow niche.
 - (2) Tap into global market strengthly, optimize the types of existing stores, and develop new operating bases.
 - (3) Create a smart shopping mall with technology and environmental protection, create customer-specific happiness and fashion, become a sustainable retail leading brand, and fulfill corporate social responsibilities.

2. Market, production and sales

2.1 Market analysis

1. The main regions where our products (services) are sold (provided):
Taiwan and China.
2. Domestic market share of main products (KPI value):
The Company's market share in Taiwan (including Far Eastern SOGO Department Store and Ya Tung Department Store) is 25%.
3. Supply and demand and growth potential of the market:
In the next three years, the department store market will continue to have new shopping malls opening, which will become a driving force to boost market revenue, but it is also expected to bring more fierce market competition.
4. Main competitor:
Shinkong Mitsukoshi Department Store.
5. Competitive niche and favorable and unfavorable factors for long-term growth and response strategies:
 - (1) Competitive niche
 - ① Long-term accumulation of professional industry knowledge and experience.
 - ② Decent, pragmatic, forward-looking and innovative business philosophy and strategy.
 - ③ Excellent management team, loyal customer base.
 - ④ Good corporate reputation, all suppliers fully support and cooperate
 - (2) Favorable conditions for future development
 - ① Continue to launch new stores, expand the market scale, and increase revenue and profits.
 - ② With abundant resources, the Group will develop smart retail in conjunction with related companies and move towards omni-channel operations.
 - (3) Unfavorable conditions for future development
 - ① E-commerce, chain convenience stores, and super market sales grew strongly.
 - ② Competitors in the same industry in department stores are aggressively selling drugs for promotion, which significantly increases operating costs.
 - ③ Large shopping malls and outlet malls have opened successively to increase market competition.
 - (4) Countermeasures
 - ① According to the conditions of each store's business circle, adjust the product structure, screen the target audience, and carry out differentiated marketing.
 - ② Strengthen experience marketing and create a more interactive and experience shopping service.
 - ③ Develop online shopping and jointly innovate mobile marketing with FERG to provide a more convenient consumer experience.
 - ④ Create management efficiency, promote innovative program to increase revenue and reduce expenditure, and save costs.

2.2 Important applications and manufacturing processes of major products: Not applicable because the Company is in the department store industry.

2.3 State of supply of major raw materials: Not applicable because the Company is in the department store industry.

2.4 The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease. However, because of the contractual agreement, the name of the customer or the transaction partner, if it is an individual and not a related party, can be codenamed.

1. Procurements: None.
2. Sales: None.

2.5 Production volumes and values for the most recent two years: Not applicable because the Company is in the department store industry.

2.6 Sales volume and value during the most recent two years

Unit: NT\$ Thousand

Item \ Year	2022		2023	
	Amount	Weight (%)	Amount	Weight (%)
Sales revenue	20,830,135	58	20,409,393	56
Commission revenue	11,971,682	34	13,189,647	36
Advertising revenue	793,800	2	781,515	2
Rent revenue	1,479,847	4	1,536,648	4
Others	788,446	2	807,900	2
Total	35,863,910	100	36,725,103	100

Note: Department of Consolidated Statement Data

3. Employee Information in Recent 2 Years up to the Annual Report being Published

Year		2022		2023		As of March 31, 2024	
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report
Number of employees	Management	437	1,375	443	1,393	433	1,349
	Other personnel	937	3,636	839	3,430	825	3,299
	Total	1,374	5,011	1,282	4,823	1,258	4,648
Average age		39.4	41.1	39.6	41.6	39.8	41.3
Average years of service		13.1	12.3	13.2	12.4	13.5	12.3
Education distribution	Ph.D.	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
	Masters	4.8%	3.6%	5.2%	3.9%	5.3%	3.9%
	College	79.6%	67.7%	80.9%	68.4%	79.7%	68.6%
	High School	15.2%	26.1%	13.7%	25.1%	14.7%	25.7%
	High School and below	0.4%	2.5%	0.2%	2.6%	0.3%	1.8%

4. Environmental protection expenditure information

Store	Dates	Disposition reference numbers	Violated article	Violations	The content of the dispositions	Improvement measures
Taichung Store	Mar. 27, 2023	30-112-030022	Paragraph 1 of Article 7 of the Water Pollution Control Act	The effluent wasn't in compliance with emission standards	The fine is NT\$226,800.	The pipeline problems of the aerator pump lead to poor water quality. We immediately sent out the contract to repair the faulty pipe and plan to install the sewerage pipelines.
Mega City	May 16, 2023	41-112-050635	Paragraph 2 of Article 27 of the Waste Management Act	The blockage in the sewage discharge pipelines has resulted in sewage overflow and pollution to the ground.	The fine is NT\$4,800.	Strengthen patrolling and inspection, and implement regular maintenance procedures
Taichung Store	Mar. 21, 2024	30-113-030019	Paragraph 1 of Article 7 of the Water Pollution Control Act	The effluent wasn't in compliance with emission standards	The fine is NT\$462,000.	Accelerate the progress of installing sewerage pipelines
Taichung Store	Mar. 21, 2024	30-113-030020	Article 18 of the Water Pollution Control Act, and Article 6 of the Water Pollution Control Measures and Test Reporting Management Regulations	Sewerage monitoring device showing abnormalities	The fine is NT\$12,500.	Strengthen patrolling and inspection, and implement regular maintenance procedures

5. Labor relations

5.1 Current employee welfare measures and systems:

1. Employee benefits measures

(1) The Company:

- ① Establish an employee welfare committee to allocate welfare funds to handle various employee welfare measures. In addition to bonuses, year-end, and three festival bonuses, there are also birthdays, marriages, childbirth, hospitalization, funerals, children's school allowances, and employee travel subsidies, etc. A number of welfare measures.
- ② Staff shopping discounts at the Company and related companies' consumption discounts.
- ③ Employee group insurance guarantees the safety of employees' lives.

(2) Affiliated enterprises:

Following the Group's spirit of labor-management harmony, various employee welfare measures have also been planned to provide employees with a safe and secure working environment.

2. Staff training and training:

(1) The Company:

- ① In order to meet the work needs of various positions and levels, the Company also plans to handle relevant professional training in operation management, marketing services, and product information to meet the needs of colleagues at work. In 2023, a total of 53,568 person-times and a total of 42,328 hours were handled.
- ② Each year, according to the needs of colleagues' business and work, and in line with their personal development potential, suitable colleagues are selected to participate in various training courses conducted by the Far East Group's Human Development Center. In 2023, there will be a total of 280 person-times and 1,976 training hours.
- ③ In order to enhance the professional ability of colleagues and absorb the latest information to increase work efficiency, we recommend that colleagues participate in various professional courses conducted by professional institutions from time to time. In 2023, there will be a total of 226 person-times and 1,698 hours of training.
- ④ The average training hours per person in 2023 is 23.6 hours, and the training expenses are about NT\$ 1,271 thousand.

(2) Affiliated enterprises:

According to the management needs of each company, complete and diversified education and training courses are planned to cultivate various professional and career development capabilities of employees.

3. Retirement plan:

(1) The Company:

The Company has established employee retirement policies and established a labor retirement reserve supervision committee in accordance with the provisions of the Labor Standards Law. The old retirement reserve is allocated at 2% of the salary every month and deposited in the special account of the Taiwan Bank for the management of the labor retirement reserve. After the implementation of the New Labor Retirement Regulations, for employees who choose the new system, the Company also contributes 6% of their wages to the special account of the Labor Insurance Bureau on a monthly basis, and appoints a consulting company to conduct the actuarial calculation of the old retirement reserve every year. Ensure the pension rights of all employees.

(2) Affiliated enterprises:

In accordance with the Labor Standards Law, Labor Pension Regulations and local laws and regulations, or better than the laws and regulations, the relevant matters concerning the allocation and payment of employee pensions are handled.

5.2 The Company's various administrative measures strive to be fair and reasonable. If colleagues have different opinions, they can reach communication and coordination through complaint channels such as suggestion boxes and e-mails. Both employers and employees can coexist in harmony and communicate rationally to establish mutual benefits. Virtuous circle.

5.3 Losses due to labor-management disputes during in the most recent year and up to the Annual Report publication date: None.

6. Information security management

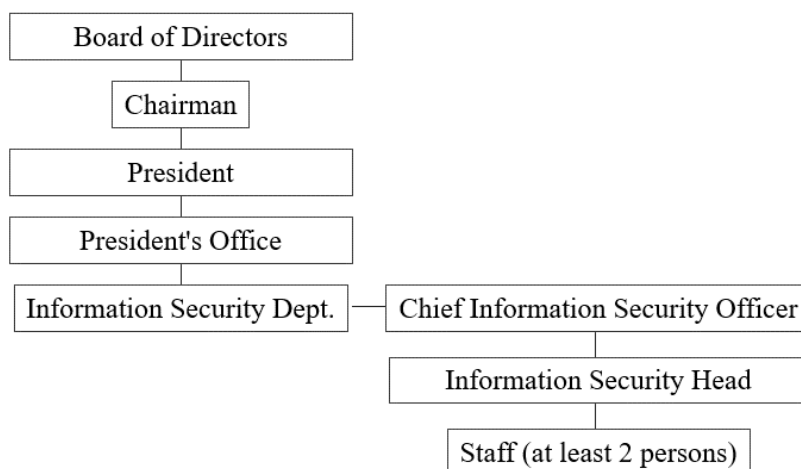
- (I) Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management, etc.

1. Information security risk management framework:

- (1) In 2023, the Company established the "Information Security Department" to be responsible for promoting, coordinating, monitoring and reviewing information security management

matters. The relevant information security policies and implementation targets are approved by the Vice President or higher executives, and the information security management performance, information security-related issues or future implementation plans will be reported to the President, Directors, Board of Directors or Audit Committee on a regular basis. In order to meet the information security needs changing with the times, the Information Security Department, together with the Information Center, holds inter-departmental meetings on a regular basis to properly review and adjust information security and information protection policies and guidelines from the perspective of technology, procedures, operations, legal compliance and risk control, in order to effectively implement the information security management measures.

(2) Information security organization structure of the Company:



2. Information security policy

(1) Purpose of the Company's information security policy:

Through the information security management system, the Company will analyze and manage the threats to the information environment according to the industrial characteristics of close and real-time interaction between the department stores and customers, as well as from the perspective of system, technology, operation and legal compliance, and establish appropriate information security management regulations to improve the accuracy (including integrity) and availability (ensure that authorized personnel can use the information they need immediately and without interruption) and confidentiality (ensure that only authorized personnel have access to that information) in the process of information generation and circulation, so as to maintain all of the Company's intangible and tangible assets, fulfill the Company's commitment to attaching importance to customer trust and privacy, and practice the Company's philosophy and spirit of "sustainable management".

(2) Information security management objectives and contents:

- A. The information security policies and operation and management processes shall be in compliance with national laws and regulations.
- B. Establish an information security organization to be responsible for establishing and promoting the Company's information security system.
- C. All employees of the Company shall be responsible for maintaining information security and shall comply with the relevant information security management regulations.

- D. Carry out information security education and training, and publicize information security policy and related implementation regulations.
- E. Regulate the permissions for using network systems and prevent unauthorized access.
- F. Establish a management mechanism for the use of hosts and networks to achieve coordinated allocation and effective use of resources.
- G. Establish security protection measures for information rooms and the environment, and carry out regular maintenance.
- H. Before new equipment is built, risk and security factors are considered to prevent the occurrence of situations that endanger system security

(3) Revision and announcement:

This policy shall be announced periodically and evaluated annually, or reevaluated when significant changes occur, in order to comply with relevant laws and regulations and the latest developments of technology, organization and operation.

3. Specific management plans

Scope	Item
Control measures, systems and specifications	<ul style="list-style-type: none"> * User account and permission inspection and management * Mandatory regular change of core information system password * Encrypted communication verification for telecommuting core information system * Specifications for employees using IT equipment and information software * PC management methods and management details * Network management regulations * Machine room management regulations * Procedures for scrapping and disposal of information equipment and storage devices
Information security technology enhancement	<ul style="list-style-type: none"> * Anti-virus software upgrade * Network firewall and network control * Email filtering mechanism * Intrusion detection and defense mechanism * Prevention measures for continuous threats and attacks * Information security threat detection and management mechanism * Data redundancy storage and control * Implementation of a Secure Encryption Mechanism
Information security awareness and professional ability enhancement	<ul style="list-style-type: none"> * Education, training and advocacy * Join the information security information sharing organization to obtain information security early warning information, information security threat and vulnerability information.
Implement the information security management audit mechanism and make continuous improvement.	<ul style="list-style-type: none"> * Document the implementation of regulations for managing reviews and related activities aimed at protecting information security, including education and training, vulnerability assessments, and incident simulations, among others. Present the audit results, pinpoint any gaps, suggest methods for enhancement, and provide a report on the measurement of effectiveness.

4. The resource of devoting in Information security policy

- (1) Since the establishment of the Information Security Department, the Company will hold at least two meetings per week to closely discuss the establishment and implementation of the

Company's information security system with the MIS Center, the Legal Department, the Digital Transformation Office, and other departments highly correlated to information security.

- (2) In 2023, the executives and personnel responsible for information security completed over 200 hours of professional courses. All general staff and management-level supervisors have completed information security awareness training.
- (3) We have joined the TWCERT/CC information security notification organization to keep abreast of the latest information on information security and evaluate the appropriate control measures and the need to buy information security insurance for various high-risk issues.
- (4) We upgrade our information security control technologies such as firewall, anti-virus software, monitoring software, analysis software, and backup equipment to respond to the global and up-to-date information security attack techniques.

(II) For the most recent year up to the publication date of this annual report, the loss, possible impact and response measures of major information security incidents, if not reasonably estimated; however, there are no reasons they could not be reasonably estimated: None.

7. Important contracts

Nature of contract	Company	Party	Start and end date of the contract	Main items covered	Restriction clauses
Commercial Real Estate Lease Contract	Far Eastern Ai Mai Co., Ltd.	Hsinchu Chemical Company	11/2001 to present	Land leasing and construction of wholesale stores	None
	Far Eastern Department Stores Co., Ltd.	Ministry of Education	4/2006 to 4/2027	Lease of state-owned school property land located at Nos. 89 and 91 in Huiguo Section, Xitun District, Taichung City	None
	Pacific SOGO Department Store. Co., Ltd.	Taipei City Government MRT Engineering Bureau Taipei City Government Finance Bureau Hong Tong Commercial Development Company	1/2007 to present	Public real estate lease of joint development building at Zhongxiao Fuxing Station (BR4) of MRT Muzha Line	None
	Far Eastern Department Stores Co., Ltd.	Far Eastern Ai Mai Co., Ltd.	10/2009~10/2029	B1 & 3F, No. 581, Heping Road, Hualien City storage area lease	None
	Far Eastern Department Stores Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	10/2016~10/2036	B5 - 18F, No. 21, Sanduo 4th Road, Kaohsiung City real estate lease	None
	Far Eastern Department Stores Co., Ltd.	Taoyuan City Farmers' Association	5/2018 to 5/2033	Commercial building lease in front of Taoyuan City Farmers' Association Station	None
	Far Eastern Ai Mai Co., Ltd.	Far Eastern Construction Co., Ltd	3/2020 to present	Land leasing and construction of wholesale stores	None
	Pacific SOGO Department Store. Co., Ltd.	Farglory Dome Co., Ltd	6/2022 to 12/2045	Commercial Facility Lease for the Taipei Dome BOT Project	None

Nature of contract	Company	Party	Start and end date of the contract	Main items covered	Restriction clauses
Set up a superficies contract	FEDS Asia Pacific Development Co., Ltd.	Asia Cement Corporation	1/1998 to present	Land leasing construction and operation of Kaohsiung Asia Corporate Finance Center Building (Far Eastern Department Store Asia Pacific Shopping Center)	None
	Far Eastern Department Stores Co., Ltd.	Taipei City Government	10/2003 to present	Obtaining superficies by the Taipei City Government, Taipei City Xinyi Project District No. A13	None
	Chubei New Century Shopping Mall Co., Ltd.	Hsinchu County Government	7/2015 to present	Entrusting private participation in the construction and operation of Tanba Parking Lot in Zhubei City, Hsinchu County	None
Joint venture contract	Far Eastern Department Stores Co., Ltd.	Malaysia City Super Limited	7/2004 to present	To develop the integrity of the retail system in food and everyday products	None
Building in charge contract	Far Eastern Department Stores Co., Ltd.	Far Eastern Construction Co., Ltd	6/2011~12/2026	Utilization and management of B4 to13F of lots 8, 9, 10, 14, 14-1 and B1 to 3F of lot 8 at Subsection 2, Xinban Section, Banqiao District, New Taipei City.	None
Long-term borrowings Long-term borrowings Long-term borrowings	Far Eastern Department Stores Co., Ltd.	Mega Bank	9/2022~9/2025	borrowings	None
		Bank of Taiwan	11/2022~11/2025		
		Hua Nan Bank	8/2023~8/2025		
		CTBC Bank	11/2023~10/2025		
		Bank of China	7/2023~7/2025		
		Mizuho Bank	8/2023~8/2025		
	Pacific Sogo Department Store	Mizuho Bank	9/2023~9/2025	borrowings	None
		Bank of China	7/2023~7/2025		
		Bank SinoPac	5/2023~5/2025		
		Sumitomo Mitsui Banking Corporation	9/2023~9/2025		
		Mega Bank	8/2023~8/2025		
		Yuanta Bank	12/2023~12/2025		
		KGI Bank	9/2023~9/2025		
		Hua Nan Bank	6/2023~6/2025		
		Taiwan Cooperative Bank	12/2023~12/2025		
		BNP Paribas	10/2023~10/2025		
		SK Bank	10/2023~10/2025		
	Far Eastern Ai Mai Co., Ltd.	Far Eastern International Bank	4/2022~4/2025	borrowings	None
		SK Bank	5/2023~5/2025		
		KGI Bank	7/2023~7/2025		
	Far Eastern CitySuper Co., Ltd.	CTBC Bank	11/2023~11/2025	borrowings	None

VI. Financial Information

1. Financial Summary for The Last Five Years and Independent Auditors' Report

1.1 Condensed Balance Sheets & Statements of Comprehensive Income

1.1.1. Condensed Consolidated Balance Sheets

Unit: NT\$ thousands

Item	Year	Five-Year Financial Summary					2024/3/31
		2019	2020	2021	2022	2023	
Current Assets		20,746,075	21,116,116	26,435,715	25,309,057	27,245,238	23,694,449
Property, plant and equipment		34,323,257	33,945,566	33,782,868	33,279,076	32,462,952	32,311,663
Intangible assets		2,477,815	2,581,127	2,428,534	2,413,602	2,394,245	2,385,106
Other assets		72,963,958	70,780,960	68,080,194	65,899,819	71,728,603	83,793,658
Total assets		130,511,105	128,423,769	130,727,311	126,901,554	133,831,038	142,184,876
Current liabilities	Before distribution	47,667,701	45,683,684	47,972,617	52,528,674	50,419,328	45,463,245
	After distribution	48,801,253	47,242,319	49,247,864	54,087,309	-	-
Non-current liabilities		43,939,597	42,951,797	42,919,536	33,825,616	45,937,902	58,313,552
Total liabilities	Before distribution	91,607,298	88,635,481	90,892,153	86,354,290	96,357,230	103,776,797
	After distribution	92,740,850	90,194,116	92,167,400	87,912,925	-	-
Equity attributed to owners of parent		30,790,406	31,193,920	31,048,630	31,539,543	31,322,486	32,141,816
Common stock		14,169,406	14,169,406	14,169,406	14,169,406	14,169,406	14,169,406
Capital surplus		3,327,466	3,338,791	3,340,982	3,341,024	3,343,595	3,343,595
Retained earnings	Before distribution	8,095,475	8,828,962	8,447,321	9,185,557	8,664,462	9,244,969
	After distribution	6,961,923	7,270,327	7,172,074	7,626,922	-	-
Other equity		5,295,169	4,953,871	5,188,031	4,940,666	5,242,133	5,480,956
Treasury stocks		(97,110)	(97,110)	(97,110)	(97,110)	(97,110)	(97,110)
Non-controlling interests		8,113,401	8,594,368	8,786,528	9,007,721	6,151,322	6,266,263
Total equity	Before distribution	38,903,807	39,788,288	39,835,158	40,547,264	37,473,808	38,408,079
	After distribution	37,770,255	38,229,653	38,559,911	38,988,629	-	-

1.1.2 Condensed Consolidated Statements of Comprehensive Income

Unit: NT\$ thousands, except earnings per share

Item	Year	Five-Year Financial Summary					2024/1/1 ~ 2024/3/31
		2019	2020	2021	2022	2023	
Operating Revenues		37,896,062	37,287,949	35,308,464	35,863,910	36,725,103	8,821,079
Gross Profit		19,642,613	18,707,278	17,410,066	19,319,485	20,545,085	4,944,076
Operating Profit		4,538,651	4,084,964	3,632,646	4,446,366	5,500,612	1,217,295
Total Non-Operating Income And Expenses		(1,435,713)	(1,084,193)	(1,196,251)	(937,806)	(327,046)	(286,149)
Profit Before Income Tax		3,102,938	3,000,771	2,436,395	3,508,560	5,173,566	931,146
Net Profit For The Year		2,152,269	2,544,897	1,905,316	2,705,166	3,962,531	712,672
Other Comprehensive (Loss) Income For The Year, Net Of Income Tax		1,237,650	(429,988)	208,259	(156,297)	306,417	221,599
Total Comprehensive Income For The Year		3,389,919	2,114,909	2,113,575	2,548,869	4,268,948	934,271
Owners Of The Company		1,781,843	1,939,139	1,208,100	1,930,174	2,752,303	578,947
Non-Controlling Interests		370,426	605,758	697,216	774,992	1,210,228	133,725
Owners Of The Company		3,044,048	1,525,741	1,411,154	1,766,118	3,055,547	819,330
Non-Controlling Interests		345,871	589,168	702,421	782,751	1,213,401	114,941
EPS (NT\$/Share)		1.26	1.38	0.86	1.37	1.95	0.41

1.1.3. Condensed Balance Sheets (Stand-alone)

Unit: NT\$ thousands

Year		2019	2020	2021	2022	2023
Item						
Current assets		2,061,664	2,077,748	2,571,184	2,202,971	3,452,980
Property, plant and equipment		18,724,837	18,176,915	17,627,670	17,083,127	16,700,292
Intangible assets		55,892	69,628	59,660	60,986	49,891
Other assets		58,596,823	57,701,949	57,751,316	58,281,656	60,170,365
Total assets		79,439,216	78,026,240	78,009,830	77,628,740	80,373,528
Current liabilities	Before distribution	20,207,931	17,726,400	17,649,586	22,152,830	21,123,283
	After distribution	21,341,483	19,285,035	18,924,833	23,711,465	—
Non-current liabilities		28,440,879	29,105,920	29,311,614	23,936,367	27,927,759
Total liabilities	Before distribution	48,648,810	46,832,320	46,961,200	46,089,197	49,051,042
	After distribution	49,782,362	48,390,955	48,236,447	47,647,832	—
Common stock		14,169,406	14,169,406	14,169,406	14,169,406	14,169,406
Capital surplus		3,327,466	3,338,791	3,340,982	3,341,024	3,343,595
Retained earnings	Before distribution	8,095,475	8,828,962	8,447,321	9,185,557	8,664,462
	After distribution	6,961,923	7,270,327	7,172,074	7,626,922	—
Other equity		5,295,169	4,953,871	5,188,031	4,940,666	5,242,133
Treasury stocks		(97,110)	(97,110)	(97,110)	(97,110)	(97,110)
Total equity	Before distribution	30,790,406	31,193,920	31,048,630	31,539,543	31,322,486
	After distribution	29,656,854	29,635,285	29,773,383	29,980,908	—

1.1.4. Condensed Statements of Comprehensive Income (Stand-alone)

Unit: NT\$ thousands, except earnings per share

Year		2019	2020	2021	2022	2023
Item						
Operating revenues		10,614,744	11,037,055	10,013,982	11,287,323	11,628,628
Gross profit		6,445,982	6,631,224	6,095,355	7,622,289	8,048,685
Operating Profit		2,125,167	1,986,745	1,744,186	2,428,857	2,780,958
Total non-operating income and expenses		69,386	243,534	(357,599)	(188,796)	351,498
Profit before income tax		2,194,553	2,230,279	1,386,587	2,240,061	3,132,456
Net profit for the year		1,781,843	1,939,139	1,208,100	1,930,174	2,752,303
Other comprehensive (loss) income for the year, net of income tax		1,262,205	(413,398)	203,054	(164,056)	303,244
Total comprehensive income for the year		3,044,048	1,525,741	1,411,154	1,766,118	3,055,547
EPS (NT\$/share)		1.26	1.38	0.86	1.37	1.95

1.2 Auditors and opinions in the most recent five years

Year		2019	2020	2021	2022	2023
Auditor						
Deloitte & Touche		Shu-Chuan Yeh Ming-Hsing Cho	Shu-Chuan Yeh Ming-Hsing Cho	Shu-Chuan Yeh Ming-Hsing Cho	Shu-Chuan Yeh Ming-Hsing Cho	Chih-Ming Shao Kuo-Ning Huang
Opinions		Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion

2. Financial analysis of the most recent 5 years

2.1 Financial Ratio Analysis (Consolidated)

Year (Note 1) Item (Note 2)		Five-Year Financial Summary					2024/3/31
		2019	2020	2021	2022	2023	
Financial structure	Ratio of liabilities to assets (%)	70.19	69.01	69.52	68.04	71.99	72.98
	Ratio of long-term capital to property, plant and equipment (%)	241.36	243.74	244.96	223.48	256.94	299.33
Liquidity analysis	Current ratio (%)	43.52	46.22	55.10	48.18	54.03	52.11
	Quick ratio (%)	36.62	40.33	49.33	43.04	49.19	46.23
	Interest coverage ratio (times)	4.71	4.52	4.05	5.03	6.37	3.45
Operating ability	Receivables turnover(times)	28.62	45.63	34.01	26.92	27.66	24.40
	Average collection period (days)	12.75	7.99	10.73	13.55	13.19	14.95
	Inventory turnover (times)	6.49	7.06	7.28	6.71	7.06	6.97
	Payables turnover (times)	1.08	1.17	1.06	0.94	0.89	0.94
	Average sales days (days)	56.24	51.69	50.13	54.39	51.69	52.36
	Property, plant and equipment turnover (times)	1.11	1.09	1.04	1.06	1.11	1.08
	Total assets turnover (times)	0.28	0.28	0.27	0.27	0.28	0.25
Profitability analysis	Return on total assets (%)	2.14	2.49	1.96	2.64	3.62	2.94
	Return on equity	5.67	6.46	4.78	6.73	10.15	7.51
	Pre-tax income to paid-in capital (%) (Note 6)	21.89	21.17	17.19	24.76	36.51	26.28
	Ratio of net income to sales (%)	5.67	6.82	5.39	7.54	10.78	8.07
	EPS (NT\$/share)	1.26	1.38	0.86	1.37	1.95	0.41
Cash flow	Cash flow ratio (%)	16.54	23.39	21.61	20.33	21.26	-
	Cash flow adequacy ratio (%)	166.06	210.85	224.56	240.99	272.55	269.89
	Cash reinvestment ratio (%)	7.82	11.40	10.05	11.90	10.03	-
Leverage	Operating leverage	2.23	2.44	2.47	2.26	1.94	2.23
	Financial leverage	1.22	1.26	1.28	1.24	1.21	1.45

Please describe the reasons for changes in financial ratios in recent two years. (Not necessary if the change does not reach 20%)

1. Increase in interest coverage ratio: Attributable to higher net income before income tax and interest expenses.
2. Increases in return on assets, return on equity, net income before income tax to paid-in capital, net income ratio, and earnings per share: Increase in after-tax income.
3. Decrease in cash reinvestment ratio: Attributable to increase in long-term investments.

2.2 Financial Ratio Analysis (Stand-alone)

Year		2019	2020	2021	2022	2023
Item (Note 2)						
Financial structure	Ratio of liabilities to assets (%)	61.24	60.02	60.19	59.37	61.02
	Ratio of long-term capital to property, plant and equipment (%)	316.32	331.73	342.41	324.74	354.78
Liquidity analysis	Current ratio (%)	10.20	11.72	14.56	9.94	16.34
	Quick ratio (%)	6.27	7.98	10.87	7.12	13.26
	Interest coverage ratio (times)	6.80	5.78	4.16	5.73	6.72
Operating ability	Receivables turnover(times)	17.60	29.53	20.64	17.90	19.40
	Average collection period (days)	20.73	12.36	17.68	20.39	18.81
	Inventory turnover (times)	8.89	9.66	9.73	9.10	9.19
	Payables turnover (times)	0.91	1.11	0.90	0.76	0.62
	Average sales days (days)	41.05	37.78	37.51	40.10	39.71
	Property, plant and equipment turnover (times)	0.58	0.59	0.55	0.65	0.68
	Total assets turnover (times)	0.13	0.14	0.12	0.14	0.14
Profitability analysis	Return on total assets (%)	2.70	2.93	1.99	2.96	4.03
	Return on equity	5.96	6.25	3.88	6.16	8.75
	Pre-tax income to paid-in capital (%) (Note 6)	15.48	15.74	9.78	15.80	22.10
	Ratio of net income to sales (%)	16.78	17.56	12.06	17.10	23.66
	EPS (NT\$/share)	1.26	1.38	0.86	1.37	1.95
Cash flow	Cash flow ratio (%)	13.62	24.50	25.49	24.25	26.29
	Cash flow adequacy ratio (%)	140.45	156.98	171.65	181.04	216.32
	Cash reinvestment ratio (%)	2.61	5.32	4.87	7.38	6.74
Leverage	Operating leverage	1.79	2.04	2.15	1.79	1.66
	Financial leverage	1.21	1.30	1.33	1.24	1.24

Please describe the reasons for changes in financial ratios in recent two years. (Not necessary if the change does not reach 20%)

1. Decrease in current ratio and quick ratio: Mainly due to the increase in current liabilities.
2. Increase in return on assets, return on equity and net income ratio: Mainly due to the increase in after-tax profit and loss.
3. Increase in pre-tax income to paid-in capital: Mainly due to the increase in pre-tax income.
4. Increase in EPS: Mainly due to the increase in profit and loss attributable to owners of the Company.

Note 1: The numbers is calculated based on 2024 Q1 financial report reviewed by CPA..

Note 2: At the end of the annual report, the following formula should be listed.:

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to fixed assets ratio = (Total shareholders' equity + Long-term liabilities) / Net fixed assets

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Net income before income tax and interest expenses / Interest expenses

3. Operating ability

- (1) Receivables turnover (including accounts and notes receivable) = Net sales / Average accounts receivable

- (including accounts and notes receivable)
- (2) Average collection days = $365 / \text{Accounts receivable turnover}$
- (3) Inventory turnover = $\text{Costs of goods sold} / \text{Average inventory}$
- (4) Average sales days = $365 / \text{Inventory turnover}$
- (5) Payables turnover (including accounts and notes payable) = $\text{Costs of goods sold} / \text{Average accounts payable}$
(including accounts and notes payable)
- (6) Fixed assets turnover ratio = $\text{Net sales} / \text{Net fixed assets}$
- (7) Total assets turnover ratio = $\text{Net sales} / \text{Total assets}$

4. Profitability analysis

- (1) Return on total assets = $[\text{Net income} + \text{Interest expenses} \times (1 - \text{Tax rate})] / \text{Average total assets}$
- (2) Return on shareholders' equity = $\text{Net income} / \text{Average shareholders' equity}$
- (3) Net income to sales ratio = $\text{Net income} / \text{Net sales}$
- (4) Earnings per share = $(\text{Net income} - \text{Preferred stock dividend}) / \text{Weighted-average number of outstanding shares}$.

5. Cash flow

- (1) Cash flow ratio = $\text{Cash flows from operating activities} / \text{Current liabilities}$
- (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activities for the past 5 years} / (\text{Capital expenditures} + \text{Increase in inventory} + \text{Cash dividends}) \text{ for the past 5 years}$
- (3) Cash reinvestment ratio = $(\text{Net cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross fixed assets} + \text{Long-term Investment} + \text{Other assets} + \text{Working capital})$

6. Leverage

- (1) Operating leverage = $(\text{Net sales} - \text{Variable operating costs and expenses}) / \text{Operating income}$
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

3. The Audit Committee's Review Report

The Audit Committee's Review Report

To the 2024 General Shareholders Meeting of Far Eastern Department Stores, Ltd.

In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, we have examined the Business Report, the Resolution for Distribution of Surplus Earning, and Financial Statements which had been certified by Chih-Ming Shao, CPA and Kuo-Ning Huang, CPA from Deloitte & Touche, submitted by the Board of Directors for the year ending 2023 and found them in order.

The Convener of the Audit Committee: Edward Wei

8 May, 2024

- 4. If the Company and affiliated enterprises encountered any financial difficulties in the most recent year and up to the Annual Report publication date, specify the impact on the Company's financial situation: None.**

5. 2023 FINANCIAL REPORT (CONSOLIDATED)

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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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. 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, 2023 and 2022 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 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, 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 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, 2023 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 Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 19,957,709	15	\$ 17,254,680	14
Financial assets at fair value through profit or loss - current	83,054	-	284,762	-
Financial assets at fair value through other comprehensive income - current	951,448	1	840,485	1
Financial assets at amortized cost - current	1,817,858	1	2,210,526	2
Notes receivable	649	-	471	-
Trade receivables	1,220,390	1	1,162,412	1
Trade receivables from related parties	118,779	-	152,611	-
Other receivables	650,022	-	703,143	-
Current tax assets	2,635	-	2,746	-
Inventories	2,107,659	2	2,372,926	2
Prepayments	290,506	-	267,762	-
Other current assets	44,529	-	56,533	-
Total current assets	27,245,238	20	25,309,057	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	4,688,905	4	4,627,437	4
Financial assets at amortized cost - non-current	73,000	-	123,200	-
Investments accounted for using the equity method	8,540,496	6	9,749,294	8
Property, plant and equipment	32,462,952	24	33,279,076	26
Right-of-use assets	46,536,255	35	39,630,425	31
Investment properties	9,022,885	7	8,971,146	7
Intangible assets	2,394,245	2	2,413,602	2
Deferred tax assets	348,451	-	584,173	-
Net defined benefit assets	503,364	-	285,329	-
Other non-current assets	2,015,247	2	1,970,204	2
Total non-current assets	106,585,800	80	101,633,866	80
TOTAL	\$ 133,831,038	100	\$ 126,942,943	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 11,700,188	9	\$ 13,722,144	11
Short-term bills payable	1,686,518	1	1,590,845	1
Contract liabilities	9,615,412	7	10,279,939	8
Notes payable	1,480	-	3,500	-
Trade payables	18,047,911	14	17,050,545	13
Trade payables to related parties	103,222	-	116,859	-
Other payables	4,063,454	3	4,089,361	3
Current tax liabilities	932,204	1	626,356	1
Provisions	3,000	-	3,000	-
Lease liabilities	2,923,309	2	3,191,599	3
Advance receipts	410,335	-	509,317	-
Current portion of long-term borrowings	518,039	1	950,000	1
Other current liabilities	414,256	-	395,209	-
Total current liabilities	50,419,328	38	52,528,674	41
NON-CURRENT LIABILITIES				
Long-term borrowings	14,562,121	11	9,900,000	8
Provisions	25,729	-	25,500	-
Deferred tax liabilities	2,304,264	2	2,349,887	2
Lease liabilities	28,085,073	21	20,489,572	16
Net defined benefit liabilities	483,823	-	581,832	1
Other non-current liabilities	476,892	-	520,214	-
Total non-current liabilities	45,937,902	34	33,867,005	27
Total liabilities	96,357,230	72	86,395,679	68
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	14,169,406	11	14,169,406	11
Capital surplus	3,343,595	2	3,341,024	3
Retained earnings				
Legal reserve	3,930,366	3	3,729,018	3
Special reserve	2,648,051	2	2,657,978	2
Unappropriated earnings	2,086,045	1	2,798,561	2
Total retained earnings	8,664,462	6	9,185,557	7
Other equity	5,242,133	4	4,940,666	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,322,486	23	31,539,543	25
NON-CONTROLLING INTERESTS	6,151,322	5	9,007,721	7
Total equity	37,473,808	28	40,547,264	32
TOTAL	\$ 133,831,038	100	\$ 126,942,943	100
CURRENT ASSETS				

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 36,725,103	100	\$ 35,863,910	100
OPERATING COSTS	<u>16,180,018</u>	<u>44</u>	<u>16,544,425</u>	<u>46</u>
GROSS PROFIT	<u>20,545,085</u>	<u>56</u>	<u>19,319,485</u>	<u>54</u>
OPERATING EXPENSES				
Selling and marketing expenses	863,321	2	896,918	2
General and administrative expenses	14,160,019	39	13,977,027	39
Expected credit loss (gain)	<u>21,133</u>	<u>-</u>	<u>(826)</u>	<u>-</u>
Total operating expenses	<u>15,044,473</u>	<u>41</u>	<u>14,873,119</u>	<u>41</u>
OPERATING PROFIT	<u>5,500,612</u>	<u>15</u>	<u>4,446,366</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	187,036	1	92,888	-
Other income	257,872	1	357,816	1
Other losses	67,178	-	(347,821)	(1)
Finance costs	(962,332)	(3)	(869,978)	(2)
Share of profit (loss) of associates accounted for using the equity method	<u>123,200</u>	<u>-</u>	<u>(170,711)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(327,046)</u>	<u>(1)</u>	<u>(937,806)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	5,173,566	14	3,508,560	10
INCOME TAX EXPENSE	<u>1,211,035</u>	<u>3</u>	<u>803,394</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,962,531</u>	<u>11</u>	<u>2,705,166</u>	<u>7</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	186,399	1	(105,862)	-
Remeasurement of defined benefit plans	85,271	-	128,947	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ 43,552	-	\$ (79,295)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(17,058)</u>	<u>-</u>	<u>(25,499)</u>	<u>-</u>
	<u>298,164</u>	<u>1</u>	<u>(81,709)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	26,913	-	(48,973)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>(18,660)</u>	<u>-</u>	<u>(25,615)</u>	<u>-</u>
	<u>8,253</u>	<u>-</u>	<u>(74,588)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>306,417</u>	<u>1</u>	<u>(156,297)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,268,948</u>	<u>12</u>	<u>\$ 2,548,869</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,752,303	8	\$ 1,930,174	5
Non-controlling interests	<u>1,210,228</u>	<u>3</u>	<u>774,992</u>	<u>2</u>
	<u>\$ 3,962,531</u>	<u>11</u>	<u>\$ 2,705,166</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,055,547	9	\$ 1,766,118	5
Non-controlling interests	<u>1,213,401</u>	<u>3</u>	<u>782,751</u>	<u>2</u>
	<u>\$ 4,268,948</u>	<u>12</u>	<u>\$ 2,548,869</u>	<u>7</u>
EARNINGS PER SHARE				
Basic	<u>\$1.95</u>		<u>\$1.37</u>	
Diluted	<u>\$1.95</u>		<u>\$1.37</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Retained Earnings (Note 24)					Other Equity (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	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2022	\$ 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												
Legal reserve	-	-	117,699	-	(117,699)	-	-	-	-	-	-	-
Special reserve	-	-	-	38,409	(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)
Subtotal	-	-	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	2,798,561	55,766	2,707,736	2,177,164	(97,110)	31,539,543	9,007,721	40,547,264
Appropriation of 2022 earnings												
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-	-	-
Special reserve	-	-	-	(9,927)	9,927	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(797,574)	(797,574)
Subtotal	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)	(797,574)	(2,356,209)
Net profit for the year ended December 31, 2023	-	-	-	-	2,752,303	-	-	-	-	2,752,303	1,210,228	3,962,531
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244	3,173	306,417
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547	1,213,401	4,268,948
Adjustments resulting from investments in associates accounted for using the equity method	-	2,571	-	-	2,478	(50)	(2,478)	-	-	2,521	4	2,525
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(490,257)	(490,257)
Difference between acquisition of the subsidiary's equity price and book value	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)	(2,781,973)	(4,498,463)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	23,618	-	(23,618)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 14,169,406	\$ 3,343,595	\$ 3,930,366	\$ 2,648,051	\$ 2,086,045	\$ 98,366	\$ 2,966,603	\$ 2,177,164	\$ (97,110)	\$ 31,322,486	\$ 6,151,322	\$ 37,473,808

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,173,566	\$ 3,508,560
Adjustments for:		
Depreciation expense	5,134,806	5,534,369
Amortization expense	60,787	70,246
Expected credit gain recognized on receivables	3,437	212,589
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(10,534)	8,510
Finance costs	962,332	869,978
Interest income	(187,036)	(92,888)
Dividend income	(257,872)	(357,816)
Share of (profit) loss of associates accounted for using the equity method	(123,200)	170,711
Loss on disposal of property, plant and equipment	50,676	14,660
Loss on disposal of intangible assets	-	1,090
Gain on lease modifications	(1,288)	-
Loss (gain) on disposal of investments	59,989	(3,266)
Impairment loss (reversal of impairment loss) on property, plant and equipment	4,046	(64,393)
Impairment loss recognized on right-of-use assets	120,343	432,343
Unrealized gain on physical and slow-moving inventories	(22,058)	(10,271)
(Gain) loss on changes in fair value of investment properties	(49,134)	8,083
Amortization of prepayments	5,579	36,100
Concession on lease liabilities	-	(149,877)
(Reversal) recognized of unrealized purchase discounts	(898)	917
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	213,219	144,644
Notes receivable	(178)	200
Trade receivables	(70,141)	16,261
Trade receivables from related parties	33,832	17,999
Other receivables	(34,326)	(14,790)
Inventories	288,223	77,683
Prepayments	(23,055)	(32,298)
Other current assets	6,791	3,952
Contract liabilities - current	(664,527)	619,955
Notes payable	(2,020)	(2,330)
Trade payables	973,941	243,741
Trade payables to related parties	(13,637)	20,462
Other payables	295,628	89,027
Advance receipts	65,665	167,831
Other current liabilities	19,047	124
Net defined benefit assets	(97,424)	(88,560)
Net defined benefit liabilities	(133,349)	(18,158)
Cash generated from operations	11,781,230	11,435,388
Dividends received	339,924	508,921

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (890,727)	\$ (772,109)
Interest received	202,087	92,081
Income tax returned	165	214
Income tax paid	<u>(709,418)</u>	<u>(585,121)</u>
Net cash generated from operating activities	<u>10,723,261</u>	<u>10,679,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,975)	(539,724)
Proceeds from sale of financial assets at fair value through other comprehensive income	22,943	45,134
Purchase of financial assets amortized at cost	(5,169,042)	(5,580,738)
Proceeds from sale of financial assets at amortized cost	5,603,574	4,557,744
Proceeds from sale of investments accounted for using the equity method	46,222	-
Decrease in prepaid long-term investments	123,872	-
Net cash outflow on disposal of subsidiary	(405,484)	-
Proceeds from capital reduction of associates	1,064,135	-
Payments for property, plant and equipment and increase in prepayment for equipment	(1,871,284)	(1,480,356)
Proceeds from disposal of property, plant and equipment	1,847	148
Payments for intangible assets	(35,859)	(56,385)
Acquisition of right-of-use assets	(4,450)	(383,089)
Acquisition of investment properties	(2,605)	(1,096)
Increase in other non-current assets	-	(134,260)
Decrease in other non-current assets	<u>27,693</u>	<u>-</u>
Net cash used in investing activities	<u>(607,413)</u>	<u>(3,572,622)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	99,972,968	115,930,553
Repayments of short-term borrowings	(101,922,033)	(112,170,593)
Proceeds from short-term bills payable	12,686,113	19,553,794
Repayments of short-term bills payable	(12,590,440)	(21,153,655)
Proceeds from long-term borrowings	129,180,160	109,760,279
Repayments of long-term borrowings	(124,950,000)	(116,500,000)
Repayment of the principal portion of lease liabilities	(2,864,372)	(2,969,151)
Decrease in other non-current liabilities	(47,160)	(10,364)
Dividends paid to owners of the Company	(1,556,870)	(1,273,077)
Acquired equity in subsidiaries	(4,498,463)	-
Dividends paid to non-controlling interests	<u>(797,574)</u>	<u>(554,934)</u>
Net cash used in financing activities	<u>(7,387,671)</u>	<u>(9,387,148)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ (25,148)	\$ 2,986
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,703,029	(2,277,410)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,254,680</u>	<u>19,532,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 19,957,709</u>	<u>\$ 17,254,680</u>

(Concluded)

6. 2023 FINANCIAL REPORT (STAND-ALONE)

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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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. 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, 2023 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 Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

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, 2023 AND 2022** (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,091,483	3	\$ 838,566	1
Financial assets at amortized cost - current	25,808	-	25,600	-
Trade receivables	522,543	1	525,632	1
Trade receivables from related parties	63,272	-	86,973	-
Other receivables	99,806	-	102,064	-
Inventories	381,678	-	353,112	1
Prepayments	259,772	-	262,890	-
Other current assets	8,618	-	8,134	-
Total current assets	3,452,980	4	2,202,971	3
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,804,362	4	2,793,214	4
Financial assets at amortized cost - non-current	-	-	200	-
Investments accounted for using the equity method	25,223,508	31	22,573,000	29
Property, plant and equipment	16,700,292	21	17,083,127	22
Right-of-use assets	21,802,795	27	22,963,693	29
Investment properties	9,098,310	11	9,018,266	12
Intangible assets	49,891	-	60,986	-
Deferred tax assets	91,173	-	87,144	-
Net defined benefit assets	501,684	1	283,748	-
Other non-current assets	648,533	1	562,391	1
Total non-current assets	76,920,548	96	75,425,769	97
TOTAL	\$ 80,373,528	100	\$ 77,628,740	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 6,650,000	8	\$ 8,500,000	11
Short-term bills payable	859,853	1	599,932	1
Contract liabilities	3,837,202	5	4,076,038	5
Trade payables	5,999,059	8	4,707,626	6
Trade payables to related parties	70,403	-	53,419	-
Other payables	1,622,292	2	1,703,701	2
Current tax liabilities	297,755	-	180,160	-
Lease liabilities	870,027	1	950,111	1
Advance receipts	252,195	-	265,297	1
Current portion of long-term borrowings	480,000	1	950,000	1
Other current liabilities	184,497	-	166,546	-
Total current liabilities	21,123,283	26	22,152,830	28
NON-CURRENT LIABILITIES				
Long-term borrowings	13,700,000	17	9,100,000	12
Deferred tax liabilities	2,180,925	3	2,155,083	3
Lease liabilities	11,945,716	15	12,595,824	16
Other non-current liabilities	101,118	-	85,460	-
Total non-current liabilities	27,927,759	35	23,936,367	31
Total liabilities	49,051,042	61	46,089,197	59
EQUITY				
Share capital				
Ordinary shares	14,169,406	18	14,169,406	18
Capital surplus	3,343,595	4	3,341,024	4
Retained earnings				
Legal reserve	3,930,366	5	3,729,018	5
Special reserve	2,648,051	3	2,657,978	3
Unappropriated earnings	2,086,045	3	2,798,561	4
Total retained earnings	8,664,462	11	9,185,557	12
Other equity	5,242,133	6	4,940,666	7
Treasury shares	(97,110)	-	(97,110)	-
Total equity	31,322,486	39	31,539,543	41
TOTAL	\$ 80,373,528	100	\$ 77,628,740	100

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 11,628,628	100	\$ 11,287,323	100
OPERATING COSTS	<u>3,579,943</u>	<u>31</u>	<u>3,665,034</u>	<u>32</u>
GROSS PROFIT	<u>8,048,685</u>	<u>69</u>	<u>7,622,289</u>	<u>68</u>
OPERATING EXPENSES				
Selling and marketing expenses	360,276	3	398,555	4
General and administrative expenses	4,907,252	42	4,794,877	42
Expected credit loss	<u>199</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>5,267,727</u>	<u>45</u>	<u>5,193,432</u>	<u>46</u>
OPERATING PROFIT	<u>2,780,958</u>	<u>24</u>	<u>2,428,857</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	406	-	165	-
Other income	143,541	1	201,628	2
Other gains and losses	124,260	1	(181,610)	(2)
Finance costs	(546,934)	(5)	(473,255)	(4)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>630,225</u>	<u>6</u>	<u>264,276</u>	<u>2</u>
Total non-operating income and expenses	<u>351,498</u>	<u>3</u>	<u>(188,796)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	3,132,456	27	2,240,061	20
INCOME TAX EXPENSE	<u>380,153</u>	<u>3</u>	<u>309,887</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,752,303</u>	<u>24</u>	<u>1,930,174</u>	<u>17</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	120,634	1	45,616	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	9,380	-	(110,721)	(1)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ 196,522	1	\$ (31,751)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(24,126)</u>	<u>-</u>	<u>(9,123)</u>	<u>-</u>
	<u>302,410</u>	<u>2</u>	<u>(105,979)</u>	<u>(1)</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>834</u>	<u>-</u>	<u>(58,077)</u>	<u>-</u>
	<u>834</u>	<u>-</u>	<u>(58,077)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>303,244</u>	<u>2</u>	<u>(164,056)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,055,547</u>	<u>26</u>	<u>\$ 1,766,118</u>	<u>16</u>
EARNINGS PER SHARE, NT\$				
Basic	<u>\$ 1.95</u>		<u>\$ 1.37</u>	
Diluted	<u>\$ 1.95</u>		<u>\$ 1.37</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2022	\$ 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										
Legal reserve	-	-	117,699	-	(117,699)	-	-	-	-	-
Special reserve	-	-	-	38,409	(38,409)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,275,247)	-	-	-	-	(1,275,247)
	-	-	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
Changes in capital surplus from investments in subsidiaries and 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 associates	-	-	-	-	(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
Appropriation of 2022 earnings										
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-
Special reserve	-	-	-	(9,927)	9,927	-	-	-	-	-
Cash dividends	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)
	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)
Net profit for the year ended December 31, 2023	-	-	-	-	2,752,303	-	-	-	-	2,752,303
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	2,571	-	-	2,478	(50)	(2,478)	-	-	2,521
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	23,618	-	(23,618)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 14,169,406	\$ 3,343,595	\$ 3,930,366	\$ 2,648,051	\$ 2,086,045	\$ 98,366	\$ 2,966,603	\$ 2,177,164	\$ (97,110)	\$ 31,322,486

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,132,456	\$ 2,240,061
Adjustments for:		
Depreciation expense	1,830,345	1,907,923
Amortization expense	26,351	30,298
Expected credit loss recognized on receivables	199	190,000
Amortization of prepayments	1,963	525
Finance costs	546,934	473,255
Share of profit of subsidiaries and associates accounted for using the equity method	(630,225)	(264,276)
Interest income	(406)	(165)
Dividend income	(143,541)	(201,628)
Loss on disposal of property, plant and equipment	38,111	10,486
Loss on disposal of investment properties	94	538
Profit from lease modification	(2,277)	-
(Gain) loss on changes in fair value of investment properties	(77,022)	50,970
Concession on lease liabilities	-	(54,625)
Net changes in operating assets and liabilities		
Trade receivables	2,890	30,471
Trade receivables from related parties	23,701	5,013
Other receivables	19,112	(11,919)
Inventories	(28,566)	53,481
Prepayments	3,118	(26,086)
Other current assets	(484)	552
Contract liabilities	(238,836)	137,178
Notes payable and trade payables	1,291,433	470,202
Trade payables from related parties	16,984	2,790
Other payables	24,982	176,744
Advance receipts	73,477	159,053
Other current liabilities	17,951	6,533
Net defined benefit assets	(97,302)	(41,431)
Cash generated from operations	5,831,442	5,345,943
Interest paid	(530,162)	(438,350)
Interest received	406	163
Dividends received	517,800	689,340
Income tax paid	(264,871)	(224,474)
Net cash generated from operating activities	5,554,615	5,372,622
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,768)	-
Purchase of financial assets at amortized cost	(25,808)	(25,800)
Proceeds from sale of financial assets at amortized cost	25,800	25,508
Acquisition of investments accounted for using the equity method	(4,500,000)	(1,800,000)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of investments accounted for using the equity method	\$ 17,206	\$ -
Proceeds from capital reduction of investments accounted for using equity method	589,717	-
Payments for property, plant and equipment	(653,948)	(502,424)
Proceeds from disposal of property, plant and equipment	251	60
Payments for intangible assets	(11,497)	(23,813)
Acquisition of right-of-use assets	(419)	(41,681)
Payments for investment properties	(3,116)	(2,194)
Increase in other non-current assets	<u>(9,465)</u>	<u>(37,932)</u>
Net cash used in investing activities	<u>(4,573,047)</u>	<u>(2,408,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	39,200,000	63,370,000
Repayments of short-term borrowings	(41,050,000)	(59,670,000)
Proceeds from short-term bills payable	2,349,114	7,546,731
Repayments of short-term bills payable	(2,089,193)	(8,496,314)
Proceeds from long-term borrowings	128,680,000	111,000,280
Repayments of long-term borrowings	(124,550,000)	(114,900,000)
Repayment of the principal portion of lease liabilities	(704,436)	(670,801)
(Decrease) increase in other non-current liabilities	(7,092)	2,040
Dividends paid	<u>(1,557,044)</u>	<u>(1,273,077)</u>
Net cash generated from (used in) financing activities	<u>271,349</u>	<u>(3,091,141)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,252,917	(126,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>838,566</u>	<u>965,361</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,091,483</u>	<u>\$ 838,566</u>

(Concluded)

VII. Review and Analysis of the Financial Condition, Performance and Risk Management

1. Analysis of Financial Conditions

Financial Conditions Analysis

Unit: NT\$ thousands

Item \ Year	2022	2023	Increase (decrease) amount	Percentage Change(%)
Current assets	25,309,057	27,245,238	1,936,181	8
Investment using the equity method	9,749,294	8,540,496	(1,208,798)	(12)
Property, plant and equipment	33,279,076	32,462,952	(816,124)	(2)
Other assets	58,564,127	65,582,352	7,018,225	12
Total assets	126,901,554	133,831,038	6,929,484	5
Current liabilities	52,528,674	50,419,328	(2,109,346)	(4)
Non-current liabilities	33,825,616	45,937,902	12,112,286	36
Total liabilities	86,354,290	96,357,230	10,002,940	12
Total equity attributable to owners of the Company	31,539,543	31,322,486	(217,057)	(1)
Common stock	14,169,406	14,169,406	0	0
Capital surplus	3,341,024	3,343,595	2,571	0
Retained earnings	9,185,557	8,664,462	(521,095)	(6)
Other equity	4,940,666	5,242,133	301,467	6
Treasury stocks	(97,110)	(97,110)	0	0
Non-controlling interests	9,007,721	6,151,322	(2,856,399)	(32)
Total equity	40,547,264	37,473,808	(3,073,456)	(8)
An analysis of the amount of the change in the amount of 10% and the amount of assets in the current year is more than one percent:				
1. Decrease in investments accounted for using the equity method: Mainly refers to liquidation of the investee company and capital reduction with return of share capital.				
2. Increase in other assets: Refers mainly to the increase of rights-of-use assets.				
3. Increase in non-current liabilities: Refers primarily to an increase in lease obligations and long-term borrowings.				
4. Decrease in non-controlling interests: Refers mainly to the acquisition of partial equity in subsidiaries..				

2. Analysis of Financial Performances

2.1 Comparative Analysis of Financial Performances

Unit: NT\$ thousands

Item \ Year	2022	2023	Increase (decrease) amount	Percentage Change(%)
Operating Revenues	35,863,910	36,725,103	861,193	2
Gross Profit	19,319,485	20,545,085	1,225,600	6
Operating Profit	4,446,366	5,500,612	1,054,246	24
Non-operating Income (Expenses)	(937,806)	(327,046)	610,760	(65)
Income Before Income Tax	3,508,560	5,173,566	1,665,006	47
Net Profit For The Year	2,705,166	3,962,531	1,257,365	46
<p>1. Analysis and explanation of the increase and decrease ratio:</p> <p> Increase in operating profit: Mainly attributable to increase in gross profit from operations.</p> <p> Increase in non-operating income and expenses: Mainly attributable to the increase in the share of profit or loss of a related party recognized under the equity method and the decrease in impairment loss.</p> <p> Increase in net profit for the year: Mainly attributable to increase in net profit from operations.</p> <p>2. Expected volume of sales and its basis of the future year, and the possible impact on the Company's future financial operations and response plan:</p> <p> Please refer to "Letter to Shareholders".</p>				

2.2 Analysis of operating gross profit: Not applicable

3. Analysis of Cash Flow

Unit: NT\$ thousands

Cash and cash equivalents - Beginning balance in 2023 (1)	Total cash inflows from operating activities (2)	Total cash inflows from investing and financing activities (3)	Cash and cash equivalents – Ending balance (1)+(2)-(3)	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
17,254,680	10,723,261	8,020,232	19,957,709	-	-
1. Analysis of cash flow changes in the current year: Net cash inflow from operating activities of NT\$10.7 billion: Mainly derived from operational cash flow. Net cash outflow from investing activities of NT\$0.6 billion: Mainly attributable to the acquisition of property, plant and equipment. Net cash outflow from financing activities of NT\$7.4 billion: Mainly attributable to the acquisition of subsidiary equity and the payment of cash dividends. 2. Remedial measures for cash deficit and liquidity analysis: No cash deficit. 3. Cash flow analysis for the coming year:					
Cash and cash equivalents - Beginning balance (1)	Total cash inflows from operating activities (2)	Total cash inflows from investing and financing activities (3)	Cash and cash equivalents – Ending balance (1)+(2)-(3)	Remedy plans for negative balance of cash and cash equivalents	
				Investment plan	Financing plan
19,957,709	8,827,945	12,938,763	15,846,891	-	-
1. Analysis of cash flow changes in the current year: Net cash inflow from operating activities of NT\$8.8 billion: Mainly mainly attributable to cash inflow from operations. Net cash outflow from investing activities of NT\$5.2 billion: Mainly attributable to the acquisition of property, plant and equipment. Net cash outflow from financing activities of NT\$7.7 billion: Mainly attributable to the repayment of debts and the payment of cash dividends. 2. Remedial measures for cash deficit and liquidity analysis: No cash deficit.					

4. Impact of major capital expenditures on corporate finances and business in the most recent year:

The main project of major capital expenditures in the recent year is the expansion of FEDS Zhubei Store, which is funded by bank loans and self-owned funds. It is expected to expand the company's business scale and increase its market share.

5. Investment policy, main causes for profits or losses, improvement plans in the most recent year and the investment plans for the coming year

In terms of the overall performance of the consolidated company, the investment income recognized by the equity method comes from the stable profit of the investment company; In addition, the retail group is also continuing to expand and mobilize markets with consumer potential. Adhering to the tradition and spirit of being the first department store in Taiwan, the retail group has been deeply involved in Taiwan, focusing on the mainland, and providing a full range of products and services to satisfy the needs of both sides of the strait. Consumer demand.

With the continuous expansion of the retail business, profits will be expected to inject new growth momentum, and the growth of the overall revenue and profit of the retail group will also be more significant. To this end, the Company and its subsidiaries still adopt a prudent investment evaluation strategy, continue to strengthen the management of reinvestment businesses and improve the synergy of operations in order to achieve successful diversified business goals.

6. Risk analysis and evaluation

6.1. The impact and Response to Interest Rates, Exchange Rates, and Inflation Level on the Company in the Year Preceding Publication of Annual Report

6.1.1. Interest Rate Risk Analyses and Response strategy:

Because the entities in the consolidated company borrow funds at fixed and floating interest rates at the same time, interest rate risk is incurred. The consolidated company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The book amounts of financial assets and financial liabilities of the consolidated company exposed to interest rate exposure on the balance sheet date are as follows:

	<u>2024 Mar. 31</u>	<u>2023 Dec. 31</u>	Unit: NT\$ thousands <u>2023 Mar. 31</u>
Fair value interest rate risk			
- Financial assets	\$ 12,481,103	\$ 15,212,820	\$ 10,646,072
- Financial liabilities	42,561,967	31,212,409	23,111,731
Cash flow interest rate risk			
- Financial assets	2,037,984	2,592,454	1,851,626
- Financial liabilities	27,817,215	28,466,866	25,680,590

Sensitivity analysis

The following sensitivity analysis is determined based on the interest rate risks on the balance sheet date, and the risk is measured for financial assets and financial liabilities with floating interest rates. The rate of change used when reporting interest rates within the group to key management is a 100 base points increase/decrease in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables had been held constant, the income before income taxes for the ended March 31, 2024 and 2023 would have decreased/increased by \$64,448 thousand and \$59,572 thousand, respectively.

6.1.2. Exchange Rate Analyses and Response strategy:

The consolidated company holds foreign currency assets and liabilities, so the consolidated company is exposed to risk of exchange rate fluctuations.

The book value of monetary assets and monetary liabilities denominated in non-functional currencies of the consolidated company on the balance sheet date (including monetary items denominated in non-functional currencies that have been offset in the consolidated financial report) are as follows:

	<u>2024 Mar. 31</u>	<u>2023 Dec. 31</u>	Unit: USD\$ thousands <u>2023 Mar. 31</u>
Assets			
USD	<u>\$ 5,498</u>	<u>\$ 5,313</u>	<u>\$ 5,840</u>
Liabilities			
USD	<u>\$10,514</u>	<u>\$10,506</u>	<u>\$ 10,517</u>

Sensitivity analysis

The consolidated company was mainly affected by the floating exchange rates of USD denominated assets and liabilities. The sensitivity analyses below were determined based on the Group's exposure to exchange rates for non-derivative instruments at the end of the reporting period. The change of exchange rates reported to the senior management of the consolidated company was

based on a 1% increase or decrease in exchange rate which also denotes the management's assessment for the reasonableness of the fluctuation of exchange rates.

If exchange rates had been 1% higher or lower and all other variables were held constant, the profit before income tax or equity of the Group for the ended March 31, 2024 and 2023 would decrease/increase by \$1,605 thousand and increase/decrease \$1,424 thousand, respectively.

6.1.3. Impact of inflation on the Company's profit and loss, and response measures:

According to the Consumer Price Index (CPI) for 2023 announced by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, because the effect of interest rate hikes, international commodities prices fell, and the CPI decreased at an annual rate of 2.49% in 2023. The overall price trend was similar to that of neighboring countries with similar economic structures. In 2023 and as of the publication date of the Annual Report, the consolidated company has not yet had an immediate and significant impact due to inflation. The Company will continue to pay attention to the inflation situation and take corresponding countermeasures in a timely manner.

6.2 Policies for Risky or Highly Leveraged Investments, Lending, Endorsements, Derivative Financial Instruments, and Related Gains or Losses, in the Year Preceding Publication of Annual Report:

1. High-risk, high-leverage investment: The consolidated company did not engage in high-risk, high-leverage investments in 2023 and from January 1 to March 31, 2024.
2. Loaning of capital to others: As of 2023 and from January 1 to March 31, 2024, the balance of funds loaned by our merged companies were NT\$5,066,799 thousand and NT\$4,893,069 thousand, respectively. Loaning of capital to others by merged companies must be implemented in compliance with the "Procedures for Lending of Capital to Others" approved by the Board of Directors and the shareholders' meeting, so as to comply with risk control, and prevent any unfavorable impact arising therefrom on the Company.
3. Endorsements and guarantees: As of 2023 and from January 1 to March 31, 2024, the balance of endorsements and guarantees provided by our merged companies were NT\$24,229,539 thousand and NT\$26,791,580 thousand, respectively. Provision of endorsements and guarantees by our merged companies must be implemented in compliance with the "Procedures For Endorsements and Guarantees" approved by the Board of Directors and the shareholders' meeting, so as to comply with risk control, and prevent any unfavorable impact arising therefrom on the Company.
4. Derivative commodity transactions: The consolidated company did not engage in derivative commodity transactions in 2023 and from January 1 to March 31, 2024.

6.3 R&D Plans and Estimated Expenses in Recent Years and until the Annual Report being Published

Our consolidated companies does not engage in product R&D and manufacturing, so there are no R&D plans or expenses. However, it is evident from the characteristics of the industry that nurturing and developing talents and improving the quality of management personnel are necessary steps for companies to move toward internationalization. With the increasingly intense competition in the global industry, the shopping mall war is no longer just about money, but also a war for talents. Therefore, rapidly enhancing talent competitiveness has become a key factor to ensuring success in store expansion. Our consolidated companies are committed to improving "soft power" and actively promoting corporate culture and brand value. We aim to provide systematic and professional service quality training courses via complete education and training mechanisms to nurture employees' professional, leadership and innovation skills, further improving the competitiveness of our companies in response to the rapid changes in the industry.

6.4 Effects of and Response to Material Changes of Policies and Regulations in Taiwan and Foreign Countries in Year Preceding Publication of Annual Report:

The Company has taken appropriate measures to deal with important domestic and foreign policy and legal changes in the most recent years. In the future, the Company's legal, financial and accounting units will keep abreast of the latest regulatory changes and seek professional opinions from lawyers, accountants, etc. Discuss response measures to important policy and legal changes in order to comply with the law and reduce the impact on the Company's financial business.

6.5 Technology Developments and Impacts on the Company and its subsidiaries from last year up to the Annual Report being published:

In view of the rapid changes in technology and information security attack techniques, the Company obtains various information security-related information through information security information sharing organizations and other channels, regularly reviews the applicability and effectiveness of internal information security-related regulations to emerging technologies, analyzes risk levels based on customer privacy protection, asset value, threats and impacts, and strengthens the security of information service systems to cope with possible malicious attacks. We also continue to promote and strengthen the concept of personal information and privacy awareness, and enhance information security awareness and related professional capabilities through education and training.

6.6 Changes of Corporate Image and Impacts on the Company's Crisis Management in the Recent Years: None

6.7. Expected Benefits and Risks from Mergers in Recent Years until the Annual Report being Published:

In 2023 and as of the publication date of the Annual Report, the consolidated company has no plans for mergers and acquisitions. However, if there is a merger plan in the future, the Company will follow the acquired company's acquisition or disposal of assets processing procedures, uphold a cautious assessment attitude, consider whether the merger can bring specific performance to the Company, so as to ensure the Company's interests and shareholders' rights.

6.8. Expected Benefits and Risks from Plant Expansion in Recent Years until the Annual Report being Published:

The consolidated company has detailed evaluation and planning of relevant units for the expansion of business base plans, and fully evaluates the expected benefits and possible risks through a rigorous financial module; After the establishment of the new business location, pay close attention to changes in the industry and business conditions at any time, and propose appropriate countermeasures against possible risks.

6.9. Risks from Concentration in Supply or Sales in the Recent Year until the Annual Report being Published:

The Company is a department store retail business, and sells diversified products, and does not purchase or sell goods to a single manufacturer or customer. Therefore, there is no risk of purchase or sales concentration.

6.10. Impacts and Risks from Major Shareholding Transfers or Changes of Directors, Supervisors, or Shareholders with More than 10% Shareholding and Subsequent Response Measures in the Recent Year up to the Publication of the Annual Report:

In 2023 and as of the publication date of the Annual Report, our consolidated companies did not have any instance of major shareholding transfers or changes.

6.11. Impacts and Risks from Changes of Ownership in the Recent Year until the Annual Report being Published: None

6.12. Litigations or non-Litigations: None.

6.13. Other Major Risks: not applicable

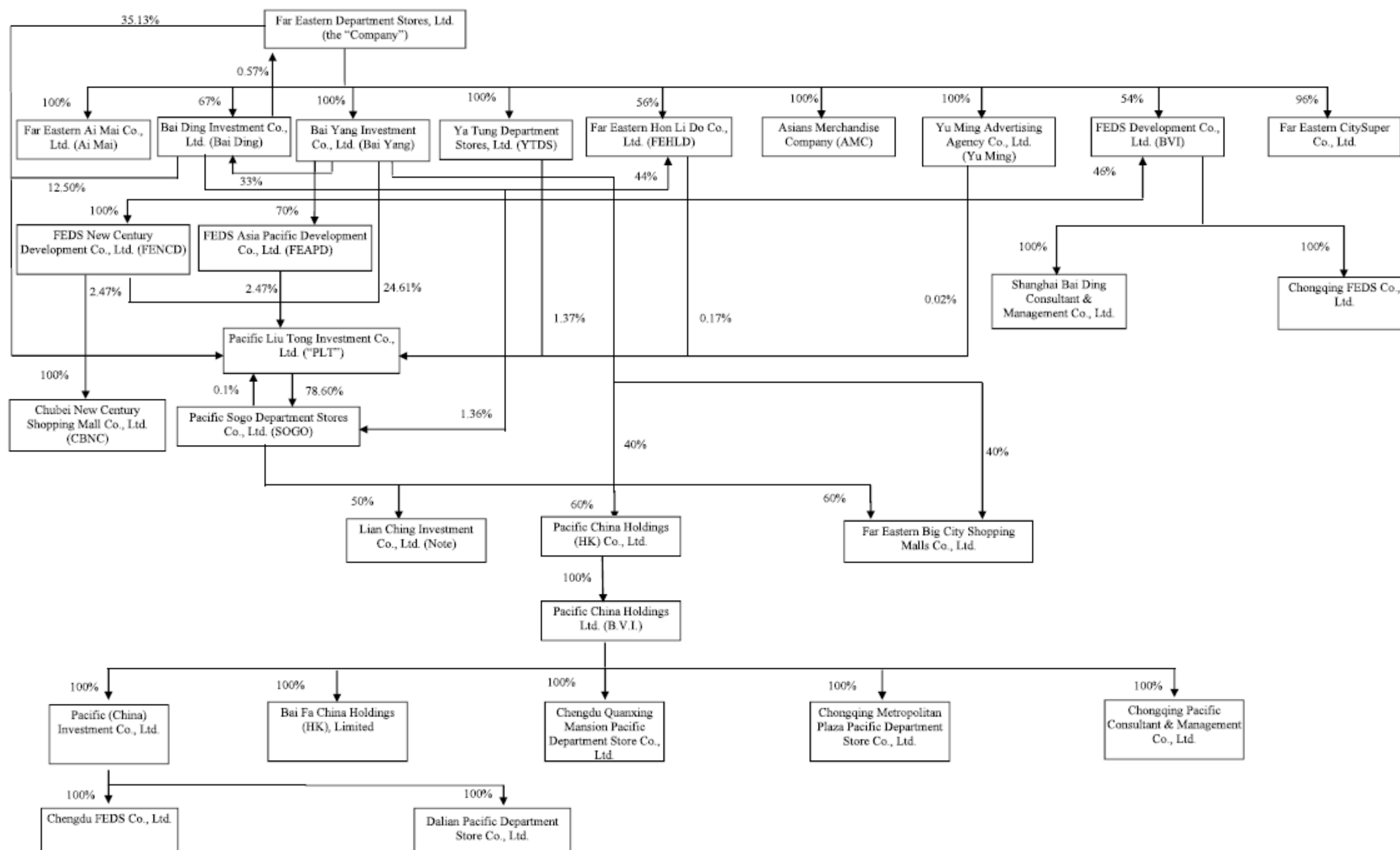
7. Others: None

VIII. Special Disclosure

1. Affiliated Companies

1.1. Subsidiaries and Affiliated Companies in the Consolidated Financial Report

1.1.1. Holding Structure of the Organization



Note: The amount of Lian Ching Investment Co., Ltd. had been written off to zero, no liabilities were be undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

1.1.2 Profile of affiliates

Unit: NT\$ thousands, unless stated otherwise

Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Far Eastern Department Stores, Ltd.	1967.08.31	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	14,169,406	Department store
Far Eastern Ai Mai Co., Ltd.	1985.04.24	No.101, Guixing Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	877,440	Supermarket
Bai Ding Investment Co., Ltd.	1986.12.10	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	1,980,000	Investment
Bai Yang Investment Co., Ltd.	1989.07.28	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	16,549,911	Investment
Yu Ming Advertising Agency Co., Ltd.	1973.06.20	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	35,000	Advertising and import agent
Ya Tung Department Stores, Ltd.	1972.09.16	1F., No.209,and B2-5F,No.203, Sec.2, Tun Hua S. Rd., Taipei , Taiwan, R.O.C.	510,000	Department store
Far Eastern Hon Li Do Co., Ltd.	1992.12.11	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	28,300	Property leasing
FEDS Asia Pacific Development Co., Ltd.	1997.11.11	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	2,130,000	Major shopping center
FEDS New Century Development Co., Ltd.	1999.11.11	18F., No.16, Xinzhan Rd., Banqiao Dist., New Taipei City, Taiwan,R.O.C.	5,520,000	Major shopping center
Asians Merchandise Company	1980.04.17	P.O. BOX 245, LAKE FOREST, CA 92609	USD 950,000	Trade
FEDS Development Ltd.	1994.08.15	Portcullis TrustNet Chambers 4th Floor Ellen Skelton Building 3076 Sir Francis Drake Highway Road Town, Tortola British Virgin Islands VG1110	USD 4,032,640	Investment
Pacific Liu Tong Investment Co., Ltd.	1999.06.29	7F, No.64, Sec. 4, Ren Ai Rd., Taipei , Taiwan, R.O.C.	8,020,000	Investment
Pacific Sogo Department Stores Co., Ltd.	1985.04.16	B1-B3 and 1F-13F., No.45, Sec. 4, Zhongxiao E. Rd., Taipei , Taiwan, R.O.C	8,280,000	Department store
Pacific China Holdings (HK) Limited	2002.06.19	2503 Bank of America Tower 12 Harcourt Road, Central Hong Kong	USD172,200,000	Investment
Pacific China Holdings Ltd.	1996.09.20	Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands	USD192,200,000	Investment
Bai Fa China Holdings (HK) Ltd.	2008.12.22	11/F, Lippo Leighton Tower, 103 Leighton Road, Causeway bay, Hong Kong	USD1,500	Investment
Chengdu Quanxing Mansion Pacific	1996.01.12	NO.68, Sec 2. of the people's Middle Road, Chengdu, Sichuan	USD21,990,000	Department store

Company	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Department Store Co., Ltd				
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	1997.01.09	No.7/9 Podium, Guanyingqiao East Ring Road, Jiangbei District, Chongqing	USD55,000,000	Department store
Chongqing Pacific Consultant & Management Co., Ltd.	2000.01.27	Room F202, Nominal 8th Floor, No.58, Minquan Road, Yuzhong District, Chongqing	USD73,000,000	Consultation services
Dalian Pacific Department Store Co., Ltd.	2002.04.09	No.19, Jiefang Road, Zhongshan District, Dalian, Liaoning	RMB16,000,000	Department store
Shanghai Bai Ding Consultant & Management Co., Ltd.	2004.08.18	Area B, 5th Floor, No. 28, Bailianjing Road, Shanghai Pilot Free Trade Zone.	USD100,000	Consultation services
Chongqing FEDS Co., Ltd.	2004.06.02	No.10, Yanghe Road, Jiangbei District, Chongqing	USD2,800,000	Department store
Far Eastern CitySuper Co., Ltd.	2004.09.16	7F, No.64, Sec. 4, Ren Ai Rd., Taipei , Taiwan, R.O.C.	500,000	Department store and supermarket
Pacific (China) Investment Co., Ltd.	2009.04.16	Area A, 5th Floor, No. 28, Bailianjing Road, Shanghai Pilot Free Trade Zone.	USD226,000,000	Investment
Chengdu FEDS Co., Ltd	2010.12.02	No.18, Dongyu Street, Jinjiang District, Chengdu, Sichuan	USD134,000,000	Department store
Far Eastern Big City Shopping Malls Co., Ltd.	2010.12.02	7F, No.64, Sec. 4, Ren Ai Rd., Taipei , Taiwan, R.O.C.	500,000	Department store
Chubei New Century Shopping Mall Co., Ltd.	2015.06.18	No. 18, Zhuangjing N. Rd., Zhubei City, Hsinchu County .	5,300,000	Department store

1.1.3 Companies presumed to have a relationship of control and subordination with Far Eastern Department Stores, Ltd.: Not applicable.

1.1.4 Industries covered by the business operated by the affiliates and description of the mutual dealings and division of work among such affiliates: Please refer to 1.1.2.

1.1.5 Directors, supervisors and general managers of affiliates

As of December 31, 2023 Unit: Number of Shares; %

Company	Title	Name or representative	Registered Shares Owned	
			Shares	Shares
Far Eastern Department Stores Ltd.	Directors	Douglas Tong Hsu (Chairman)	1,779,835	0.13
		Ding&Ding Management Consultants Co., Ltd	73,009	0.01
		Nancy Hsu	—	—
		Far Eastern New Century Corporation	241,769,702	17.06
		Nicole Hsu	—	—
		Yuli Investments Corporation	1,769,001	0.12
	Independent Directors	Philby Lee	—	—
	President	Edward Wei, Eugene You-Hsin Chien, Dong, Ding Yu	—	—
		Nancy Hsu	1,173,788	0.08
Far Eastern Ai Mai Co., Ltd.	Directors	Far Eastern Department Stores, Ltd.	87,744,000	100.00
		Douglas Tong Hsu (Chairman), Nancy Hsu, Philby Lee, James Tang, Jhuang, Jin-Long, Tony Liu, Chang-Li Lin	—	—
	Supervisors	Far Eastern Department Stores, Ltd.	87,744,000	100.00
		Jia-Cong Wang, Chris Liu	—	—
Bai Ding Investment Co., Ltd.	Directors	Far Eastern Department Stores, Ltd	131,978,964	66.66
		Nancy Hsu (Chairman), Douglas Tong Hsu, Shaw-Yi Wang, James Tang, Chris Liu	—	—
	Supervisors	Bai Yang Investment Co., Ltd	66,021,036	33.34
		Shyh-ching Ro, Jia-Cong Wang	—	—
	President	Douglas Tong Hsu	—	—
Bai Yang Investment Co., Ltd	Directors	Far Eastern Department Stores, Ltd	1,654,991,127	100.00
		Nancy Hsu (Chairman), Douglas Tong Hsu, James Tang	—	—
	Supervisors	Far Eastern Department Stores, Ltd	1,654,991,127	100.00
		Jia-Cong Wang	—	—
Yu Ming Advertising Agency Co., Ltd.	Directors	Far Eastern Department Stores, Ltd	3,500,000	100.00
		Nancy Hsu (Chairman), Douglas Tong Hsu, Chang-Li Lin	—	—
	Supervisors	Far Eastern Department Stores, Ltd	3,500,000	100.00
		Jia-Cong Wang	—	—
Ya Tung Department Stores, Ltd	Directors	Far Eastern Department Stores, Ltd	51,000,000	100.00
		Nancy Hsu (Chairman), Douglas Tong Hsu, James Tang, Chris Liu, Chang-Li Lin	—	—
	Supervisors	Far Eastern Department Stores, Ltd	51,000,000	100.00
		Jia-Cong Wang, Lily Y. T. Liu	—	—
Far Eastern Hon Li Do Co., Ltd.	Directors	Far Eastern Department Stores, Ltd	1,570,650	55.50
		Nancy Hsu (Chairman), Douglas Tong Hsu, Jin-Long Jhuang	—	—
	Supervisors	Bai Ding Investment Co., Ltd.	1,259,350	44.50
		Shyh-ching Ro	—	—

Company	Title	Name or representative	Registered Shares Owned	
			Shares	Shares
FEDS Asia Pacific Development Co., Ltd.	Directors	Bai Yang Investment Co., Ltd	149,100,000	70.00
		Douglas Tong Hsu (Chairman), Nancy Hsu, Jia-Cong Wang, James Tang	—	—
		Asia Cement Corporation	53,250,000	25.00
	Supervisors	K.Y. Lee	—	—
		Yuan Ding Co., Ltd	10,650,000	5.00
		Ling-Ling Wu, Wei-Kun Jhou, Dong-lin Yu	—	—
FEDS New Century Development Co., Ltd.	Directors	Bai Yang Investment Co., Ltd	552,000,000	100.00
		Douglas Tong Hsu (Chairman), Nancy Hsu, James Tang	—	—
	Supervisors	Bai Yang Investment Co., Ltd	552,000,000	100.00
		Shaw-Yi Wang	—	—
Asians Merchandise Company	Directors	Far Eastern Department Stores, Ltd	950,000	100.00
		Shyh-ching Ro, Ting-Meng Chen, Ruei- Yuan Chen	—	—
	President	Shyh-ching Ro	—	—
FEDS Development Ltd.	Directors	Far Eastern Department Stores, Ltd	217,800	54.01
		Douglas Tong Hsu, Nancy Hsu, Lucia Tung	—	—
Pacific Liu Tong Investment Co., Ltd.	Directors	Far Eastern Department Stores, Ltd	281,733,862	35.13
		Douglas Tong Hsu (Chairman)	—	—
		FEDS Asia Pacific Development Co., Ltd.	19,800,000	2.47
		Cheng-Hsien Yang	—	—
	Supervisors	FEDS New Century Development Co., Ltd.	19,800,000	2.47
		Shyh-ching Ro	—	—
		Da Ju Fiber Co., Ltd	1,274	—
		Chin-Sen Tu	—	—
Pacific Sogo Department Stores Co., Ltd.	Directors	Pacific Liu Tong Investment Co., Ltd.	650,817,194	78.60
		J.W. Huang (Chairman), Douglas Tong Hsu	—	—
		Min-Hsiung Tsai, Chee Ching Shaw-Yi Wang	—	—
	Supervisors	Bai Ding Investment Co., Ltd.	11,253,943	1.36
		Eli Ching-I Wang	—	—
Pacific China Holdings (HK) Limited	Directors	Pacific Sogo Department Stores Co., Ltd.	*USD103,320,000	60.00
		J.W. Huang (Chairman), Cheng-Hsien Yang, Shyh-ching Ro	—	—
		Bai Yang Investment Co., Ltd	*USD68,880,000	40.00
	President	H.T Peng	—	—
		Shyh-ching Ro	—	—
Pacific China Holdings Ltd.	Directors	Pacific China Holdings (HK) Limited	*USD192,200,000	100.00
		J.W. Huang (Chairman), Chin-Sen Tu, Ai-Chia Li, Cheng-Hsien Yang	—	—
	President	Shyh-ching Ro	—	—
Bai Fa China Holdings (HK) Ltd.	Directors	Pacific China Holdings Ltd.	*USD1,500	100.00
		Nancy Hsu (Chairman), J.W. Huang, Shyh-ching Ro	—	—
	President	Shyh-ching Ro	—	—

Company	Title	Name or representative	Registered Shares Owned	
			Shares	Shares
Chengdu Quanying Mansion Pacific Department Store Co., Ltd.	Directors	Pacific China Holdings Ltd.	*USD21,990,000	100.00
		Chin-Sen Tu, Chung-Hsin Chen, Cheng-Hsien Yang,	—	—
		China Railway Ruicheng Building	—	—
	Supervisors	Feiyue Shi (Chairman), Haitao Tang	—	—
		Pacific China Holdings Ltd.	*USD21,990,000	100.00
		Ai-Chia Li	—	—
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Directors	China Railway Ruicheng Building	—	—
		Jie, Tan	—	—
		Chung-Hsin Chen	—	—
	Supervisors	Pacific China Holdings Ltd.	* USD55,000,000	100.00
		Chin-Sen Tu (Chairman), Yu-Tsung Tao, Ai-Chia Li, Shyh-Ching Ro, Cheng-Hsien Yang,	—	—
		Pacific China Holdings Ltd.	* USD55,000,000	100.00
Chongqing Pacific Consultant & Management Co., Ltd.	Directors	Hsueh-Tseng Peng	—	—
		Yu-Tsung Tao	—	—
		Pacific China Holdings Ltd.	*USD73,000,000	100.00
	Supervisors	Chin-Sen Tu (Chairman), Yu-Tsung Tao, Cheng-Hsien Yang.	—	—
		Pacific (China) Investment Co., Ltd.	*RMB16,000,000	100.00
		Chin-Sen Tu (Chairman), Chao-Yu Wang, Yu-Tsung Tao	—	—
Shanghai Bai Ding Consultant & Management Co., Ltd	Directors	Pacific (China) Investment Co., Ltd.	*RMB16,000,000	100.00
		Hsueh-Tseng Peng	—	—
		Yu-Tsung Tao	—	—
	Supervisors	FEDS Development Ltd.	* USD100,000	100.00
		R.H. Shao(Chairman), Lily Y. T. Liu, Chris Liu	—	—
		FEDS Development Ltd.	* USD100,000	100.00
Chongqing FEDS Co., Ltd.	Directors	Hsueh-Tseng Peng	—	—
		R.H. Shao	—	—
		FEDS Development Ltd.	* USD2,800,000	100.00
	Supervisors	Ding-Sung Wang Kuo (Chairman), Lily Y. T. Liu, Cheng-Hsien Yang, James Tang, Chris Liu, Yu-Tsung Tao	—	—
		FEDS Development Ltd.	* USD2,800,000	100.00
		Hsueh-Tseng Peng	—	—
Far Eastern CitySuper Ltd.	Directors	Yu-Tsung Tao	—	—
		Far Eastern Department Store Ltd.	47,826,920	95.65
		Nancy Hsu (Chairman), Douglas Tong Hsu, Chang-Li Lin, Tony Liu	—	—
	Supervisors	City Super (Labuan) Limited.	2,171,400	4.34
		Jia-Hua Wu	—	—
		Bai Ding Investment Co., Ltd.	1,680	0.01
		Chris Liu, James Tang	—	—

Company	Title	Name or representative	Registered Shares Owned	
			Shares	Shares
Pacific (China) Investment Co., Ltd.	Directors	Pacific China Holdings Ltd. J.W. Huang (Chairman), Chin-Sen Tu, R.H. Shao, Cheng-Hsien Yang	*USD226,000,000 —	100.00 —
	Supervisors	Pacific China Holdings Ltd. James Tang	*USD226,000,000 —	100.00 —
	President	R.H. Shao	—	—
Chengdu FEDS Co., Ltd.	Directors	Pacific (China) Investment Co., Ltd. Chin-Sen Tu (Chairman), Ting-Sung Wang Kuo, Yu-Tsung Tao, Cheng-Hsien Yang, Hsueh-Tseng Peng	*USD134,000,000 —	100.00 —
	Supervisors	Pacific (China) Investment Co., Ltd. Chris Liu	*USD134,000,000 —	100.00 —
	President	Yu-Tsung Tao	—	—
Far Eastern Big City Shopping Malls Co., Ltd.	Directors	Pacific Sogo Department Stores Co., Ltd. Philby Lee (Chairman), Ting-Sung Wang Kuo, Shyh-ching Ro	30,000,000 —	60.00 —
		Bai Yang Investment Co., Ltd James Tang, Chang-Li Lin	20,000,000 —	40.00 —
	Supervisors	Cheng-Hsien Yang	—	—
Chubei New Century Shopping Mall Co., Ltd.	Directors	FEDS New Century Development Co., Ltd. Chang-Li Lin (Chairman), Nancy Hsu, James Tang, Philby Lee, Chris Liu	530,000,000 —	100.00 —
	Supervisors	FEDS New Century Development Co., Ltd. Y.S. Yang	530,000,000 —	100.00 —

Note 1: Mainland companies are not Limited company, so there are no shares, which are listed in US dollars or RMB.

1.1.6. Operation Results of Each Subsidiary and Affiliate

December 31, 2023

Unit: NT\$ for EPS, NT\$ thousands for other

Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (After tax)	EPS (after tax)
Far Eastern Department Stores, Ltd	14,169,406	80,373,528	49,051,042	31,322,486	11,628,628	2,780,958	2,752,303	1.95
Far Eastern Ai Mai Co., Ltd.	877,440	8,362,094	8,381,450	(19,356)	9,706,406	(33,354)	(210,457)	(2.40)
Bai Ding Investment Co., Ltd.	1,980,000	5,106,209	1,045,902	4,060,307	366,497	335,185	336,762	1.70
Bai Yang Investment Co., Ltd	16,549,911	16,387,622	64,858	16,322,764	312,033	284,154	309,981	0.19
Yu Ming Advertising Agency Co., Ltd.	35,000	119,922	1,823	118,099	1,676	(939)	12,359	3.53
Ya Tung Department Stores, Ltd	510,000	590,051	228,412	361,639	62,086	(129,039)	(105,960)	(2.08)
Far Eastern Hon Li Do Co., Ltd.	28,300	33,012	93	32,919	3,080	2,687	2,687	0.95
FEDS Asia Pacific Development Co., Ltd.	2,130,000	3,470,281	927,339	2,542,942	306,310	269,579	113,767	0.53
FEDS Development Ltd.	126,278	2,030,349	223,184	1,807,165	1,003	(304,498)	(281,480)	(22.29)
Asians Merchandise Company	29,170	5,015	74	4,941	779	2	104	0.04
FEDS New Century Development Co., Ltd.	5,520,000	5,525,319	2,761	5,522,558	9,992	9,130	9,130	0.02
Chubei New Century Shopping Mall Co., Ltd.	5,300,000	6,413,615	1,277,665	5,135,950	426,281	(18,527)	(32,711)	(0.06)
Pacific Liu Tong Investment Co., Ltd.	8,020,000	12,590,463	21,468	12,568,995	1,732,158	1,715,355	1,714,864	2.14
Pacific Sogo Department Stores Co., Ltd.	8,280,000	48,940,847	35,356,481	13,584,366	12,338,575	2,996,273	2,193,039	2.65
Pacific China Holdings (HK) Limited	5,170,611	122,516	2,148,628	(2,026,112)	5,938	(383,299)	(383,299)	(2.23)
Pacific China Holdings Ltd.	5,598,667	2,078,002	4,226,625	(2,148,623)	25	(391,069)	(388,886)	(2.02)
Bai Fa China Holdings (HK) Ltd.	41	42	0	42	1	1	1	0.25

Name	Paid-in Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Income (loss)	Net Income (After tax)	EPS (after tax)
Shanghai Pacific Department Stores Co., Ltd.	497,850	604,951	2,458	602,493	990,905	(109,826)	(61,476)	N/A
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	676,556	9,685	0	9,685	0	(58)	82,822	N/A
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	1,544,727	1,392,917	764,924	627,993	44	(88,246)	(87,808)	N/A
Chongqing Pacific Consultant & Management Co., Ltd.	2,132,593	1,594,174	500,915	1,093,259	1,933	(11,675)	(10,392)	N/A
Dalian Pacific Department Store Co., Ltd.	69,363	10,760	3,486	7,274	10,516	(18,939)	(1,150)	N/A
Far Eastern CitySuper Co., Ltd.	500,000	782,065	557,950	224,115	1,434,109	17,738	15,261	0.31
Shanghai Bai Ding Consultant & Management Co., Ltd.	3,581	17,198	2,723	14,475	21,877	1,013	1,044	N/A
Chongqing FEDS Co., Ltd.	84,493	1,017,619	635,410	382,209	440,958	(222,359)	(231,220)	N/A
Pacific (China) Investment Co., Ltd.	6,462,838	200,447	3,542	196,905	29,849	(13,095)	(57,123)	N/A
Chengdu FEDS Co., Ltd.	3,768,594	14,826	9,403	5,423	0	(6,884)	(17,784)	N/A
Far Eastern Big City Shopping Malls Co., Ltd.	500,000	5,502,789	4,667,337	835,452	1,260,540	342,177	260,574	5.21

1.2. Declaration of Consolidation of Financial Statements of Affiliates

REPRESENTATION LETTER

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for 2023 (from January 1 to December 31, 2023) are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies in accordance to IFRS 10. The relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, therefore we have not prepared a separate set of consolidated financial statements for affiliates.

Yours truly,

Far Eastern Department Stores
By

Douglas Tong Hsu
Chairman
March 1, 2024

1.3 Affiliation Report: Not applicable

2. Private Placement Securities in the Latest Year: None

3. The Company's Shares Held or Disposed by Subsidiaries in Recent Years until the Annual Report being Published

Unit: NT\$ million; shares; % As of March 31, 2024

Name	Paid-in Capital	Source of funding	Holdings percentage	Date of acquisition or disposal	Number & amount of shares acquired	Number & amount of shares disposed	Investment income	Number & amount of shares held until the annual report being published	Creation Of pledge	Amount of loans guaranteed by the Company	Amount of loans lent by the Company
Bai Ding Investment Co., Ltd.	1,980 million	-	67%	-	-	-	-	8,207,004 shares 242.927 million	-	1,200 million	-

4. Other Supplementary Information: None.

5. Pursuant to the Article 36-3-2 of Security Exchange Act, Event Having Material Impact on Shareholders' Equity or Share Price in the Latest Year until the Annual Report being Published: None.



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Tel +886 2 7727-8168

Appendix

I. 2023 Independent Auditors' Report and Consolidated Financial Statements

II. 2023 Independent Auditors' Report and Standalone Financial Statements

**Far Eastern Department Stores, Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

DOUGLAS HSU
Chairman

March 1, 2024

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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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. 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, 2023 and 2022 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 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, 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 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, 2023 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 Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Adjustment)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 19,957,709	15	\$ 17,254,680	14
Financial assets at fair value through profit or loss - current (Notes 7 and 33)	83,054	-	284,762	-
Financial assets at fair value through other comprehensive income - current (Notes 8, 33 and 34)	951,448	1	840,485	1
Financial assets at amortized cost - current (Notes 9 and 34)	1,817,858	1	2,210,526	2
Notes receivable (Note 10)	649	-	471	-
Trade receivables (Note 10)	1,220,390	1	1,162,412	1
Trade receivables from related parties (Notes 10 and 33)	118,779	-	152,611	-
Other receivables (Notes 10 and 33)	650,022	-	703,143	-
Current tax assets (Note 26)	2,635	-	2,746	-
Inventories (Note 11)	2,107,659	2	2,372,926	2
Prepayments (Note 33)	290,506	-	267,762	-
Other current assets (Notes 18, 33 and 34)	44,529	-	56,533	-
Total current assets	27,245,238	20	25,309,057	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 8, 33 and 34)	4,688,905	4	4,627,437	4
Financial assets at amortized cost - non-current (Notes 9 and 34)	73,000	-	123,200	-
Investments accounted for using the equity method (Notes 13 and 34)	8,540,496	6	9,749,294	8
Property, plant and equipment (Notes 14, 33, 34 and 35)	32,462,952	24	33,279,076	26
Right-of-use assets (Notes 15, 33 and 34)	46,536,255	35	39,630,425	31
Investment properties (Notes 16 and 34)	9,022,885	7	8,971,146	7
Intangible assets (Notes 17, 33 and 34)	2,394,245	2	2,413,602	2
Deferred tax assets (Note 26)	348,451	-	584,173	-
Net defined benefit assets (Note 22)	503,364	-	285,329	-
Other non-current assets (Notes 18, 33 and 34)	2,015,247	2	1,970,204	2
Total non-current assets	106,585,800	80	101,633,866	80
TOTAL	\$ 133,831,038	100	\$ 126,942,943	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19, 33 and 34)	\$ 11,700,188	9	\$ 13,722,144	11
Short-term bills payable (Notes 19 and 34)	1,686,518	1	1,590,845	1
Contract liabilities (Note 24)	9,615,412	7	10,279,939	8
Notes payable	1,480	-	3,500	-
Trade payables	18,047,911	14	17,050,545	13
Trade payables to related parties (Note 33)	103,222	-	116,859	-
Other payables (Notes 20, 23 and 33)	4,063,454	3	4,089,361	3
Current tax liabilities (Note 26)	932,204	1	626,356	1
Provisions (Note 21)	3,000	-	3,000	-
Lease liabilities (Notes 15 and 33)	2,923,309	2	3,191,599	3
Advance receipts (Note 33)	410,335	-	509,317	-
Current portion of long-term borrowings (Notes 19 and 34)	518,039	1	950,000	1
Other current liabilities (Notes 20 and 33)	414,256	-	395,209	-
Total current liabilities	50,419,328	38	52,528,674	41
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 34)	14,562,121	11	9,900,000	8
Provisions (Note 21)	25,729	-	25,500	-
Deferred tax liabilities (Note 26)	2,304,264	2	2,349,887	2
Lease liabilities (Notes 15 and 33)	28,085,073	21	20,489,572	16
Net defined benefit liabilities (Note 22)	483,823	-	581,832	1
Other non-current liabilities (Notes 20 and 33)	476,892	-	520,214	-
Total non-current liabilities	45,937,902	34	33,867,005	27
Total liabilities	96,357,230	72	86,395,679	68
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	14,169,406	11	14,169,406	11
Capital surplus	3,343,595	2	3,341,024	3
Retained earnings				
Legal reserve	3,930,366	3	3,729,018	3
Special reserve	2,648,051	2	2,657,978	2
Unappropriated earnings	2,086,045	1	2,798,561	2
Total retained earnings	8,664,462	6	9,185,557	7
Other equity	5,242,133	4	4,940,666	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,322,486	23	31,539,543	25
NON-CONTROLLING INTERESTS	6,151,322	5	9,007,721	7
Total equity	37,473,808	28	40,547,264	32
TOTAL	\$ 133,831,038	100	\$ 126,942,943	100

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, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 33)	\$ 36,725,103	100	\$ 35,863,910	100
OPERATING COSTS (Notes 11, 25 and 33)	<u>16,180,018</u>	<u>44</u>	<u>16,544,425</u>	<u>46</u>
GROSS PROFIT	<u>20,545,085</u>	<u>56</u>	<u>19,319,485</u>	<u>54</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	863,321	2	896,918	2
General and administrative expenses	14,160,019	39	13,977,027	39
Expected credit loss (gain)	<u>21,133</u>	<u>-</u>	<u>(826)</u>	<u>-</u>
Total operating expenses	<u>15,044,473</u>	<u>41</u>	<u>14,873,119</u>	<u>41</u>
OPERATING PROFIT	<u>5,500,612</u>	<u>15</u>	<u>4,446,366</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	187,036	1	92,888	-
Other income (Note 25)	257,872	1	357,816	1
Other losses (Notes 25 and 33)	67,178	-	(347,821)	(1)
Finance costs (Notes 25 and 33)	(962,332)	(3)	(869,978)	(2)
Share of profit (loss) of associates accounted for using the equity method	<u>123,200</u>	<u>-</u>	<u>(170,711)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(327,046)</u>	<u>(1)</u>	<u>(937,806)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	5,173,566	14	3,508,560	10
INCOME TAX EXPENSE (Note 26)	<u>1,211,035</u>	<u>3</u>	<u>803,394</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,962,531</u>	<u>11</u>	<u>2,705,166</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22, 23 and 26)				
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	186,399	1	(105,862)	-
Remeasurement of defined benefit plans	85,271	-	128,947	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ 43,552	-	\$ (79,295)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(17,058)	-	(25,499)	-
	<u>298,164</u>	<u>1</u>	<u>(81,709)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	26,913	-	(48,973)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	(18,660)	-	(25,615)	-
	<u>8,253</u>	<u>-</u>	<u>(74,588)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>306,417</u>	<u>1</u>	<u>(156,297)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,268,948</u>	<u>12</u>	<u>\$ 2,548,869</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,752,303	8	\$ 1,930,174	5
Non-controlling interests	<u>1,210,228</u>	<u>3</u>	<u>774,992</u>	<u>2</u>
	<u>\$ 3,962,531</u>	<u>11</u>	<u>\$ 2,705,166</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,055,547	9	\$ 1,766,118	5
Non-controlling interests	<u>1,213,401</u>	<u>3</u>	<u>782,751</u>	<u>2</u>
	<u>\$ 4,268,948</u>	<u>12</u>	<u>\$ 2,548,869</u>	<u>7</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$1.95</u>		<u>\$1.37</u>	
Diluted	<u>\$1.95</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company											
	Share Capital (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Note 23)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity (Notes 22, 23 and 26)				Non-controlling Interests (Note 23)	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	Treasury Shares (Note 23)	Total		
BALANCE AT JANUARY 1, 2022	\$ 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												
Legal reserve	-	-	117,699	-	(117,699)	-	-	-	-	-	-	-
Special reserve	-	-	-	38,409	(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)
Subtotal	-	-	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	2,798,561	55,766	2,707,736	2,177,164	(97,110)	31,539,543	9,007,721	40,547,264
Appropriation of 2022 earnings												
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-	-	-
Special reverse	-	-	-	(9,927)	9,927	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(797,574)	(797,574)
Subtotal	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)	(797,574)	(2,356,209)
Net profit for the year ended December 31, 2023	-	-	-	-	2,752,303	-	-	-	-	2,752,303	1,210,228	3,962,531
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244	3,173	306,417
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547	1,213,401	4,268,948
Adjustments resulting from investments in associates accounted for using the equity method	-	2,571	-	-	2,478	(50)	(2,478)	-	-	2,521	4	2,525
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(490,257)	(490,257)
Difference between acquisition of the subsidiary's equity price and book value	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)	(2,781,973)	(4,498,463)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	23,618	-	(23,618)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 14,169,406	\$ 3,343,595	\$ 3,930,366	\$ 2,648,051	\$ 2,086,045	\$ 98,366	\$ 2,966,603	\$ 2,177,164	\$ (97,110)	\$ 31,322,486	\$ 6,151,322	\$ 37,473,808

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 5,173,566	\$ 3,508,560
Adjustments for:		
Depreciation expense	5,134,806	5,534,369
Amortization expense	60,787	70,246
Expected credit gain recognized on receivables	3,437	212,589
(Gain) loss on financial assets and liabilities at fair value through profit or loss	(10,534)	8,510
Finance costs	962,332	869,978
Interest income	(187,036)	(92,888)
Dividend income	(257,872)	(357,816)
Share of (profit) loss of associates accounted for using the equity method	(123,200)	170,711
Loss on disposal of property, plant and equipment	50,676	14,660
Loss on disposal of intangible assets	-	1,090
Gain on lease modifications	(1,288)	-
Loss (gain) on disposal of investments	59,989	(3,266)
Impairment loss (reversal of impairment loss) on property, plant and equipment	4,046	(64,393)
Impairment loss recognized on right-of-use assets	120,343	432,343
Unrealized gain on physical and slow-moving inventories	(22,058)	(10,271)
(Gain) loss on changes in fair value of investment properties	(49,134)	8,083
Amortization of prepayments	5,579	36,100
Concession on lease liabilities	-	(149,877)
(Reversal) recognized of unrealized purchase discounts	(898)	917
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	213,219	144,644
Notes receivable	(178)	200
Trade receivables	(70,141)	16,261
Trade receivables from related parties	33,832	17,999
Other receivables	(34,326)	(14,790)
Inventories	288,223	77,683
Prepayments	(23,055)	(32,298)
Other current assets	6,791	3,952
Contract liabilities - current	(664,527)	619,955
Notes payable	(2,020)	(2,330)
Trade payables	973,941	243,741
Trade payables to related parties	(13,637)	20,462
Other payables	295,628	89,027
Advance receipts	65,665	167,831
Other current liabilities	19,047	124
Net defined benefit assets	(97,424)	(88,560)
Net defined benefit liabilities	(133,349)	(18,158)
Cash generated from operations	11,781,230	11,435,388
Dividends received	339,924	508,921

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Interest paid	\$ (890,727)	\$ (772,109)
Interest received	202,087	92,081
Income tax returned	165	214
Income tax paid	<u>(709,418)</u>	<u>(585,121)</u>
Net cash generated from operating activities	<u>10,723,261</u>	<u>10,679,374</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,975)	(539,724)
Proceeds from sale of financial assets at fair value through other comprehensive income	22,943	45,134
Purchase of financial assets amortized at cost	(5,169,042)	(5,580,738)
Proceeds from sale of financial assets at amortized cost	5,603,574	4,557,744
Proceeds from sale of investments accounted for using the equity method	46,222	-
Decrease in prepaid long-term investments	123,872	-
Net cash outflow on disposal of subsidiary	(405,484)	-
Proceeds from capital reduction of associates	1,064,135	-
Payments for property, plant and equipment and increase in prepayment for equipment	(1,871,284)	(1,480,356)
Proceeds from disposal of property, plant and equipment	1,847	148
Payments for intangible assets	(35,859)	(56,385)
Acquisition of right-of-use assets	(4,450)	(383,089)
Acquisition of investment properties	(2,605)	(1,096)
Increase in other non-current assets	-	(134,260)
Decrease in other non-current assets	<u>27,693</u>	<u>-</u>
Net cash used in investing activities	<u>(607,413)</u>	<u>(3,572,622)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	99,972,968	115,930,553
Repayments of short-term borrowings	(101,922,033)	(112,170,593)
Proceeds from short-term bills payable	12,686,113	19,553,794
Repayments of short-term bills payable	(12,590,440)	(21,153,655)
Proceeds from long-term borrowings	129,180,160	109,760,279
Repayments of long-term borrowings	(124,950,000)	(116,500,000)
Repayment of the principal portion of lease liabilities	(2,864,372)	(2,969,151)
Decrease in other non-current liabilities	(47,160)	(10,364)
Dividends paid to owners of the Company	(1,556,870)	(1,273,077)
Acquired equity in subsidiaries	(4,498,463)	-
Dividends paid to non-controlling interests	<u>(797,574)</u>	<u>(554,934)</u>
Net cash used in financing activities	<u>(7,387,671)</u>	<u>(9,387,148)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>(25,148)</u>	\$ <u>2,986</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,703,029	(2,277,410)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>17,254,680</u>	<u>19,532,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ <u>19,957,709</u>	\$ <u>17,254,680</u>

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the “Company” or “FEDS”) was incorporated in the Republic of China (ROC) on August 31, 1967, and operates a nationwide chain of department stores. The Company’s shares have been listed on the Taiwan Stock Exchange since October 11, 1978.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 1, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

Amendments to IAS 12 “Deferred Tax related to
Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Had the Group applied the original IAS 12 in the current year, the Group’s adjustment of the relevant line items and balances in 2023 to the IAS 12 after the amendment has no significant impact.

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
<u>December 31, 2022</u>			
Deferred tax assets	\$ 542,784	\$ 41,389	\$ 584,173
Total effect on assets	\$ 542,784	\$ 41,389	\$ 584,173
Deferred tax liabilities	\$ 2,308,498	\$ 41,389	\$ 2,349,887
Total effect on liabilities	\$ 2,308,498	\$ 41,389	\$ 2,349,887
<u>January 1, 2022</u>			
Deferred tax assets	\$ 597,004	\$ 67,953	\$ 664,957
Total effect on assets	\$ 597,004	\$ 67,953	\$ 664,957
Deferred tax liabilities	\$ 2,295,710	\$ 67,953	\$ 2,363,663
Total effect on liabilities	\$ 2,295,710	\$ 67,953	\$ 2,363,663

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, investment properties which are measured at fair value, and net defined benefit (assets) liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 12, Table 9 and Table 10 for details on subsidiaries, including the percentages of their ownership and main businesses.

Refer to Table 1 for the diagram of intercompany relationships of the consolidated financial statements for the year ended December 31, 2023.

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including the subsidiaries and associates in other countries or subsidiaries which use currencies that are different from the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (as appropriate attributed to owners of the Group and non-controlling interests, respectively).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories are stated at the lower of cost or net realizable value, using the retail method. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method of accounting to recognize its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and is adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus-changes in the Group's share of equity of associates. If the Group's ownership interest is reduced due to the additional subscription of new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When the Group transact with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Freehold investment properties are measured initially at cost, including transaction costs. Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. All investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment properties at the end of owner-occupation, any difference between the fair value of an item of property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis during their expected useful life. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

When the Group has a right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of the intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

Concession assets

The Company is engaged in the construction of the Tingba Carpark in Zhubei City, Hsinchu County based on the construction and operation contract and is entrusted with the right to collect a parking fare from car owners who park at the parking lot during the concession period in accordance with the “intangible assets” mode stipulated in IFRIC 12 “Service Concession Arrangements.” The cost related to the said concession includes the parking lot and related auxiliary facilities that are directly related to the operating activities and need to be relocated free of charge at the end of the concession period, the construction works of the affiliated entities (operating assets and construction in progress), and the operating royalties paid to Hsinchu County Government for the operating period according to the construction and operation contract. The operating royalties for the construction are discounted on the operating date and recognized as concession assets while the relative liabilities are recognized as concession liabilities.

The concession assets are amortized at the cost net of the residual value on a straight-line basis over the following estimated useful lives: 45 years for the concession.

Concession assets are subsequently measured at the cost and amortized over the concession period. Significant additions, improvements, and updates are included in the capital expenditures, while maintenance and repairs are included in the current expenses. The profit or loss from the disposal of the concession assets shall be recognized in the profit and loss.

l. Concession liability

The Company pays royalties to Hsinchu County Government during the operating period in accordance with the construction and operation contract as a necessary cost for obtaining the concession, which is discounted up to the operating date and recognized as a concession liability; also, interest expenses are calculated subsequently in accordance with the effective interest method.

m. Impairment of property, plant and equipment, right-of-use assets and intangible assets (except for goodwill)

At the end of each reporting period, the Group reviews for any indication of impairment loss pertaining to the property, plant and equipment, right-of-use assets and intangible assets (except for goodwill). If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deducting amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Without taking the collateral held into consideration, pertinent to the objectives of the credit risk management, the Group determines that a default has occurred for a financial asset when internal or external information indicates that the borrower can no longer repay the liability, unless there is reasonable and substantiated information to recognize the default at a later time.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

When derecognizing financial liability, the difference between the carrying amount of the financial liability de-recognized and the consideration paid (including the transfer of any non-cash asset or liability undertaken) is recognized in profit or loss.

o. Provisions

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

p. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods are recognized as revenue when the goods are shipped or delivered because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

When other party participates providing in goods or services to customers, the Group obtains control of the specified goods or services before they are transferred to the customers and, therefore, is acting as a principal in the transaction. On the contrary, the other party is acting as an agent. As the principal, the total amount of the consideration that is expected to be obtained in exchange for the transfer of goods or services is recognized as income. As an agent, the amount of any fees or commissions that the other party expected to obtain in exchange for the provision of goods or services, recognized as income. The charge or commission of the Group may be the net amount of the consideration. The income retained by the Group in exchange for goods or services is the amount retained after payment to the other party.

The Group offers award credits which can be used for future purchases when the customer shops (customer loyalty program). The award credits provide a material right to the customer. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

q. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to i. for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group and the lessor conducted rent negotiations directly related to COVID-19, and adjusted the rent due before December 31, 2021, resulting in a decrease in rent. As these negotiations did not significantly change other lease terms, the Group chooses to adopt a practical and expedient approach to all rent negotiations that meet the aforementioned conditions. It does not assess whether the negotiation is a lease modification, but recognizes a reduction of lease payment in the profit or loss when the concession event or situation occurs (booked as a deduction in variable lease payments) and reduces the lease liability accordingly.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government subsidies

The government subsidies are recognized when there is reasonable assurance that the Group will comply with the conditions attached to the subsidies, and the grants will be received.

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

If the nature of the government subsidies is to compensate for the expenses incurred by the Group or as a form of financial support to the Group and not related to the related future expenses, the government subsidies shall be recognized in the profit or loss when received.

t. Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses (the effect of the changes to the asset ceiling) and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income (loss) is reflected immediately in retained earnings and will not be reclassified subsequently to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The current payable (recoverable) income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income (loss).

According to the Income Tax Act of the ROC, the recognition of annual unappropriated earnings that are taxable, is subject to the resolution passed in the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which utilize the benefit of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation and Uncertainty

Impairment of property, plant and equipment and right-of-use assets

Impairment of property, plant and equipment and right-of-use assets is assessed on the basis of the recoverable amount of those assets (i.e. the higher of the fair value of those assets less costs to sell and their value in use). The estimation of cash rate is subject to uncertainty and its change will affect the recoverable amount of these assets, which may result in the Company recognizing an additional impairment loss or reversing an impairment loss already recognized.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and revolving funds	\$ 164,274	\$ 160,595
Checking accounts and demand deposits	6,471,473	7,106,743
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	10,660,280	9,757,488
Commercial papers	2,192,049	-
Repurchase agreements	<u>469,633</u>	<u>229,854</u>
	<u>\$ 19,957,709</u>	<u>\$ 17,254,680</u>

The market interest rate interval for bank deposits, commercial papers and repurchase agreements on the balance sheet date is as follows:

	December 31	
	2023	2022
Deposits in bank	0.001%-5.470%	0.050%-3.000%
Commercial papers	1.420%	-
Repurchase agreements	1.000%-1.260%	0.880%-0.900%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2023	2022
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Beneficiary certificates	\$ -	\$ 205,265
Listed and over-the-counter (OTC) shares	<u>83,054</u>	<u>79,497</u>
	<u>\$ 83,054</u>	<u>\$ 284,762</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Investments in equity instruments at FVTOCI</u>		
Domestic investments		
Listed and OTC shares	\$ 4,986,621	\$ 4,868,424
Unlisted shares	<u>634,883</u>	<u>581,465</u>
	5,621,504	5,449,889
Foreign investments		
Unlisted shares	<u>18,849</u>	<u>18,033</u>
	<u>\$ 5,640,353</u>	<u>\$ 5,467,922</u>

(Continued)

	December 31	
	2023	2022
Current	\$ 951,448	\$ 840,485
Non-current	<u>4,688,905</u>	<u>4,627,437</u>
	<u>\$ 5,640,353</u>	<u>\$ 5,467,922</u>
		(Concluded)

- a. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- b. Refer to Note 34 for information relating to investments in equity instruments at FVTOCI pledged as security.
- c. Yuanshi Digital Technology Co., Ltd. implemented a capital reduction in November 2022 to make up for the losses, resulting in a decrease in the Company's shareholding percentage by 281 thousand shares, proportional to its shareholding percentage. A subsequent capital increase was carried out, and the Company subscribed for 177 thousand shares at \$10 per share in February 2023, with an investment amount of \$1,768 thousand.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	\$ 1,724,050	\$ 2,116,926
Pledged deposits	<u>166,808</u>	<u>216,800</u>
	<u>\$ 1,890,858</u>	<u>\$ 2,333,726</u>
Current	\$ 1,817,858	\$ 2,210,526
Non-current	<u>73,000</u>	<u>123,200</u>
	<u>\$ 1,890,858</u>	<u>\$ 2,333,726</u>
Gross carrying amount	\$ 1,890,858	\$ 2,333,726
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,890,858</u>	<u>\$ 2,333,726</u>

- a. The credit risk of financial instruments such as bank deposits is measured and monitored by the accounting department. The counterparties are creditworthy banks and financial institutions with good credit rating.
- b. The interest rate interval of the financial assets measured at amortized cost as of December 31, 2023 and 2022 was 0.25%-1.95% and 0.25%-2.25%, respectively.
- c. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

a. Notes receivable

	December 31	
	2023	2022
Operating	\$ 649	\$ 471
Non-operating	1,794	1,794
Less: Allowance for impairment loss	<u>(1,794)</u>	<u>(1,794)</u>
	<u>\$ 649</u>	<u>\$ 471</u>

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 649	\$ -	\$ -	\$ -	\$ 1,794	\$ 2,443
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>(1,794)</u>
Amortized cost	<u>\$ 649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 471	\$ -	\$ -	\$ -	\$ 1,794	\$ 2,265
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>(1,794)</u>
Amortized cost	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 471</u>

b. Trade receivables (including related parties)

	December 31	
	2023	2022
At amortized cost		
Gross carrying amount	\$ 1,470,042	\$ 1,440,504
Less: Allowance for impairment loss	<u>(130,873)</u>	<u>(125,481)</u>
	<u>\$ 1,339,169</u>	<u>\$ 1,315,023</u>

The Group's trade receivables pertained to revenue on credit cards and gift certificates. The average credit period for revenue from credit cards and gift certificates was 2 to 3 days and 15 days, respectively.

In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowances for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined with reference to past default experience of the counterparties and an analysis of their current financial position.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including related parties) based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0500%	4.2600%	10.1700%	18.88%-100%	
Gross carrying amount	\$ 1,330,260	\$ 8,610	\$ 178	\$ 84	\$ 130,910	\$ 1,470,042
Loss allowance (Lifetime ECLs)	-	(1)	(8)	(8)	(130,856)	(130,873)
Amortized cost	<u>\$ 1,330,260</u>	<u>\$ 8,609</u>	<u>\$ 170</u>	<u>\$ 76</u>	<u>\$ 54</u>	<u>\$ 1,339,169</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0800%	2.8400%	10.2000%	100%	
Gross carrying amount	\$ 1,310,476	\$ 4,213	\$ 333	\$ 14	\$ 125,468	\$ 1,440,504
Loss allowance (Lifetime ECLs)	-	(1)	(10)	(2)	(125,468)	(125,481)
Amortized cost	<u>\$ 1,310,476</u>	<u>\$ 4,212</u>	<u>\$ 323</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 1,315,023</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 125,481	\$ 126,532
Add: Impairment losses recognized	6,455	-
Less: Impairment losses reversed	-	(989)
Less: Amounts written off	<u>(1,063)</u>	<u>(62)</u>
Balance at December 31	<u>\$ 130,873</u>	<u>\$ 125,481</u>

c. Other receivables

	December 31	
	2023	2022
<u>At amortized cost</u>		
Gross carrying amount		
Loans receivable	\$ -	\$ 203,233
Others	675,555	731,650
Less: Allowance for impairment loss	<u>(25,533)</u>	<u>(231,740)</u>
	<u>\$ 650,022</u>	<u>\$ 703,143</u>

As of December 31, 2022, the funds lent by Shanghai Pacific Department Store Co., Ltd. to Shanghai Xujiahui Centre Group amounted to \$203,233 thousand.

The following table details the loss allowance of other receivables based on the Group's provision matrix.

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	18.22%-100%	
Gross carrying amount	\$ 649,921	\$ 62	\$ 34	\$ 3	\$ 25,535	\$ 675,555
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,533)</u>	<u>(25,533)</u>
Amortized cost	<u>\$ 649,921</u>	<u>\$ 62</u>	<u>\$ 34</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 650,022</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 703,107	\$ 36	\$ -	\$ -	\$ 231,740	\$ 934,883
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(231,740)</u>	<u>(231,740)</u>
Amortized cost	<u>\$ 703,107</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703,143</u>

The movements of the loss allowance of other receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 231,740	\$ 281,053
Add: Impairment losses recognized	-	213,578
Less: Swing impairment loss	(3,018)	-
Less: Impairment losses reversed	(203,252)	(266,183)
Foreign exchange gains and losses	<u>63</u>	<u>3,292</u>
Balance at December 31	<u>\$ 25,533</u>	<u>\$ 231,740</u>

11. INVENTORIES

	December 31	
	2023	2022
Merchandise	\$ 2,107,659	\$ 2,372,926
Allowance for inventory write-down	\$ 37,972	\$ 59,577
Allowance for losses on physical inventory	\$ 21,404	\$ 21,857
Allowance for unrealized purchase discounts	\$ 3,235	\$ 4,133

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	2022
Cost of goods sold	\$ 15,839,752	\$ 16,183,871
Reversed unrealized loss on physical inventory and slow-moving inventory	(22,058)	(10,271)
(Reversed) recognized unrealized purchase discounts	<u>(898)</u>	<u>917</u>
	<u>\$ 15,816,796</u>	<u>\$ 16,174,517</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The detailed information of the subsidiaries at the end of reporting period are as follows:

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			2023	2022	
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	
	Bai Yang Investment Co., Ltd.	Investment	100	100	
	Bai Ding Investment Co., Ltd.	Investment	67	67	
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	
	FEDS Development Ltd.	Investment	54	54	
	Ya Tung Department Stores, Ltd.	Department store	100	100	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	
	Asians Merchandise Company	Trading	100	100	

(Continued)

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			2023	2022	
Bai Yang Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	25	2	1)
	FEDS Asia Pacific Development Co., Ltd.	Shopping mall	70	70	
	Bai Ding Investment Co., Ltd.	Investment	33	33	
	FEDS New Century Development Co., Ltd.	Shopping mall	100	100	
	FEDS Development Ltd.	Investment	46	46	
	Pacific China Holdings (HK) Limited	Investment	40	40	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	40	40	
Bai Ding Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	13	13	
	Pacific Sogo Department Stores Co., Ltd.	Department store	1	1	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	44	44	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	-	-	
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
FEDS Development Ltd.	Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	100	100	
	Chongqing FEDS Co., Ltd.	Department store	100	100	
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	1	1	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	Chubei New Century Shopping Mall Co., Ltd.	Department store	100	100	
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Department store	79	79	
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Investment	60	60	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	60	60	
Pacific China Holdings (HK) Limited	Pacific China Holdings Ltd. (B.V.I.)	Investment	100	100	
Pacific China Holdings Ltd. (B.V.I.)	Shanghai Pacific Department Stores Co., Ltd.	Department store	-	73	2)
	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	100	100	3)
	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	100	100	
	Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	100	100	
	Bai Fa China Holdings (HK) Limited	Investment	100	100	4)
	Pacific (China) Investment Co., Ltd.	Investment	100	100	
Pacific (China) Investment Co., Ltd.	Chengdu FEDS Co., Ltd.	Department store	100	100	5)
	Dalian Pacific Department Store Co., Ltd.	Department store	100	100	6)

(Concluded)

- 1) The Group acquired the shares from the non-controlling shareholders of the subsidiary, Pacific Liu Tong Investment Co., Ltd. in December 2023. Please refer to Note 29 for details.
- 2) The business was discontinued since August 2023, and the Group withdrew its capital from December 2023. Please refer to Note 28 for details.
- 3) The board of directors resolved to discontinue operations starting from April 2019 and the entity was liquidated on December 29, 2020.
- 4) As there was no further business planning for the entity, the operation was suspended in June 2017.
- 5) Due to an oversupply of department stores in the market, Chengdu FEDS Co., Ltd. (hereinafter referred to as “Chengdu FEDS”) decided to reconstruct the operational plan and transform the business management to improve the overall effectiveness. As such, the operation was discontinued since December 23, 2017.
- 6) The operation was discontinued since August 2023.

b. Subsidiaries excluded from the consolidated financial statements

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
Pacific Sogo Department Stores Co., Ltd.	Lian Ching Investment Co., Ltd.	Investment	50	50	

The investment amount of Lian Ching Investment Co., Ltd. had been written off to zero by the Group and it has not undertaken any liabilities. Therefore, it is not included in the consolidated financial statements as one of the entities.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 8,540,496</u>	<u>\$ 9,749,294</u>
Aggregate information of associates that are not individually material		
	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit (loss) from continuing operations	\$ 123,200	\$ (170,711)
Other comprehensive income (loss)	<u>24,892</u>	<u>(104,910)</u>
Total comprehensive income (loss) for the year	<u>\$ 148,092</u>	<u>\$ (275,621)</u>

Yue Ming Trading Co., Ltd. conducted a cash capital increase on August 15, 2023. The Group did not participate in this cash capital increase. The shareholding of Yue Ming Trading Co., Ltd. changed from 47% to 15.45%. However, the Group has representation on the board of directors of the investee, and has a significant influence. Therefore, the Group evaluates the investment using the equity method.

Yuan Hsin Digital Payment Co., Ltd. was dissolved and liquidated on July 12, 2023. On September 25, 2023, \$46,222 thousand has been recovered, and the remaining \$12,552 thousand has not been recovered and is accounted for in other receivables.

The extraordinary shareholders' meeting of Oriental Securities Corporation passed a resolution on August 16, 2023 to return the capital to shareholders in cash. As of October 18, 2023, the share payment of \$997,931 thousand has been collected.

The general shareholders' meeting of Pacific Department Store Co., Ltd. passed a resolution on June 8, 2023 to return the capital to shareholders in cash. As of July 1, 2023, the share payment of \$66,204 thousand has been collected.

Refer to Note 34 for the information on the carrying amounts of investments in associates accounted for using the equity method that were pledged as security.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Plant, Transportation and Miscellaneous Equipment	Property under Construction	Total
Cost							
Balance at January 1, 2023	\$ 13,720,139	\$ 21,427,305	\$ 12,720,337	\$ 14,362,801	\$ 3,356,511	\$ 31,389	\$ 65,618,482
Additions	-	-	226,761	380,601	164,144	387,091	1,158,597
Disposals	-	(1,420,924)	(285,114)	(1,495,009)	(307,514)	(166)	(3,508,727)
Reclassification	-	-	106,307	94,746	29,889	-	230,942
Effect of exchange differences	-	4,365	-	(3,303)	(574)	(8,183)	(7,695)
Balance at December 31, 2023	<u>\$ 13,720,139</u>	<u>\$ 20,010,746</u>	<u>\$ 12,768,291</u>	<u>\$ 13,339,836</u>	<u>\$ 3,242,456</u>	<u>\$ 410,131</u>	<u>\$ 63,491,599</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$ -	\$ (9,511,710)	\$ (8,894,104)	\$ (11,422,735)	\$ (2,510,857)	\$ -	\$ (32,339,406)
Disposals	-	1,345,467	263,485	1,471,693	303,619	-	3,384,264
Recognized (reversed) impairment losses	-	5,565	-	(8,177)	(1,434)	-	(4,046)
Depreciation expense	-	(437,187)	(610,000)	(807,742)	(214,119)	-	(2,069,048)
Effect of exchange differences	-	(4,218)	-	3,349	458	-	(411)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (8,602,083)</u>	<u>\$ (9,240,619)</u>	<u>\$ (10,763,612)</u>	<u>\$ (2,422,333)</u>	<u>\$ -</u>	<u>\$ (31,028,647)</u>
Carrying amount at December 31, 2023	<u>\$ 13,720,139</u>	<u>\$ 11,408,663</u>	<u>\$ 3,527,672</u>	<u>\$ 2,576,224</u>	<u>\$ 820,123</u>	<u>\$ 410,131</u>	<u>\$ 32,462,952</u>
Cost							
Balance at January 1, 2022	\$ 13,720,139	\$ 21,485,565	\$ 11,202,163	\$ 13,134,394	\$ 3,218,541	\$ 1,788,669	\$ 64,549,471
Additions (deductions)	-	(77,818)	483,687	858,692	168,542	32,166	1,465,269
Disposals	-	-	(51,587)	(460,279)	(114,063)	-	(625,929)
Reclassification	-	-	1,086,074	808,083	82,381	(1,789,283)	187,255
Effect of exchange differences	-	19,558	-	21,911	1,110	(163)	42,416
Balance at December 31, 2022	<u>\$ 13,720,139</u>	<u>\$ 21,427,305</u>	<u>\$ 12,720,337</u>	<u>\$ 14,362,801</u>	<u>\$ 3,356,511</u>	<u>\$ 31,389</u>	<u>\$ 65,618,482</u>
Accumulated depreciation and impairment							
Balance at January 1, 2022	\$ -	\$ (9,120,664)	\$ (8,299,934)	\$ (10,954,373)	\$ (2,391,632)	\$ -	\$ (30,766,603)
Disposals	-	-	50,572	449,352	113,103	-	613,027
Recognized (reversed) impairment losses	-	64,393	-	-	-	-	64,393
Depreciation expense	-	(436,930)	(644,742)	(897,115)	(231,365)	-	(2,210,152)
Effect of exchange differences	-	(18,509)	-	(20,599)	(963)	-	(40,071)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (9,511,710)</u>	<u>\$ (8,894,104)</u>	<u>\$ (11,422,735)</u>	<u>\$ (2,510,857)</u>	<u>\$ -</u>	<u>\$ (32,339,406)</u>
Carrying amount at December 31, 2022	<u>\$ 13,720,139</u>	<u>\$ 11,915,595</u>	<u>\$ 3,826,233</u>	<u>\$ 2,940,066</u>	<u>\$ 845,654</u>	<u>\$ 31,389</u>	<u>\$ 33,279,076</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	17-56 years
Buildings and facilities	3-20 years
Equipment under finance leases	2-20 years
Plant, transportation, and miscellaneous equipment	3-12 years

The Group expects no future cash inflow to the property, plant and equipment used in production, resulting in the recoverable amount being lower than the carrying amount. Therefore, an impairment loss of \$4,046 thousand was recognized from January 1 to December 31, 2023. The said impairment losses were included in the consolidated statements of comprehensive income under other gains and losses.

The Group's recoverable amount was higher than the carrying amount according to the evaluation of profitability; therefore, an impairment reversal gain in the amount of \$64,393 thousand was recognized for the period from January 1 to December 31, 2022. The impairment reversal gain was included in the other gains and losses account of the consolidated statements of comprehensive income.

Refer to Note 34 for the information on the carrying amounts of property, plant and equipment that were pledged as collateral for long/short-term borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 10,946,562	\$ 11,472,782
Buildings	35,581,655	28,152,064
Plant, transportation, and miscellaneous equipment	<u>8,038</u>	<u>5,579</u>
	<u>\$ 46,536,255</u>	<u>\$ 39,630,425</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 10,442,870</u>	<u>\$ 2,356,573</u>
Depreciation charge for right-of-use assets		
Land	\$ 511,199	\$ 510,761
Buildings	2,710,875	2,989,256
Plant, transportation, and miscellaneous equipment	<u>2,508</u>	<u>2,391</u>
	<u>\$ 3,224,582</u>	<u>\$ 3,502,408</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 2,923,309</u>	<u>\$ 3,191,599</u>
Non-current	<u>\$ 28,085,073</u>	<u>\$ 20,489,572</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.09%-1.89%	1.09%-1.89%
Buildings	0.86%-4.35%	0.86%-4.35%
Plant, transportation, and miscellaneous equipment	0.86%-1.71%	0.86%-1.09%

The Group's recoverable amount was less than the carrying amount according to the evaluation of profitability; therefore, impairment losses in the amounts of \$120,343 thousand and \$432,343 thousand were recognized for the periods from January 1 to December 31, 2023 and 2022, respectively. The Group's recoverable amount is the value in use; and the discount rate was 4.63% and 6.20% in 2023 and 2022, respectively. The impairment loss was recognized in other gains and losses of the consolidated statements of comprehensive income.

Except for the above-mentioned additions and recognized depreciation expenses, the Company's Taipei branch terminated the lease with its affiliated companies in advance on August 15, 2023, resulting in a decrease of 108,447 thousand in right-of-use assets. The company did not have any major events of subletting and impairment situations in 2023 and 2022.

The land in Taoyuan leased to the Group has been subleased to a third party as an operating lease. For the right-of-use assets listed as investment properties, please see Note 16 on investment properties. The aforementioned right-of-use assets exclude right-of-use assets qualified as investment properties.

c. Material lease-in activities and terms

The Group signed a lease contract with Farglory Dome Co., Ltd. on June 30, 2022 for a lease period of 20 years, and in November 2023, \$7,938,884 thousand of right-of-use assets were recognized.

The Group signed a lease contract with Chongqing Huacheng Investment Co., Ltd. on May 20, 2021 for a lease period of 20 years, and obtained the property certificate in January 2024 and transferred RMB891,064 thousand of right-of-use assets.

The Group had the lease agreement negotiated with some lessors due to the severe impact of the COVID-19 pandemic in 2022. The lessor agreed to have provided a rent concession for the period from January 1 to December 31, 2022.

The Group recognized the effect of the aforementioned rent concession for an amount of \$149,877 thousand for the period from January 1 to December 31, 2022 (as a deduction in operating expenses).

The Group leases certain property and equipment for its retail business with a lease term of 1 to 50 years. In addition to fixed payments, a part of the lease contract also specifies variable lease payments with different conditions. Some stores are leased by acquiring land use rights to build buildings and transfer buildings to lessor unconditionally at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	<u>\$ 79,721</u>	<u>\$ 44,155</u>
Expenses relating to low-value asset leases	<u>\$ 77,880</u>	<u>\$ 70,078</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 186,706</u>	<u>\$ 14,120</u>
Total cash (outflow) for leases	<u>\$ (3,635,010)</u>	<u>\$ (3,745,957)</u>

The Group has elected to apply the recognition exemption for short-term leases and low-value assets leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2023	2022
Lease commitments	<u>\$ 14,105,330</u>	<u>\$ 17,963,488</u>

16. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Investment Properties under Construction	Right-of-use Assets	Total
Balance at January 1, 2023	\$ 5,302,123	\$ 3,274,589	\$ 14,254	\$ 380,180	\$ 8,971,146
Additions	-	2,605	-	-	2,605
Gain (loss) on changes in the fair value of investment properties	234,680	(138,541)	-	(47,005)	49,134
Balance at December 31, 2023	<u>\$ 5,536,803</u>	<u>\$ 3,138,653</u>	<u>\$ 14,254</u>	<u>\$ 333,175</u>	<u>\$ 9,022,885</u>
Balance at January 1, 2022	\$ 5,153,758	\$ 3,391,368	\$ 14,254	\$ 418,753	\$ 8,978,133
Additions	-	1,096	-	-	1,096
Gain (loss) on changes in the fair value of investment properties	148,365	(117,875)	-	(38,573)	(8,083)
Balance at December 31, 2022	<u>\$ 5,302,123</u>	<u>\$ 3,274,589</u>	<u>\$ 14,254</u>	<u>\$ 380,180</u>	<u>\$ 8,971,146</u>

Right-of-use assets included in investment properties which are units of office spaces located in Taoyuan and subleased under operating leases to others.

Some of the Group's investment properties were leased out for 2 to 20 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

Except for the minimum lease payments, some of the lease contracts also indicate that the lessees should make variable payments which shall be determined on the basis of the consumer price index.

In 2022, due to the COVID-19 pandemic that severely affected the global market economy, the Group agreed to reduce the rent from January 1 to December 31, 2022.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

	December 31	
	2023	2022
Year 1	\$ 818,731	\$ 862,154
Year 2	756,842	736,757
Year 3	669,780	687,314
Year 4	478,147	625,384
Year 5	445,928	450,882
Year 5 onwards	<u>3,326,315</u>	<u>3,742,243</u>
	<u>\$ 6,495,743</u>	<u>\$ 7,104,734</u>

The fair values of the investment properties as of December 31, 2023 and 2022 were based on the valuations carried out at those dates, on a recurring basis by independent qualified professional valuers, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh and Kuang-Ping Tai from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

Except for undeveloped lands, the fair values of investment properties were measured using the income approach and the significant assumptions used are the increase in the estimated future net cash inflows, or the decrease in discount rates that would result in increases in the fair values.

	December 31	
	2023	2022
Expected future cash inflows	\$ 22,222,604	\$ 22,032,097
Expected future cash outflows	<u>3,358,963</u>	<u>3,289,242</u>
Expected future cash inflows, net	<u>\$ 18,863,641</u>	<u>\$ 18,742,855</u>
Discount rate	4.345%-4.595%	4.220%-4.595%

The market rentals in the area where the investment properties are located were between \$1 thousand and \$2 thousand per ping (i.e., per 3.3 square meters). The market rentals for comparable properties were between \$1 thousand and \$4 thousand per ping (i.e., per 3.3 square meters).

The expected future cash inflows generated by investment properties include rental income, interest income on rental deposits and disposal proceeds at the end of the period. The rental income was extrapolated using the annual rental growth rate, based on the existing lease contracts of the Group and comparative market rentals. The income analysis covers a period between 5 and 10 years. The interest income on rental deposits was extrapolated using the one-year average deposit interest rate, while the disposal proceeds was determined using the direct capitalization method under the income approach. The expected future cash outflows on investment properties include expenditures such as property tax, land value tax, insurance premiums, management fees, maintenance costs and replacement allowances. These expenditures were extrapolated based on the current level of expenditures, while taking into account the construction cost indices, future adjustments to land value announced, the tax rate promulgated under the House Tax Act and construction costs.

The discount rate was determined with reference to the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75% and the risk premium of investment properties of 2%-2.25%.

Part of the land located in the east of Taiwan that is owned by the Group, is yet to be developed. The fair value of the undeveloped land was measured using the land development analysis approach. The significant assumptions used are such that an increase in total estimated sales, an increase in rate of return, or a decrease in the overall capital interest rate would result in an increase in the fair value.

	December 31	
	2023	2022
Estimated total sales price	<u>\$ 2,193,982</u>	<u>\$ 2,076,696</u>
Rate of return	17%-20%	17%-20%
Overall capital interest rate	3.02%-3.55%	1.50%-3.21%

The total sales price is estimated on the basis of the most effective use of land or property available for sale after development is completed, taking into account the related regulations, optimism of domestic macroeconomic prospects, local land use, and comparable market prices.

Refer to Note 34 for the information on the carrying amounts of investment properties pledged as collateral for borrowings.

17. INTANGIBLE ASSETS

	Goodwill	Computer Software	Franchise	Total
<u>Cost</u>				
Balance at January 1, 2023	\$ 7,631,973	\$ 603,054	\$ 558,290	\$ 8,793,317
Additions (deductions)	-	35,859	(3,678)	32,181
Disposals	-	(25,988)	-	(25,988)
Reclassification	-	9,254	-	9,254
Effect of exchange differences	-	(448)	-	(448)
Balance at December 31, 2023	<u>\$ 7,631,973</u>	<u>\$ 621,731</u>	<u>\$ 554,612</u>	<u>\$ 8,808,316</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2023	\$ (5,862,537)	\$ (500,565)	\$ (16,613)	\$ (6,379,715)
Amortization expense	-	(48,359)	(12,428)	(60,787)
Disposals	-	25,988	-	25,988
Effect of exchange differences	-	443	-	443
Balance at December 31, 2023	<u>\$ (5,862,537)</u>	<u>\$ (522,493)</u>	<u>\$ (29,041)</u>	<u>\$ (6,414,071)</u>
Carrying amount at December 31, 2023	<u>\$ 1,769,436</u>	<u>\$ 99,238</u>	<u>\$ 525,571</u>	<u>\$ 2,394,245</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 7,631,973	\$ 566,206	\$ 556,245	\$ 8,754,424
Additions	-	35,226	2,045	37,271
Disposals	-	(18,203)	-	(18,203)
Reclassification	-	19,114	-	19,114
Effect of exchange differences	-	711	-	711
Balance at December 31, 2022	<u>\$ 7,631,973</u>	<u>\$ 603,054</u>	<u>\$ 558,290</u>	<u>\$ 8,793,317</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2022	\$ (5,862,537)	\$ (459,210)	\$ (4,143)	\$ (6,325,890)
Amortization expense	-	(57,776)	(12,470)	(70,246)
Disposals	-	17,113	-	17,113
Effect of exchange differences	-	(692)	-	(692)
Balance at December 31, 2022	<u>\$ (5,862,537)</u>	<u>\$ (500,565)</u>	<u>\$ (16,613)</u>	<u>\$ (6,379,715)</u>
Carrying amount at December 31, 2022	<u>\$ 1,769,436</u>	<u>\$ 102,489</u>	<u>\$ 541,677</u>	<u>\$ 2,413,602</u>

Goodwill arising on mergers or the acquisition of majority interests in companies is the acquisition cost in excess of the fair value of the identifiable net assets acquired.

For intangible assets pledged as collateral for loans, please see Note 34.

The following intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years
Franchise	45 years

18. OTHER ASSETS

	December 31	
	2023	2022
Refundable deposits	\$ 1,394,938	\$ 1,426,384
Lease incentives	423,605	419,914
Others	<u>241,233</u>	<u>180,439</u>
	<u>\$ 2,059,776</u>	<u>\$ 2,026,737</u>
Current	\$ 44,529	\$ 56,533
Non-current	<u>2,015,247</u>	<u>1,970,204</u>
	<u>\$ 2,059,776</u>	<u>\$ 2,026,737</u>

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured loans (Note 34)	\$ 5,157,049	\$ 5,487,097
Credit loans	<u>6,543,139</u>	<u>8,235,047</u>
	<u>\$ 11,700,188</u>	<u>\$ 13,722,144</u>
Interest rate intervals are as follows:		
Secured loans	1.6286%-5.6692%	1.6286%-5.6692%
	%	%
Credit loans	1.6800%-4.4500%	1.3500%-4.6500%
	%	%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial papers	\$ 1,687,000	\$ 1,592,000
Less: Unamortized discount on short-term bills payable	<u>(482)</u>	<u>(1,155)</u>
	<u>\$ 1,686,518</u>	<u>\$ 1,590,845</u>

Outstanding short-term bills payable are as follows:

December 31, 2023

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
Mega Bills Finance	\$ 901,000	\$ 104	\$ 900,896	1.788%-1.828%	Shares	\$ 459,398
China Bills Finance	526,000	289	525,711	1.780%	Shares	103,625
Taiwan Finance	200,000	59	199,941	1.788%	-	-
International Bills Finance	60,000	30	59,970	1.798%	-	-
	<u>\$ 1,687,000</u>	<u>\$ 482</u>	<u>\$ 1,686,518</u>			<u>\$ 563,023</u>

December 31, 2022

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
International Bills Finance	\$ 600,000	\$ 145	\$ 599,855	1.922%-2.038%	Shares	\$ 110,700
China Bills Finance	500,000	105	499,895	1.000%	Shares	102,500
Grand Finance	292,000	875	291,125	1.922%-1.950%	-	-
Mega Bills Finance	100,000	18	99,982	2.000%	Shares	636,587
Taiwan Finance	100,000	12	99,988	2.138%	-	-
	<u>\$ 1,592,000</u>	<u>\$ 1,155</u>	<u>\$ 1,590,845</u>			<u>\$ 849,787</u>

c. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Secured loans (Note 34)	\$ 10,730,160	\$ 5,300,000
Credit loans	<u>4,350,000</u>	<u>5,550,000</u>
Subtotal	15,080,160	10,850,000
Less: Listed as part due within 1 year	<u>(518,039)</u>	<u>(950,000)</u>
	<u>\$ 14,562,121</u>	<u>\$ 9,900,000</u>
loan maturity	January 2024 to August 2027	January 2023 to December 2024
Interest rate intervals	1.650%-4.900%	1.375%-2.235%

20. OTHER LIABILITIES

	December 31	
	2023	2022
Other payables		
Payables for salaries and bonuses	\$ 994,937	\$ 913,805
Payables for purchases of equipment	342,431	763,374
Payables for rent	147,428	29,842
Others	<u>2,578,658</u>	<u>2,382,340</u>
	<u>\$ 4,063,454</u>	<u>\$ 4,089,361</u>
Other liabilities		
Deposits received	\$ 252,374	\$ 293,608
Franchise liabilities	204,027	207,138
Others	<u>434,747</u>	<u>414,677</u>
	<u>\$ 891,148</u>	<u>\$ 915,423</u>
Current		
Other payables	<u>\$ 4,063,454</u>	<u>\$ 4,089,361</u>
Other liabilities	<u>\$ 414,256</u>	<u>\$ 395,209</u>
Non-current		
Other liabilities	<u>\$ 476,892</u>	<u>\$ 520,214</u>

21. PROVISIONS

	December 31	
	2023	2022
Dismantling obligation	<u>\$ 28,729</u>	<u>\$ 28,500</u>
Current	\$ 3,000	\$ 3,000
Non-current	<u>25,729</u>	<u>25,500</u>
	<u>\$ 28,729</u>	<u>\$ 28,500</u>
		Dismantling Obligation
Balance at January 1, 2023		\$ 28,500
Unwinding of discount		<u>229</u>
Balance at December 31, 2023		<u>\$ 28,729</u>
Balance at January 1, 2022		\$ 28,272
Unwinding of discount		<u>228</u>
Balance at December 31, 2022		<u>\$ 28,500</u>

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group in ROC of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the local government of mainland China. The Group in mainland China are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by Yu Ming Advertising Agency Co., Ltd. (YMAC), Far Eastern Hon Li Do Co., Ltd. (FEHLD), FEDS, AIMAI, Ya Tung Department Stores, Ltd. (YTDS) and SOGO of the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and aforementioned subsidiaries contribute amounts equal to 2%-6% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The pension costs of YMAC amounted to \$13 thousand in 2023 and 2022 for both years, and the accrued pension liabilities on December 31, 2023 and 2022 amounted to \$15 thousand and \$486 thousand for both years, respectively.

FEHLD terminated its trading business on July 1, 2000, and its employees were transferred to AIMAI. The length of services of the employees at FEHLD was carried forward and will serve as the calculation basis of the defined benefit plans at AIMAI. If the employees retire, the calculation of pension costs would include the length of service at FEHLD. The pension costs of FEHLD amounted to \$254 thousand and \$759 thousand in 2023 and 2022, respectively.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2023</u>				
Present value of defined benefit obligation	\$ 530,990	\$ 202,577	\$ 8,542	\$ 603,797
Fair value of the plan assets	<u>(1,032,674)</u>	<u>(38,589)</u>	<u>(10,222)</u>	<u>(283,977)</u>
Net defined benefit (assets) liabilities	<u>\$ (501,684)</u>	<u>\$ 163,988</u>	<u>\$ (1,680)</u>	<u>\$ 319,820</u>
				(Continued)

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2022</u>				
Present value of defined benefit obligation	\$ 614,928	\$ 217,130	\$ 9,090	\$ 600,533
Fair value of the plan assets	<u>(898,676)</u>	<u>(59,086)</u>	<u>(10,671)</u>	<u>(177,231)</u>
Net defined benefit (assets) liabilities	<u>\$ (283,748)</u>	<u>\$ 158,044</u>	<u>\$ (1,581)</u>	<u>\$ 423,302</u> (Concluded)

Movements in net defined benefit (assets) liabilities are as follows:

	FEDS			AIMAI		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 614,928	\$ (898,676)	\$ (283,748)	\$ 217,130	\$ (59,086)	\$ 158,044
Service cost						
Current service cost	2,569	-	2,569	399	-	399
Service costs of prior periods	23,403	-	23,403	-	-	-
Net interest expense (income)	<u>9,224</u>	<u>(13,520)</u>	<u>(4,296)</u>	<u>3,257</u>	<u>(915)</u>	<u>2,342</u>
Recognized in profit or loss	<u>35,196</u>	<u>(13,520)</u>	<u>21,676</u>	<u>3,656</u>	<u>(915)</u>	<u>2,741</u>
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(120,648)	(120,648)	-	(170)	(170)
Actuarial loss						
- changes in financial assumptions	11,104	-	11,104	4,658	-	4,658
- experience adjustments	<u>(11,090)</u>	<u>-</u>	<u>(11,090)</u>	<u>2,438</u>	<u>-</u>	<u>2,438</u>
Recognized in other comprehensive income	<u>14</u>	<u>(120,648)</u>	<u>(120,634)</u>	<u>7,096</u>	<u>(170)</u>	<u>6,926</u>
Contributions from the employer	-	(118,974)	(118,974)	-	(3,723)	(3,723)
Benefits paid	(119,144)	119,144	-	(25,305)	25,305	-
Company account paid	<u>(4)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 530,990</u>	<u>\$ (1,032,674)</u>	<u>\$ (501,684)</u>	<u>\$ 202,577</u>	<u>\$ (38,589)</u>	<u>\$ 163,988</u>
Balance at January 1, 2022	\$ 662,495	\$ (859,196)	\$ (196,701)	\$ 256,925	\$ (43,199)	\$ 213,726
Service cost						
Current service cost	3,586	-	3,586	692	-	692
Service costs of prior periods	-	-	-	-	-	-
Net interest expense (income)	<u>3,312</u>	<u>(4,308)</u>	<u>(996)</u>	<u>1,285</u>	<u>(226)</u>	<u>1,059</u>
Recognized in profit or loss	<u>6,898</u>	<u>(4,308)</u>	<u>2,590</u>	<u>1,977</u>	<u>(226)</u>	<u>1,751</u>
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(34,652)	(34,652)	-	(3,609)	(3,609)
Actuarial loss						
- changes in financial assumptions	(43,204)	-	(43,204)	(22,726)	-	(22,726)
- experience adjustments	<u>32,240</u>	<u>-</u>	<u>32,240</u>	<u>363</u>	<u>-</u>	<u>363</u>
Recognized in other comprehensive income	<u>(10,964)</u>	<u>(34,652)</u>	<u>(45,616)</u>	<u>(22,363)</u>	<u>(3,609)</u>	<u>(25,972)</u>
Contributions from the employer	-	(44,021)	(44,021)	-	(22,937)	(22,937)
Benefits paid	(43,501)	43,501	-	(10,885)	10,885	-
Company account paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,524)</u>	<u>-</u>	<u>(8,524)</u>
Balance at December 31, 2022	<u>\$ 614,928</u>	<u>\$ (898,676)</u>	<u>\$ (283,748)</u>	<u>\$ 217,130</u>	<u>\$ (59,086)</u>	<u>\$ 158,044</u>

	YTDS			SOGO		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	\$ 9,090	\$ (10,671)	\$ (1,581)	\$ 600,533	\$ (177,231)	\$ 423,302
Service cost						
Current service cost	-	-	-	1,904	-	1,904
Net interest expense (income)	125	(148)	(23)	9,008	(2,799)	6,209
Recognized in profit or loss	125	(148)	(23)	10,912	(2,799)	8,113
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(82)	(82)	-	(1,716)	(1,716)
Actuarial loss						
- changes in financial assumptions	58	-	58	13,880	-	13,880
- experience adjustments	47	-	47	16,250	-	16,250
Recognized in other comprehensive income	105	(82)	23	30,130	(1,716)	28,414
Contributions from the employer	-	(99)	(99)	-	(118,758)	(118,758)
Benefits paid	(778)	778	-	(16,527)	16,527	-
Company account paid	-	-	-	(21,251)	-	(21,251)
Balance at December 31, 2023	\$ 8,542	\$ (10,222)	\$ (1,680)	\$ 603,797	\$ (283,977)	\$ 319,820
Balance at January 1, 2022	\$ 10,167	\$ (10,235)	\$ (68)	\$ 683,197	\$ (179,169)	\$ 504,028
Service cost						
Current service cost	46	-	46	2,552	-	2,552
Net interest expense (income)	51	(51)	-	3,416	(944)	2,472
Recognized in profit or loss	97	(51)	46	5,968	(944)	5,024
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(810)	(810)	-	(13,798)	(13,798)
Actuarial loss						
- changes in demographic assumptions	-	-	-	2,551	-	2,551
- changes in financial assumptions	(566)	-	(566)	(62,088)	-	(62,088)
- experience adjustments	(72)	-	(72)	17,424	-	17,424
Recognized in other comprehensive income	(638)	(810)	(1,448)	(42,113)	(13,798)	(55,911)
Contributions from the employer	-	(111)	(111)	-	(18,774)	(18,774)
Benefits paid	(536)	536	-	(35,454)	35,454	-
Company account paid	-	-	-	(11,065)	-	(11,065)
Balance at December 31, 2022	\$ 9,090	\$ (10,671)	\$ (1,581)	\$ 600,533	\$ (177,231)	\$ 423,302

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments of the plan assets.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2023</u>				
Discount rates	1.250%	1.250%	1.250%	1.250%
Expected rates of salary increase	2.250%	1.000%	2.000%	2.250%
<u>December 31, 2022</u>				
Discount rates	1.500%	1.500%	1.375%	1.500%
Expected rates of salary increase	2.250%	1.000%	2.000%	2.250%

If probable, reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2023</u>				
Discount rate(s)				
0.25% increase	<u>\$ (11,104)</u>	<u>\$ (4,658)</u>	<u>\$ (115)</u>	<u>\$ (13,880)</u>
0.25% decrease	<u>\$ 11,463</u>	<u>\$ 4,821</u>	<u>\$ 119</u>	<u>\$ 14,363</u>
Expected rate(s) of salary increase				
0.25% increase	<u>\$ 11,147</u>	<u>\$ 4,735</u>	<u>\$ 116</u>	<u>\$ 13,957</u>
0.25% decrease	<u>\$ (10,854)</u>	<u>\$ (4,597)</u>	<u>\$ (113)</u>	<u>\$ (13,558)</u>
<u>December 31, 2022</u>				
Discount rate(s)				
0.25% increase	<u>\$ (13,342)</u>	<u>\$ (5,194)</u>	<u>\$ (150)</u>	<u>\$ (14,193)</u>
0.25% decrease	<u>\$ 13,786</u>	<u>\$ 5,381</u>	<u>\$ 155</u>	<u>\$ 14,703</u>
Expected rate(s) of salary increase				
0.25% increase	<u>\$ 13,437</u>	<u>\$ 5,299</u>	<u>\$ 151</u>	<u>\$ 14,326</u>
0.25% decrease	<u>\$ (13,071)</u>	<u>\$ (5,140)</u>	<u>\$ (147)</u>	<u>\$ (13,900)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2023</u>				
The expected contributions to the plans for the next year	<u>\$ 4,574</u>	<u>\$ 3,628</u>	<u>\$ 100</u>	<u>\$ 18,915</u>
The average duration of the defined benefit obligation	8.5 years	9.3 years	5.5 years	9.3 years (Continued)

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2022</u>				
The expected contributions to the plans for the next year	\$ <u>5,283</u>	\$ <u>3,878</u>	\$ <u>110</u>	\$ <u>18,719</u>
The average duration of the defined benefit obligation	8.9 years	9.7 years	6.7 years	9.6 years (Concluded)

23. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2023	2022
Shares authorized (in thousands)	<u>1,750,000</u>	<u>1,750,000</u>
Shares authorized	<u>\$ 17,500,000</u>	<u>\$ 17,500,000</u>
Shares issued and fully paid (in thousands)	<u>1,416,941</u>	<u>1,416,941</u>
Shares issued	<u>\$ 14,169,406</u>	<u>\$ 14,169,406</u>

Fully paid ordinary shares, which have a par value of \$10, are entitled to one vote and a right to receive dividends per share.

b. Capital surplus

	<u>December 31</u>	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance in excess of ordinary shares	\$ 2,142,074	\$ 2,142,074
Treasury share transactions	1,173,346	1,173,346
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in associates	<u>28,175</u>	<u>25,604</u>
	<u>\$ 3,343,595</u>	<u>\$ 3,341,024</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

According to the Articles of Incorporation, where the Company makes profit in a fiscal year, the profit shall be first utilized to make its business income tax payments and offset deficit. From any remaining profit, out of the profit after tax for the current period plus other profit items adjusted to the current year's undistributed earnings other than profit after tax for the period, 10% will be appropriated as a legal reserve. After appropriating to the special reserve as required by government regulations, the remaining amount, along with any prior years' undistributed earnings, may be utilized for earnings distribution in the form of dividend based on shareholding percentage. However, the Company may retain a certain portion depending on the operating needs. In case of a capital increase during the year, dividend appropriated to new shareholders is subject to the resolution passed in the shareholders' meeting. For policies of compensation of employees and remuneration of directors stipulated by the Articles of Incorporation, please see Note 25(i).

The Company's distribution of dividends would be in consideration of on economic conditions, tax obligations, and operating requirements for cash. For an orderly system of dividend distribution, the dividends are distributed in accordance with the Articles of Incorporation. In addition, improvements of the financial structure and support for investment, capacity expansion or other major capital expenditures are needed. The cash dividends to be distributed should not be below 50% than the current year's post-tax net profit deduction, offsetting losses of previous years, the statutory surplus reserve and the special surplus reserve, except for the improvement of financial structure and the transfer of funds, capacity expansion or other major capital expenditures. The cash dividends to be distributed should not be below 10% of the total cash and share dividends for the current accounting year.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 21, 2023 and June 24, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
Appropriate legal reserve	\$ 201,348	\$ 117,699
(Reverse) appropriate special reserve	\$ (9,927)	\$ 38,409
Cash dividends	\$ 1,558,635	\$ 1,275,247
Dividends per share (NT\$)	\$ 1.10	\$ 0.90

The appropriation of earnings for 2023, which was approved in the shareholders' meeting on March 1, 2024, was as follows:

	For the Year Ended December 31, 2023
Appropriate legal reserve	\$ 103,754
Appropriate special reserve	\$ 34,177
Reversals of special reserve from previous years	\$ (1,000,564)
Cash dividends	\$ 2,267,105
Dividends per share (NT\$)	\$ 1.60

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 18, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,657,978	\$ 2,619,569
Appropriations in respect of provision for special reserve		
Net increases in the fair value of investment properties	-	38,409
Reversals of special reserve		
Reversal of fair value of investment properties	<u>(9,927)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,648,051</u>	<u>\$ 2,657,978</u>

On the initial application of the fair value model to investment properties and on the initial application of IFRS 16, the Group appropriated for a special reserve at an amount equal to the net increase arising from fair value measurement and which was subsequently transferred to retained earnings. The additional special reserve should be appropriated for subsequent net increases in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties. If investment properties were reclassified to property, plant and equipment, the associated special reserve would be reversed in accordance to the subsequent depreciation expense of property, plant and equipment.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 55,766	\$ 65,935
The equity method is used to recognize the changes in subsidiaries and associates	(50)	-
Exchange differences on translating the financial statements of foreign operations	19,505	(32,472)
Share from associates accounted for using the equity method	(21,765)	22,303
Acquired part of the equity interest in the subsidiary	<u>44,910</u>	<u>-</u>
Balance, at December 31	<u>\$ 98,366</u>	<u>\$ 55,766</u>

Translation adjustments arising from net assets of foreign operations that are translated from the functional currency to New Taiwan dollars were recognized as other comprehensive income under exchange differences on translating foreign operations.

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,707,736	\$ 2,944,932
Recognized for the year		
Unrealized gain (loss) - equity instruments	184,494	(107,409)
Share from associates accounted for using the equity method	<u>45,880</u>	<u>(134,326)</u>
Other comprehensive income recognized for the year	230,374	(241,735)
The equity method is used to recognize the changes in subsidiaries and associates	(2,478)	-
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(23,618)	4,539
Acquired part of the equity interest in the subsidiary	<u>54,589</u>	<u>-</u>
Balance at December 31	<u>\$ 2,966,603</u>	<u>\$ 2,707,736</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,007,721	\$ 8,786,528
Share in profit for the year	1,210,228	774,992
Cash dividends distributed by subsidiaries	(797,574)	(561,569)
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	7,408	(16,501)
Unrealized gain on financial assets at FVTOCI	1,905	1,547
Remeasurement of defined benefit plans	(8,486)	24,483
Share of other comprehensive income of associates accounted for using the equity method	2,346	(1,770)
Adjustments relating to changes in associates accounted for using the equity method	4	11
Acquired part of the equity interest in the subsidiary	(2,781,973)	-
Disposition of subsidiaries	<u>(490,257)</u>	<u>-</u>
Balance, at December 31	<u>\$ 6,151,322</u>	<u>\$ 9,007,721</u>

g. Treasury shares

The shares that the subsidiaries held were acquired before the Company Act was amended in 2001. The Company's shares held by its subsidiaries at the end of the reporting period are as follows:

December 31, 2023

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 203,123</u>

December 31, 2022

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 176,433</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuances for cash and to vote.

24. REVENUE

	<u>For the Year Ended December 31</u>	
	2023	2022
Sales of goods (Note)	\$ 20,409,393	\$ 20,830,135
Commissions from concessionaires' sales (Note)	13,189,647	11,971,682
Advertisement and promotion fee income	781,515	793,800
Rental income		
Investment properties (Note 16)		
Other lease payments	284,391	270,265
Other operating leases		
Variable lease payments that do not depend on an index or a rate and contingent rentals	158,839	118,785
Other lease payments	1,093,418	1,090,797
Others	<u>807,900</u>	<u>788,446</u>
	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>

Note: Gross revenue is presented as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Concessionaires' sales	\$ 110,604,713	\$ 101,145,206
Sale of goods	<u>20,789,531</u>	<u>21,231,843</u>
	<u>\$ 131,394,244</u>	<u>\$ 122,377,049</u>

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 10)	\$ 649	\$ 471	\$ 671
Trade receivables (Note 10)	<u>\$ 1,339,169</u>	<u>\$ 1,315,023</u>	<u>\$ 1,348,294</u>
Contract liabilities			
Sale of goods	\$ 9,556,862	\$ 10,205,204	\$ 9,616,687
Customer loyalty programs	48,365	66,239	30,522
Others	<u>10,185</u>	<u>8,496</u>	<u>12,775</u>
	<u>\$ 9,615,412</u>	<u>\$ 10,279,939</u>	<u>\$ 9,659,984</u>

Refer to Note 10 for the information of notes receivable and trade receivables.

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities which were satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ 6,061,456	\$ 5,932,478
Customer loyalty programs	<u>66,239</u>	<u>30,522</u>
	<u>\$ 6,127,695</u>	<u>\$ 5,963,000</u>

25. NET PROFIT FOR THE YEAR

Net profit for the year includes the following items:

a. Operating costs

	For the Year Ended December 31	
	2023	2022
Operating costs		
Cost of sales	\$ 15,816,796	\$ 16,174,517
Rental costs	331,127	338,688
Others	<u>32,095</u>	<u>31,220</u>
	<u>\$ 16,180,018</u>	<u>\$ 16,544,425</u>

b. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	\$ 177,313	\$ 87,171
Others	<u>9,723</u>	<u>5,717</u>
	<u>\$ 187,036</u>	<u>\$ 92,888</u>

c. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income		
Investments in equity instruments at FVTOCI	<u>\$ 257,872</u>	<u>\$ 357,816</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Financial assets mandatorily classified as at FVTPL		
Gain (loss) arising on changes in fair value of investment properties, net	\$ 10,534	\$ (8,510)
Gain (loss) on change in fair value of investment properties	49,134	(8,083)
Foreign exchange (loss) gain, net	(11,142)	109,954
Expected credit gain (loss)	17,696	(213,415)
Loss on disposal of property, plant and equipment, net	(50,676)	(14,660)
Loss on disposal of intangible assets	-	(1,090)
(Loss) gain on disposal of investments	(59,989)	3,266
(Impairment loss) reversal of impairment loss on property, plant and equipment	(4,046)	64,393
Impairment loss of right-of-use assets	(120,343)	(432,343)
Other gains	264,617	167,787
Other losses	<u>(28,607)</u>	<u>(15,120)</u>
	<u>\$ 67,178</u>	<u>\$ (347,821)</u>

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 426,331	\$ 419,333
Interest on bank loans	528,662	432,075
Other interest expense	13,805	18,342
Less: Capitalized interest amount	(6,695)	-
Reversal of unwinding of discounts on provisions	<u>229</u>	<u>228</u>
	<u>\$ 962,332</u>	<u>\$ 869,978</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 2,069,048	\$ 2,210,152
Right-of-use assets	3,224,582	3,502,408
Less: Adjustments to receipts in advance and depreciation	<u>(158,824)</u>	<u>(178,191)</u>
	5,134,806	5,534,369
Intangible assets (including amortization expense)	<u>60,787</u>	<u>70,246</u>
	<u>\$ 5,195,593</u>	<u>\$ 5,604,615</u>
 An analysis of deprecation by function		
Operating costs	\$ 231,585	\$ 239,240
Operating expenses	<u>4,903,221</u>	<u>5,295,129</u>
	<u>\$ 5,134,806</u>	<u>\$ 5,534,369</u>
 An analysis of amortization by function		
Operating costs	\$ 1,078	\$ 1,450
Operating expenses	<u>59,709</u>	<u>68,796</u>
	<u>\$ 60,787</u>	<u>\$ 70,246</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses from investment properties generating rental income	\$ 81,059	\$ 78,203
Direct operating expenses from investment properties not generating rental income	<u>26,515</u>	<u>26,630</u>
	<u>\$ 107,574</u>	<u>\$ 104,833</u>

h. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 155,696	\$ 157,816
Defined benefit plan (Note 22)	<u>41,173</u>	<u>10,183</u>
	196,869	167,999
Other employee benefits	<u>4,387,583</u>	<u>4,209,347</u>
Total employee benefits expenses	<u>\$ 4,584,452</u>	<u>\$ 4,377,346</u>
 An analysis of employee benefits expenses by function		
Operating expenses	<u>\$ 4,584,452</u>	<u>\$ 4,377,346</u>

i. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at a rate of 2% to 3.5% and no more than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 1, 2024 and March 2, 2023, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Compensation of employees	3.2%	3.2%
Remuneration of directors	2.4%	2.4%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 106,185	\$ 75,934
Remuneration of directors	79,639	56,951

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 1,065,949	\$ 752,599
Income tax on unappropriated earnings	13,096	2,444
Adjustments for the prior years	<u>(44,764)</u>	<u>10,215</u>
	<u>1,034,281</u>	<u>765,258</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year	\$ 58,364	\$ 44,603
Adjustments to deferred tax attributable to changes in tax rates and laws	-	6,012
Deferred income tax not recognized in previous years is recognized in the current year	<u>118,390</u>	<u>(12,479)</u>
	<u>176,754</u>	<u>38,136</u>
Income tax expense recognized in profit or loss	<u>\$ 1,211,035</u>	<u>\$ 803,394</u> (Concluded)

A reconciliation of accounting profit and income tax expenses are as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax from continuing operations	<u>\$ 5,173,566</u>	<u>\$ 3,508,560</u>
Income tax expense calculated at the statutory rate	\$ 1,082,342	\$ 740,457
Nondeductible expenses in determining taxable income	15,298	41,717
Deferred tax effect of earnings of subsidiaries	(116,794)	(83,719)
Permanent differences	(82,921)	(56,119)
Income tax on unappropriated earnings	13,096	2,444
Land value increment tax	11,776	2,973
Unrecognized loss carryforwards	198,090	176,799
Unrecognized deductible temporary differences	(3,738)	(55,480)
Adjustments for prior years' income tax	73,626	(2,264)
Others	<u>20,260</u>	<u>36,586</u>
Income tax expense recognized in profit or loss	<u>\$ 1,211,035</u>	<u>\$ 803,394</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plans	<u>\$ (17,058)</u>	<u>\$ (25,499)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	<u>\$ 2,635</u>	<u>\$ 2,746</u>
Current tax liabilities		
Income tax payable	<u>\$ 932,204</u>	<u>\$ 626,356</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Right-of-use assets	\$ 95,784	\$ (55,484)	\$ -	\$ 165	\$ 40,465
Differences of pension in determining taxable income	111,267	(26,577)	7,068	-	91,758
Investments in subsidiaries	3,014	21,141	-	-	24,155
Others	<u>308,725</u>	<u>(153,270)</u>	<u>-</u>	<u>-</u>	<u>155,455</u>
	518,790	(214,190)	7,068	165	311,833
Loss carryforwards	<u>65,383</u>	<u>(28,765)</u>	<u>-</u>	<u>-</u>	<u>36,618</u>
	<u>\$ 584,173</u>	<u>\$ (242,955)</u>	<u>\$ 7,068</u>	<u>\$ 165</u>	<u>\$ 348,451</u>

Deferred tax liabilities

Temporary differences					
Depreciation	\$ 1,015,081	\$ 9,774	\$ -	\$ -	\$ 1,024,855
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investment properties	355,657	11,776	-	-	367,433
Investments in subsidiaries	180,696	(60,900)	-	(3,685)	116,111
Differences of pension in determining taxable income	56,750	19,460	24,126	-	100,336
Lease liabilities	41,389	(41,526)	-	137	-
Others	<u>191,595</u>	<u>(4,785)</u>	<u>-</u>	<u>-</u>	<u>186,810</u>
	<u>\$ 2,349,887</u>	<u>\$ (66,201)</u>	<u>\$ 24,126</u>	<u>\$ (3,548)</u>	<u>\$ 2,304,264</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Right-of-use assets	\$ 134,800	\$ (40,587)	\$ -	\$ 1,571	\$ 95,784
Differences of pension in determining taxable income	136,843	(9,200)	(16,376)	-	111,267
Investments in subsidiaries	11,170	(8,156)	-	-	3,014
Others	<u>285,749</u>	<u>22,962</u>	<u>-</u>	<u>14</u>	<u>308,725</u>
	568,562	(34,981)	(16,376)	1,585	518,790
Loss carryforwards	<u>96,395</u>	<u>(31,012)</u>	<u>-</u>	<u>-</u>	<u>65,383</u>
	<u>\$ 664,957</u>	<u>\$ (65,993)</u>	<u>\$ (16,376)</u>	<u>\$ 1,585</u>	<u>\$ 584,173</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>					
Temporary differences					
Depreciation	\$ 991,992	\$ 23,089	\$ -	\$ -	\$ 1,015,081
Reserve for land revaluation increment tax	508,719	-	-	-	508,719
Investment properties	352,684	2,973	-	-	355,657
Investments in subsidiaries	203,619	(26,530)	-	3,607	180,696
Differences of pension in determining taxable income	39,340	8,287	9,123	-	56,750
Lease liabilities	67,953	(27,695)	-	1,131	41,389
Others	<u>199,356</u>	<u>(7,761)</u>	<u>-</u>	<u>-</u>	<u>191,595</u>
	<u>\$ 2,363,663</u>	<u>\$ (27,637)</u>	<u>\$ 9,123</u>	<u>\$ 4,738</u>	<u>\$ 2,349,887</u>
					(Concluded)

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets were recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards		
Expiry in 2033	\$ 663,640	\$ -
Expiry in 2032	809,513	712,298
Expiry in 2031	949,590	758,183
Expiry in 2030	356,459	368,836
Expiry in 2029	630,511	814,267
Expiry in 2028	475,325	1,284,282
Expiry in 2027	101,486	101,486
Expiry in 2026	545,065	545,065
Expiry in 2025	89,688	89,688
Expiry in 2024	83,292	83,292
Expiry in 2023	<u>-</u>	<u>104,164</u>
	<u>\$ 4,704,569</u>	<u>\$ 4,861,561</u>
Deductible temporary differences	<u>\$ 1,770,266</u>	<u>\$ 1,644,300</u>

f. Information on unused loss carryforwards

As of December 31, 2023, information on loss carryforwards is as follows:

Remaining Creditable Amount	Expiry Year
\$ 663,640	2033
809,513	2032
949,590	2031
392,179	2030
760,594	2029
489,414	2028
104,682	2027
545,065	2026
89,688	2025
<u>83,292</u>	2024
<u>\$ 4,887,657</u>	

g. Income tax assessments

As for the profit-seeking business income tax filings of the Group, except for Pacific Sogo Department Stores Co., Ltd., which has been approved as of 2020, the profit-seeking business income tax filings of the rest of the companies in the ROC up to 2021 have been approved by the tax authority.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.95</u>	<u>\$ 1.37</u>
Diluted earnings per share	<u>\$ 1.95</u>	<u>\$ 1.37</u>

Earnings and weighted average number of ordinary shares outstanding used for the computation of earnings per share are as follows:

Net profit for the year

	For the Year Ended December 31	
	2023	2022
Profit for the year attributable to owners of the Company	\$ 2,752,303	\$ 1,930,174
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,752,303</u>	<u>\$ 1,930,174</u>

Shares

(In Thousands of Shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	1,408,734	1,408,734
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>5,877</u>	<u>4,540</u>
Weighted average number of ordinary shares outstanding used in the computation of dilutive earnings per share	<u>1,414,611</u>	<u>1,413,274</u>

The Group may settle the compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in their meeting in the following year.

28. DISPOSITION OF SUBSIDIARIES

Shanghai Pacific Department Stores Co., Ltd. decided to reduce its capital on October 30, 2023, and the base date for the capital reduction was December 16, 2023.

a. Consideration received from disposals

**Shanghai
Pacific
Department
Stores Co., Ltd.**

Other receivables	<u>\$ 114,600</u>
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b. Analysis of assets and liabilities on the date control was lost

**Shanghai
Pacific
Department
Stores Co., Ltd.**

Current assets	
Cash and cash equivalents	\$ 405,484
Trade receivable	29,133
Other receivables	214,685
Other current assets	5,213
Non-current assets	
Property, plant and equipment	68,597
Current liabilities	
Other payables	(51,527)
Advance receipts	<u>(5,686)</u>
Net assets on disposal date	<u>\$ 665,899</u>

c. Loss on disposals of subsidiaries

**Shanghai
Pacific
Department
Stores Co., Ltd.**

Consideration received	\$ 114,600
Net assets on disposal date	(665,899)
Non-controlling interests	<u>490,257</u>
Loss on disposals	<u>\$ (61,042)</u>

d. Net cash outflow on disposals of subsidiaries

**Shanghai
Pacific
Department
Stores Co., Ltd.**

Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances on disposal date	<u>(405,484)</u>
	<u>\$ 405,484</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In December 2023, the combined company acquired equity from the non-controlling shareholders of its subsidiary, Pacific Circulation Investment Co., Ltd., resulting in an increase in shareholding from 55% to 78%.

The above transactions were accounted as equity transactions, since the Group did not cease to have control over these subsidiaries.

**Pacific Liu
Tong
Investment
Co., Ltd.**

Consideration received	\$ (4,498,463)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	2,781,973
Other equity items adjusted to be attributable to the owners of the Company	
Exchange differences on translation of the financial statements of foreign operations	(44,910)
Unrealized gains or losses on financial assets at fair value through other comprehensive income unrealized valuation gains and losses	<u>(54,589)</u>
Equity transaction difference	<u>\$ (1,815,989)</u>
<u>Equity transaction difference adjustment account</u>	
Undistributed surplus	<u>\$ (1,815,989)</u>

30. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

For the years ended December 31, 2023 and 2022, the prepayment for equipment reclassified to property, plant and equipment amounted to \$230,942 thousand and \$187,255 thousand, respectively (please see Note 14).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes		Others	Closing Balance
			New Leases	Change in Exchange Rate		
Short-term borrowings	\$ 13,722,144	\$ (1,949,065)	\$ -	\$ (72,891)	\$ -	\$ 11,700,188
Short-term bills payable	1,590,845	95,673	-	-	-	1,686,518
Long-term borrowings (including current portion)	10,850,000	4,230,160	-	-	-	15,080,160
Lease liabilities	23,681,171	(2,864,372)	10,394,284	(3,261)	(199,440)	31,008,382
Other non-current liabilities	520,214	(47,160)	-	-	3,838	476,892
	<u>\$ 50,364,374</u>	<u>\$ (534,764)</u>	<u>\$ 10,394,284</u>	<u>\$ (76,152)</u>	<u>\$ (195,602)</u>	<u>\$ 59,952,140</u>

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Others	Closing Balance
			New Leases	Change in Exchange Rate		
Short-term borrowings	\$ 9,868,799	\$ 3,759,960	\$ -	\$ 93,385	\$ -	\$ 13,722,144
Short-term bills payable	3,190,706	(1,599,861)	-	-	-	1,590,845
Long-term borrowings (including current portion)	17,589,721	(6,739,721)	-	-	-	10,850,000
Lease liabilities	24,953,044	(2,969,151)	1,840,926	5,979	(149,627)	23,681,171
Other non-current liabilities	526,684	(10,364)	-	-	3,894	520,214
	<u>\$ 56,128,954</u>	<u>\$ (7,559,137)</u>	<u>\$ 1,840,926</u>	<u>\$ 99,364</u>	<u>\$ (145,733)</u>	<u>\$ 50,364,374</u>

31. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Group manages its capital to ensure it can continue to operate as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising share capital, capital surplus, retained earnings and other equity). The Group's capital management concerns the capital expenditures for capital structure and relative risks to ensure the optimal capital structure; the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued and the proceeds from borrowings and repayments of borrowings, in order to balance the overall capital structure.

32. FINANCIAL INSTRUMENTS

a. Fair value information - financial instruments not measured at fair value

The financial instruments not measured at fair value are either those with due dates in the near future or those with a future collection value which approximately equals its carrying amount. Thus, the fair value of these financial instruments is estimated at their carrying amounts on the financial reporting date.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed ordinary shares	\$ 83,054	\$ -	\$ -	\$ 83,054
<u>Financial assets at FVTOCI</u>				
Domestic listed ordinary shares	\$ 4,986,621	\$ -	\$ -	\$ 4,986,621
Unlisted shares	-	-	653,732	653,732
	<u>\$ 4,986,621</u>	<u>\$ -</u>	<u>\$ 653,732</u>	<u>\$ 5,640,353</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificates	\$ 205,265	\$ -	\$ -	\$ 205,265
Domestic listed ordinary shares	79,497	-	-	79,497
	<u>\$ 284,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,762</u>
<u>Financial assets at FVTOCI</u>				
Domestic listed ordinary shares	\$ 4,868,424	\$ -	\$ -	\$ 4,868,424
Unlisted shares	-	-	599,498	599,498
	<u>\$ 4,868,424</u>	<u>\$ -</u>	<u>\$ 599,498</u>	<u>\$ 5,467,922</u>

There were no transfers between Levels 1 and 2 in both 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2023	\$ 599,498
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	52,466
Purchase	<u>1,768</u>
Balance at December 31, 2023	<u>\$ 653,732</u>

For the year ended December 31, 2022

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2022	\$ 646,753
Recognized in profit or loss (included in other gains and losses)	890
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(48,145)</u>
Balance at December 31, 2022	<u>\$ 599,498</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	<p>a) Asset-based approach. Valuation based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration.</p> <p>b) Transaction method of market approach. The approach is a valuation strategy based on market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.</p>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 83,054	\$ 284,762
Financial assets at amortized cost (1)	25,223,092	23,024,569
FVTOCI		
Equity instruments	5,640,353	5,467,922

Financial liabilities

Amortized cost (2)	50,935,307	47,716,862
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- 1) The balances included the carrying amount of cash and cash equivalents, notes receivable and trade receivables (including related parties), other receivables and refundable deposits, which are measured at amortized cost.
- 2) The balances included the carrying amount of short-term borrowings, short-term bills payable, notes payable and trade payables (including related parties), other payables, long-term borrowings including the current portion and deposits received, which are measured at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments include investments in equity instruments, trade receivable, accounts payable, lease liabilities, concession liabilities, and loans. The objective of the financial risk management is to mitigate the market risks (including foreign exchange risk, interest rate risk and other price risks), credit risk, liquidity risk and other financial risks that may impact the management and operating activities of the Group. The financial management department of the Group is committed to analyze and evaluate various financial risk factors that are market-related, provide and execute the corresponding mitigating strategies to reduce the risk impact of market fluctuation.

The main financial activities of the Group are governed by the Group's internal management and approved by the board of directors. The financial schemes, which include fund raising plans should be carried out in compliance with the Group's policies.

1) Market risk

a) Exchange rate risk

The Group was exposed to exchange rate risk for holding assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are as follows:

	In Thousands of U.S. Dollars	
	December 31	
	2023	2022
<u>Assets</u>		
USD	\$ <u>5,313</u>	\$ <u>17,727</u>
<u>Liabilities</u>		
USD	\$ <u>10,506</u>	\$ <u>14,213</u>

Sensitivity analysis

The Group was mainly affected by the floating exchange rates of USD denominated assets and liabilities. The sensitivity analyses below were determined based on the Group's exposure to exchange rates for non-derivative instruments at the end of the reporting period. The change of exchange rates reported to the senior management of the Group was based on a 1% increase or decrease in exchange rate which also denotes the management's assessment for the reasonableness of the fluctuation of exchange rates.

If exchange rates increase/decrease by 1% and all variables remain unchanged, the profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by \$1,595 thousand and \$1,080 thousand, respectively.

b) Interest rate risk

The Group was exposed to interest rate risk because the entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 15,212,820	\$ 12,324,438
Financial liabilities	31,212,409	23,907,809
Cash flow interest rate risk		
Financial assets	2,592,454	4,864,693
Financial liabilities	28,466,866	26,143,489

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For sensitivity analysis purposes, the sensitivity rate was adjusted as a result of the volatile financial markets. The measurement of the increase or decrease in the interest rates is based on 100 basis points, which is reported to the senior management denoting the management's assessment for the reasonableness of the fluctuation of the interest rates.

If interest rates increase/decrease by 100 basis points and all variables remain unchanged, the Group's profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by \$258,744 thousand and \$212,788 thousand, respectively.

c) Other price risks

The Group was exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Group's investments in listed companies and beneficial certificates should be in compliance with the rule made by the board of directors in order to achieve the goal of risk management and maximize the returns on investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purposes, the sensitivity rate was adjusted as a result of the volatile financial market.

If equity prices increase/decrease by 5%, the profit before tax for the years ended December 31, 2023 and 2022 would increase/decrease by \$4,153 thousand and \$14,238 thousand, respectively due to the change in fair value of financial assets measured at fair value through profit or loss. The pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would increase/decrease by \$282,018 thousand and \$273,396 thousand, respectively due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's credit risk was mainly from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

To maintain the quality of trade receivables, the Group manages credit risk by assessing customers' credit elements, such as financial status, historical transactions, etc., and obtains an adequate amount of collaterals as guarantees from the customers with high credit risk. In addition, the Group reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. On the credit risk management of bank deposits and other financial instruments, the Group trades with the counterparties comprising banks with high credit ratings.

3) Liquidity risk

Liquidity risk is a risk in which the Group cannot pay cash or use other financial assets to settle the financial liabilities. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank borrowings and ensures compliance with loan covenants and it will not damage to the Group's reputation.

On the demand for capital payments for a particular purpose, the Group maintains adequate cash by the way of the long-term finance/borrowings. For the management of cash shortage, the Group monitors cash management and allocates cash appropriately to maintain financial flexibility and ensure the mitigation of liquidity risk.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables are drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group may be required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks' choice to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment periods.

December 31, 2023

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
Non-derivative financial liabilities							
Short-term borrowings	\$ 11,700,188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,700,188
Short-term bills payable	1,686,518	-	-	-	-	-	1,686,518
Notes payable	1,480	-	-	-	-	-	1,480
Trade payables	18,047,911	-	-	-	-	-	18,047,911
Trade payables to related parties	103,222	-	-	-	-	-	103,222
Other payables	4,063,454	-	-	-	-	-	4,063,454
Lease liabilities	3,246,258	2,736,353	2,690,756	2,982,705	2,940,349	30,705,607	45,302,028
Franchise liabilities	6,949	6,949	6,949	6,949	6,949	260,406	295,151
Long-term borrowings (including current portion)	518,039	14,441,844	-	120,277	-	-	15,080,160
Deposits received	32,980	195,274	3,765	460	6,078	13,817	252,374

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 3,246,258	\$ 11,350,163	\$ 10,706,602	\$ 8,361,276	\$ 8,793,293	\$ 2,844,436
Franchise liabilities	6,949	27,796	34,745	34,745	34,745	156,171
	<u>\$ 3,253,207</u>	<u>\$ 11,377,959</u>	<u>\$ 10,741,347</u>	<u>\$ 8,396,021</u>	<u>\$ 8,828,038</u>	<u>\$ 3,000,607</u>

December 31, 2022

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
<u>Non-derivative financial liabilities</u>							
Short-term borrowings	\$ 13,722,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,722,144
Short-term bills payable	1,590,845	-	-	-	-	-	1,590,845
Notes payable	3,500	-	-	-	-	-	3,500
Trade payables	17,050,545	-	-	-	-	-	17,050,545
Trade payables to related parties	116,859	-	-	-	-	-	116,859
Other payables	4,089,361	-	-	-	-	-	4,089,361
Lease liabilities	3,351,854	2,798,014	2,299,177	1,878,844	1,773,723	15,918,656	28,020,268
Franchise liabilities	6,949	6,949	6,949	6,949	6,949	267,355	302,100
Long-term borrowings (including current portion)	950,000	9,900,000	-	-	-	-	10,850,000
Deposits received	33,501	227,345	19,670	1,260	110	11,722	293,608

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 3,351,854	\$ 8,749,758	\$ 6,330,318	\$ 3,410,394	\$ 2,917,077	\$ 3,260,867
Franchise liabilities	<u>6,949</u>	<u>27,796</u>	<u>34,745</u>	<u>34,745</u>	<u>34,745</u>	<u>163,120</u>
	<u>\$ 3,358,803</u>	<u>\$ 8,777,554</u>	<u>\$ 6,365,063</u>	<u>\$ 3,445,139</u>	<u>\$ 2,951,822</u>	<u>\$ 3,423,987</u>

The amounts of variable interest rate instruments for non-derivative financial liabilities mentioned above are subject to change if the changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

Unit: Thousand

	December 31	
	2023	2022
<u>Unsecured bank overdraft facilities</u>		
NTD		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 50,000</u>
RMB		
Amount used	\$ -	\$ -
Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<u>Secured bank overdraft facilities</u>		
NTD		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ -</u>

(Continued)

	December 31	
	2023	2022
<u>Secured bank loan facilities</u>		
NTD		
Amount used	\$ 16,477,000	\$ 11,580,000
Amount unused	<u>3,723,000</u>	<u>8,420,000</u>
	<u>\$ 20,200,000</u>	<u>\$ 20,000,000</u>
USD		
Amount used	\$ 146,529	\$ 137,501
Amount unused	<u>252,560</u>	<u>240,148</u>
	<u>\$ 399,089</u>	<u>\$ 377,649</u>
RMB		
Amount used	\$ 76,158	\$ 4,196
Amount unused	<u>163,842</u>	<u>215,804</u>
	<u>\$ 240,000</u>	<u>\$ 220,000</u>
<u>Unsecured bank loan facilities</u>		
NTD		
Amount used	\$ 7,161,000	\$ 10,343,000
Amount unused	<u>26,482,000</u>	<u>26,476,000</u>
	<u>\$ 33,643,000</u>	<u>\$ 36,819,000</u>
USD		
Amount used	\$ -	\$ -
Amount unused	<u>10,000</u>	<u>10,000</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>
RMB		
Amount used	\$ -	\$ -
Amount unused	<u>150,000</u>	<u>200,000</u>
	<u>\$ 150,000</u>	<u>\$ 200,000</u>
		(Concluded)

33. TRANSACTIONS WITH RELATED PARTIES

In addition to disclosure in other notes, the transactions between the Company and related parties are summarized as follows.

a. The Group's related parties and their relationships

Related Party	Relationship with the Group
Ding Ding Integrated Marketing Service Co., Ltd. (DDIM)	Associate
Chengdu Baiyang Industry Co., Ltd. (CDBI)	Associate
Yuan Hsin Digital Payment Co., Ltd. (YHDP) (Note)	Associate
Oriental Securities Corporation (OSC)	Associate
Pacific Department Store Co., Ltd.	Associate
Sogo Department Stores Co., Ltd.	Associate
Far Eastern International Leasing Corp. (FEIL)	Associate
Yuan Ding Enterprise (Shanghai) Limited. (YDEL (Shanghai))	Associate
Yuan Shi Digital Technology Co., Ltd. (YSDT)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far EasTone Telecommunications Co., Ltd. (FET)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Electronic Toll Collection Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Fetc International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
New Century InfoComm Tech Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Ding Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Ding Ding Hotel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far East Resources Development Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Ding Integrated Information Service (Shanghai) Inc.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Construction Co., Ltd. (FECC)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Apparel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
YDT Technology International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern General Contractor Inc. (FEG)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Cing Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Prime EcoPower Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Arcoa Communication Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Oriental Green Materials Limited	Associate of investor with significant influence over the Group (the subsidiary of FENC)

(Continued)

Related Party	Relationship with the Group
Yuan Ding Investment Corporation	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Tone Investment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Din Yuang Investment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Kai Yuang Investment Corp.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
An Ho Garment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Technical Consultants Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Asia Cement Corporation (ACC)	Associate of investor with significant influence over the Group (the associate of FENC)
Everest Textile Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Ta Chu Chemical Fiber Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Far Eastern New Century Corporation (FENC)	Investor with significant influence over the Group (the investor of FEDS accounted for using the equity method)
Yuan Ze University	Other related party (the same chairman)
Oriental University of Science and Technology	Other related party (the same chairman)
Mr. Xu Yuanzhi Memorial Foundation Far Eastern Memorial Hospital (FEMH)	Other related party (the same chairman)
Oriental Union Chemical Corp.	Other related party (the same chairman)
U-Ming Marine Transport Corp.	Other related party (the same chairman)
Mr. Xuyuan Zhi Memorial Foundation	Other related party (related party in substance)
Hong-Tong Developing Co., Ltd.	Other related party (related party in substance)
Sogo New Life Foundation	Other related party (related party in substance)
Pacific Sogo Social Welfare Foundation	Other related party (related party in substance)
Ding&Ding Management Consultants Co., Ltd.	Other related party (related party in substance)
DWS Far Eastern Investments Limited	Other related party (related party in substance)
Far Eastern International Bank (FEIB)	Other related party (the chairman of the Company is its vice chairman)
CitySuper (Hong Kong) Ltd.	Other related party (related party in substance of subsidiary, Far Eastern CitySuper Co., Ltd.)
CitySuper (Japan) Ltd.	Other related party (related party in substance of subsidiary, Far Eastern CitySuper Co., Ltd.)
CitySuper (Labuan) Ltd.	Other related party (investor accounting for subsidiary, Far Eastern CitySuper Co., Ltd. using equity method)
CitySuper Ltd.	Other related party (parent company of CitySuper (Labuan) Ltd.)
Yuanbo Asset Management Company	Other related party (subsidiary of Far Eastern International Leasing Corporation)
Chengdu Tai Bai Consultant and Management Co., Ltd.	Other related party (collaborative enterprise in mainland China)
Shanghai Xujiahui Centre (Group) Co., Ltd.	Other related party (collaborative enterprise in mainland China)
Far Eastern Apparel (Suzhou) Co., Ltd.	Other related party (collaborative enterprise in mainland China)

(Continued)

Related Party	Relationship with the Group
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (the subsidiary of ACC)
Fu Ming Transport Corporation	Other related party (the subsidiary of ACC)
U-Ming Marine Transport (Hong Kong) Limited	Other related party (the subsidiary of U-Ming Marine Transport Corporation)
U-Ming Marine Transport (Singapore) Limited	Other related party (the subsidiary of U-Ming Marine Transport Corporation)
	(Concluded)

Note: Yuan Hsin Digital Payment Co., Ltd. has completed its dissolution and liquidation on July 12, 2023.

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods (Note)	Associates of investor with significant influence over the Group	\$ 51,895	\$ 51,101
	Other related parties	13,756	4,189
	Investor with significant influence over the Group	<u>813</u>	<u>521</u>
		<u>\$ 66,464</u>	<u>\$ 55,811</u>
Other operating revenue	Other related parties	\$ 60,218	\$ 58,158
	Associates of investor with significant influence over the Group	33,247	29,948
	Investor with significant influence over the Group	25,388	13,154
	Associates	<u>354</u>	<u>381</u>
		<u>\$ 119,207</u>	<u>\$ 101,641</u>

Note: Sales to related parties and unrelated parties were made under normal terms.

c. Purchases

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs (Note)	Associates of investor with significant influence over the Group	\$ 293,924	\$ 217,550
	Other related parties	16,655	23,377
	Investor with significant influence over the Group	<u>-</u>	<u>6</u>
		<u>\$ 310,579</u>	<u>\$ 240,933</u>

Note: Purchases from related parties and unrelated parties were made under normal terms.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Other related parties	\$ 52,430	\$ 80,625
	Associates of investor with significant influence over the Group	41,296	45,411
	Associates (Note 1)	20,135	22,026
	Investor with significant influence over the Group	<u>4,918</u>	<u>4,549</u>
		<u>\$ 118,779</u>	<u>\$ 152,611</u>
Other receivables	Associates	\$ 22,341	\$ 9,496
	Other related parties (Note 2)	12,060	208,878
	Associates of investor with significant influence over the Group	10,507	10,280
	Investor with significant influence over the Group	<u>802</u>	<u>298</u>
		<u>\$ 45,710</u>	<u>\$ 228,952</u>

Note 1: As of December 31, 2023 and 2022, provision for loss allowance amounted to \$117,810 thousand and \$118,517 thousand, respectively.

Note 2: As of December 31, 2022, provision for loss allowance amounted to \$16,181 thousand.

e. Prepayments

Related Party Category/Name	December 31	
	2023	2022
Other related parties	\$ 1,232	\$ 2,888
Associates of investor with significant influence over the Group	156	140
Associates	<u>148</u>	<u>-</u>
	<u>\$ 1,536</u>	<u>\$ 3,028</u>

f. Other current assets

Line Item	Related Party Category/Name	December 31	
		2023	2022
Guarantee deposits paid	Associates	<u>\$ 207</u>	<u>\$ -</u>
Others	Other related parties	<u>\$ 330</u>	<u>\$ -</u>

g. Other non-current assets

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease incentives	Associates of investor with significant influence over the Group	\$ 5,588	\$ 10,720
	Other related parties	<u>23</u>	<u>303</u>
		<u>\$ 5,611</u>	<u>\$ 11,023</u>
Refundable deposits	Associates	\$ 134,738	\$ 133,940
	Associates of investor with significant influence over the Group	<u>58,045</u>	<u>58,045</u>
		<u>\$ 192,783</u>	<u>\$ 191,985</u>

h. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Associates of investor with significant influence over the Group	\$ 87,123	\$ 101,299
	Other related parties	<u>16,099</u>	<u>15,560</u>
		<u>\$ 103,222</u>	<u>\$ 116,859</u>
Other payables	Associates of investor with significant influence over the Group	\$ 186,319	\$ 335,058
	Associates	144,620	146,846
	Other related parties	105,331	70,864
	Investor with significant influence over the Group	<u>64,292</u>	<u>55,161</u>
		<u>\$ 500,562</u>	<u>\$ 607,929</u>

i. Other current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Advance receipts	Other related parties	\$ 5,128	\$ 2,301
	Associates of investor with significant influence over the Group	1,817	2,059
	Associates	<u>929</u>	<u>575</u>
		<u>\$ 7,874</u>	<u>\$ 4,935</u>
Others	Other related parties	\$ 522	\$ 414
	Associates	<u>-</u>	<u>1,931</u>
		<u>\$ 522</u>	<u>\$ 2,345</u>

j. Other non-current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Deposits received	Associates of investor with significant influence over the Group		
	Yuan Ding Co., Ltd.	\$ 63,083	\$ 61,701
	Others	<u>633</u>	<u>633</u>
		63,716	62,334
	Other related parties	1,032	1,032
	Associates	<u>111</u>	<u>-</u>
		<u>\$ 64,859</u>	<u>\$ 63,366</u>
Others	Other related parties		
	Yuanbo Asset Management Company	<u>\$ 28,238</u>	<u>\$ 28,490</u>

k. Lease arrangements - the Company as lessee

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Associates	\$ 4,145	\$ -
Associates of investor with significant influence over the Group	<u>3,543</u>	<u>583,939</u>
	<u>\$ 7,688</u>	<u>\$ 583,939</u>

The lease agreement between the Group's Ya Tung Department Stores, Ltd. and its related party, Yuan Ding Co., Ltd for the shopping arcade expired on December 31, 2021. The original lease agreement specified that terms of the lease renewal should be negotiated before expiration. However, due to the impact of the COVID-19 pandemic, the Group's Ya Tung Department Stores, Ltd. was affected, and the rental amount of the lease agreement with Yuan Ding Co., Ltd. was still under negotiation as of December 31, 2023. Therefore, the Group's Ya Tung Department Stores, Ltd. simply estimated the right-of-use assets and lease liabilities amounted to \$402,575 thousand based on the rental amount paid in the past. After the rental amount of the lease is confirmed, shall re-measure the lease liabilities and then make an announcement in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities (Note)	Associates of investor with significant influence over the Group		
	Far Eastern Construction Co., Ltd.	\$ 4,723,039	\$ 4,853,470
	Far Eastern Resources Development Co., Ltd.	832,910	907,354
	Asia Cement Corporation	703,767	885,414
	Others	<u>134,681</u>	<u>278,283</u>
		6,394,397	6,924,521
	Associates	7,422	5,492
	Other related parties	<u>5,635</u>	<u>6,985</u>
		<u>\$ 6,407,454</u>	<u>\$ 6,936,998</u>

Note: The rental pertaining to related parties is based on agreement and is received or paid monthly or yearly.

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Associates of investor with significant influence over the Group		
Far Eastern Construction Co., Ltd.	\$ 106,887	\$ 109,608
Others	<u>22,060</u>	<u>21,388</u>
	128,947	130,996
Other related parties	107	130
Associates	<u>69</u>	<u>55</u>
	<u>\$ 129,123</u>	<u>\$ 131,181</u>

1. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Underlying Assets	Purchase Price
Associates of investor with significant influence over the Group	Financial assets at fair value through other comprehensive income - non-current	177	Common shares	<u>\$ 1,768</u>

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Underlying Assets	Purchase Price
Other related parties	Financial assets at fair value through other comprehensive income - current	50,936	Common shares	<u>\$ 490,000</u>

m. Disposal of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Disposition Price	Purchase Price	Disposal (Loss) and Profit
Other related parties	Financial assets at fair value through profit or loss - current	17,273	funds	<u>\$ 206,737</u>	<u>\$ 1,471</u>

n. Acquisition of other assets

Related Party Category/Name	Line Item	Purchase Price	
		For the Year Ended December 31 2023	2022
Other related parties	Intangible assets	<u>\$ 9,586</u>	<u>\$ 13,848</u>

o. Construction projects

The construction projects of the Group were as follows:

	For the Year Ended December 31	
	2023	2022
Associates of investor with significant influence over the Group	<u>\$ 37,312</u>	<u>\$ 169,533</u>

p. Loans to related parties (booked as other receivables)

Related Party Category/Name	December 31	
	2023	2022
Shanghai Xujiashui Centre (Group) Co., Ltd.	<u>\$ -</u>	<u>\$ 203,233</u>

The loan to other related party extended by the Group is pledged with promissory notes, and the interest is computed using the agreed upon interest rate. The loan is expected to be settled within one year. There were no expected credit losses after assessment.

q. Loans from related parties

Related Party Category/Name	December 31	
	2023	2022
Far Eastern International Bank Ltd.	\$ 750,000	\$ 980,000

Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Far Eastern International Bank Ltd.	\$ 3,939	\$ 4,876

r. Transactions with other related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expenses (Note)	Other related parties	\$ 345,035	\$ 326,001
	Associates of investor with significant influence over the Group	249,714	207,595
	Associates	208,526	188,711
	Investor with significant influence over the Group	<u>144,209</u>	<u>152,690</u>
		<u>\$ 947,484</u>	<u>\$ 874,997</u>
Other gains and losses - gains	Associates of investor with significant influence over the Group		
	Asia Cement Corporation	\$ 20,000	\$ 20,000
	Others	<u>3,620</u>	<u>2,828</u>
		23,620	22,828
	Other related parties		
	Far Eastern International Bank Ltd.	19,803	18,799
Other gains and losses - losses	Associates	<u>3,472</u>	<u>3,634</u>
		<u>\$ 46,895</u>	<u>\$ 45,261</u>
	Associates	\$ 6,986	\$ 6,991
	Other related parties	3,187	9
	Investor with significant influence over the Group	19	21
	Associates of investor with significant influence over the Group	<u>-</u>	<u>1</u>
		<u>\$ 10,192</u>	<u>\$ 7,022</u>

Note: The rental pertaining to related parties is based on agreement and is received or paid monthly or yearly.

s. Others

In the year of 2023, the Group made claims to the affiliates of the significant investor, Yuan Ding Investment Corporation, Ta Chu Chemical Fiber Co., Ltd., Kai Yuang Investment Corp., Ding Yuang International Co., Ltd., Yuan Tong Investment Co., Ltd., and An Ho Garment Co., Ltd., for acquisition of the shares of subsidiary Pacific Liu Tong Investment Co., Ltd. in a total amount of \$4,498,463 thousand. Please refer to Note 29.

t. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 210,887	\$ 134,760
Post-employment benefits	<u>603</u>	<u>395</u>
	<u>\$ 211,490</u>	<u>\$ 135,155</u>

The remuneration of directors and other key management personnel was determined by the compensation committee in accordance with the individual performance and the market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for long/short-term borrowings, short-term bills payable and trust deposit of goods (services) gift certificate.

	December 31	
	2023	2022
Financial assets at amortized cost	\$ 166,808	\$ 216,800
Investments accounted for using the equity method	2,762,634	3,428,246
Financial assets at FVTOCI	2,134,290	2,126,700
Property, plant and equipment	13,942,284	18,601,701
Investment properties	696,800	658,859
Right-of-use assets	-	3,005,016
Other financial assets	6,037	18,709
Intangible assets	-	541,677
Guarantee deposits paid	<u>495</u>	<u>495</u>
	<u>\$ 19,709,348</u>	<u>\$ 28,598,203</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2023 and 2022 are as follows:

Significant Unrecognized Commitments

The amount of unrecognized commitments are as follows:

	December 31	
	2023	2022
Construction of property, plant and equipment	<u>\$ 612,732</u>	<u>\$ 223,810</u>

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,003	30.7050 (USD:NTD)	\$ 153,624
USD	310	7.0827 (USD:RMB)	9,506
RMB	70,296	4.3352 (RMB:NTD)	<u>304,749</u>
			<u>\$ 467,879</u>
Non-monetary items			
Associates accounted for using the equity method			
RMB	661,067	4.3352 (RMB:NTD)	\$ 2,865,858
Financial assets at FVTPL			
USD	294	30.7050 (USD:NTD)	<u>9,029</u>
			<u>\$ 2,874,887</u>
<u>Financial liabilities</u>			
Monetary items			
USD	364	30.7050 (USD:NTD)	\$ 11,175
USD	10,142	7.0827 (USD:RMB)	311,406
RMB	281	4.3352 (RMB:NTD)	<u>1,220</u>
			<u>\$ 323,801</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,034	30.7100 (USD:NTD)	\$ 123,879
USD	13,693	6.9646 (USD:RMB)	420,521
RMB	82,607	4.4094 (RMB:NTD)	<u>364,247</u>
			<u>\$ 908,647</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Associates accounted for using the equity method			
RMB	\$ 702,094	4.4094 (RMB:NTD)	\$ 3,095,813
Financial assets at FVTPL			
USD	294	30.7100 (USD:NTD)	<u>9,031</u>
			<u>\$ 3,104,844</u>

Financial liabilities

Monetary items			
USD	364	30.7100 (USD:NTD)	\$ 11,175
USD	13,847	6.9646 (USD:RMB)	425,230
RMB	401	4.4094 (RMB:NTD)	<u>1,770</u>
			<u>\$ 438,175</u>
			(Concluded)

The Group is mainly exposed to RMB. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains are as follows:

For the Year Ended December 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Gains
NTD	1.0000 (NTD:NTD)	\$ (2,291)	1.0000 (NTD:NTD)	\$ 43,291
RMB	4.4240 (RMB:NTD)	<u>(8,851)</u>	4.4347 (RMB:NTD)	<u>66,663</u>
		<u>\$ (11,142)</u>		<u>\$ 109,954</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)

- 4) Cumulative purchase or sale of one security for an amount exceeding NT\$300 million or 20% of the paid-in capital (Table 5)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on investees: Table 9.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 3)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 2)
 - f) Other transactions that have a material effect on the profit or loss or the financial position for the year, such as the rendering of services or receipt of payments (None)
- d. Major shareholders: For names, number of shares held and shareholding percentage of shareholders with a stake of 5% or more (Table 11)

38. SEGMENT INFORMATION

The Group belongs to a single industry of department stores and supermarkets. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical information as management structure. The Group's reportable segments under IFRS 8 "Operating Segments" includes ROC and China.

a. Segment revenue and results

	Segment Revenue		Segment Profit	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
ROC	\$ 35,929,404	\$ 34,851,606	\$ 5,954,144	\$ 4,900,077
China	<u>795,699</u>	<u>1,012,304</u>	<u>(453,532)</u>	<u>(453,711)</u>
Total for continuing operations	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>	5,500,612	4,446,366
Interest income			187,036	92,888
Other income			257,872	357,816
Other profits and losses			67,178	(347,821)
Finance costs			(962,332)	(869,978)
Share of profit (loss) of associates accounted for using the equity method			<u>123,200</u>	<u>(170,711)</u>
Profit before income tax			<u>\$ 5,173,566</u>	<u>\$ 3,508,560</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2023 and 2022.

b. Total segment assets and liabilities

	December 31	
	2023	2022
<u>Segment assets</u>		
ROC	\$ 128,501,138	\$ 120,551,537
China	<u>5,329,900</u>	<u>6,391,406</u>
Total consolidated assets	<u>\$ 133,831,038</u>	<u>\$ 126,942,943</u>
<u>Segment liabilities</u>		
ROC	\$ 91,027,330	\$ 80,518,697
China	<u>5,329,900</u>	<u>5,876,982</u>
Total consolidated liabilities	<u>\$ 96,357,230</u>	<u>\$ 86,395,679</u>

c. Revenue from major products

The Group's revenue from its major products and services are as follows:

	For the Year Ended December 31	
	2023	2022
Retail sales revenue	\$ 33,599,040	\$ 32,801,817
Other operating revenue	<u>3,126,063</u>	<u>3,062,093</u>
	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>

d. Geographical information

The Group operates in two principal geographical areas - ROC and China. The Group's revenue from external customers by geographical location and information on its non-current assets by geographical location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
ROC	\$ 35,929,404	\$ 34,851,606	\$ 90,618,549	\$ 84,528,674
China	<u>795,699</u>	<u>1,012,304</u>	<u>418,849</u>	<u>310,209</u>
	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>	<u>\$ 91,037,398</u>	<u>\$ 84,838,883</u>

Noncurrent assets do not include available-for-sale noncurrent assets, financial instruments, deferred income tax assets, and net defined benefit assets.

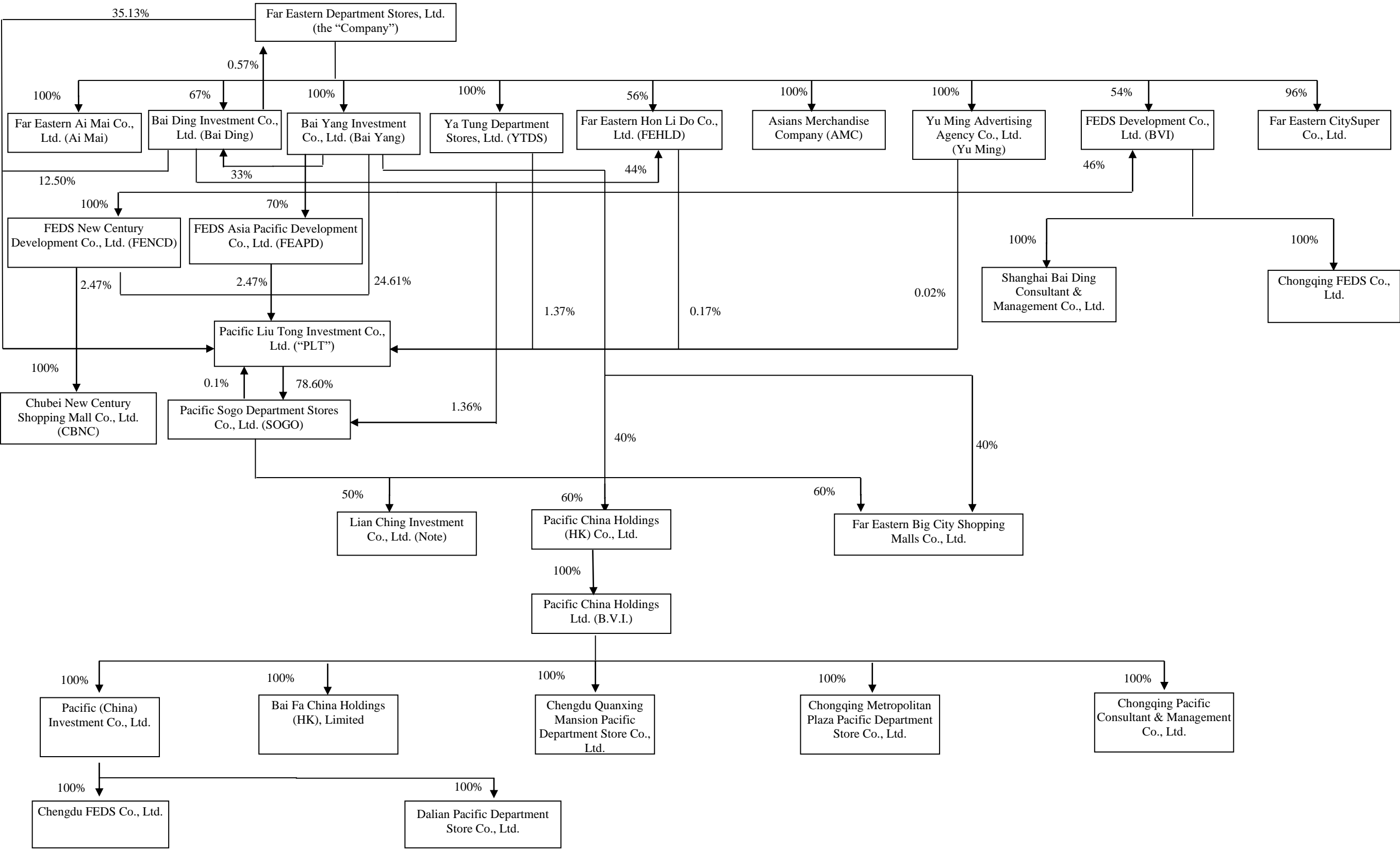
e. Information on major customers

There was no revenue from any single customer comprising 10% or more of the Group's gross revenue for 2023 and 2022.

TABLE 1

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2023



Note: The amount of Lian Ching Investment Co., Ltd. has been written off to zero, no liabilities were be undertaken by the Group and the accounts are not disclosed in the consolidated financial statement.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	\$ 2,000,000	\$ 2,000,000	\$ -	-	(Note A)	\$ -	Transaction	\$ -	-	\$ -	\$ 5,433,746 (Note B)	\$ 5,433,746 (Note B)
2	Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Other receivables	Y	736,984 (RMB 170,000 thousand)	736,984 (RMB 170,000 thousand)	498,548 (RMB 115,000 thousand)	1.504523% (Note D)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanzheng Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1.504523% (Note E)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Shanghai Bai Ding Consultant & Management Co., Ltd.	Other receivables	Y	43,352 (RMB 10,000 thousand)	43,352 (RMB 10,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other receivables	Y	433,520 (RMB 100,000 thousand)	433,520 (RMB 100,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	303,464 (RMB 70,000 thousand)	303,464 (RMB 70,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Pacific (China) Investment Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1% (Note F)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
4	Pacific China Holdings (HK) Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	5.78%-5.85% (Note G)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
5	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	1% (Note H)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanzheng Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	2,168 (RMB 500 thousand)	2,168 (RMB 500 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
6	Shanghai Pacific Department Store Co., Ltd.(Note I)	Shanghai Xujiahui Centre (Group) Co., Ltd.	Other receivables	Y	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 Thousand)	-	(Note A)	-	Transaction	-	-	-	240,997 (Note B)	240,997 (Note B)

Note A: Short-term financing.

Note B: 40% of the financing company’s net assets.

Note C: The amount of the collateral/guarantees is based on 40% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.

Note D: The interest for the period amounted to RMB1,930 thousand.

Note E: The interest for the period amounted to RMB23 thousand.

Note F: The interest for the period amounted to RMB165 thousand.

Note G: The interest for the period amounted to US\$40 thousand.

Note H: The interest for the period amounted to RMB75 thousand.

Note I: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Group were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

TABLE 3

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note E)										
0	Far Eastern Department Stores, Ltd.	Bai Ding Investment Co., Ltd. (Bai Ding)	2	\$ 18,793,491 (Note A)	\$ 900,000	\$ 900,000	\$ 550,000	\$ -	3	\$ 31,322,486 (Note B)	Y	-	-
		FEDS Development Ltd.	2	18,793,491 (Note A)	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	-	1	31,322,486 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	2	18,793,491 (Note A)	6,137,841	5,680,307	5,680,307	-	18	31,322,486 (Note B)	Y	-	-
1	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	3	18,793,491 (Note C)	4,056,266	3,860,223	3,860,223	-	12	31,322,486 (Note D)	-	Y	-
		Pacific China Holding Ltd. (B.V.I.)	2	18,793,491 (Note C)	11,826,378 (US\$ 356,500 thousand) (RMB 203,000 thousand)	11,639,965 (US\$ 356,500 thousand) (RMB 160,000 thousand)	4,192,138 (RMB 967,000 thousand)	-	37	31,322,486 (Note D)	-	-	-
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	2	18,793,491 (Note C)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	637,210 (US\$ 10,000 thousand) (RMB 76,158 thousand)	-	5	31,322,486 (Note D)	-	-	Y
2	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	501,270 (Note A)	187,446	187,446	187,446	-	1	835,451 (Note B)	-	-	-

Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.

Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount of the collateral/guarantees is based on 60% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.

Note D: The amount of the collateral/guarantees is based on 100% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.

Note E: Relationships between the endorsement/guarantee provider and the guaranteed party:

1.

Trading partner.

2.

The direct and indirect shareholding of the Company amounts to more than 50%.

3.

The companies that directly and indirectly hold more than 50% of the Company’s voting rights.

4.

The Company that directly and indirectly holds more than 90% of the voting shares.

5.

Guaranteed by the Company according to the construction contract.

6.

An investee company. The guarantees were provided based on the Company’s proportionate share in the investee company.

7.

Companies in the same industry provide among themselves joint and several securities for as performance guarantees of sales contracts for pre-construction homes pursuant to the Consumer Protection Act.

TABLE 4

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Far Eastern Department Stores, Ltd.	<u>Shares</u> Asia Cement Corporation	4	Financial assets at fair value through other comprehensive income - non-current	50,000	\$ 2,072,521	1	\$ 2,072,521	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Financial assets at fair value through other comprehensive income - non-current	19,964	622,888	-	622,888	
	Kaohsiung Rapid Transit Corporation	-	Financial assets at fair value through other comprehensive income - non-current	6,286	33,756	2	33,756	
	Yuan Ding Leasing Corp.	-	Financial assets at fair value through other comprehensive income - non-current	7,309	72,848	9	72,848	
	Yuan Ding Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	3	10	-	10	
	Yuan Shi Digital Technology Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	208	2,339	-	2,339	
Bai Ding Investment Co., Ltd.	<u>Shares</u> Far Eastern Department Stores, Ltd.	2	Financial assets at fair value through other comprehensive income - current	8,207	203,123	1	203,123	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company 15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	14,814	614,057	-	614,057	
	Far Eastern New Century Corporation	6	Financial assets at fair value through other comprehensive income - non-current	15,812	493,320	-	493,320	
	Chung-Nan Textile Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,984	114,000	5	114,000	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	647	9,981	5	9,981	
	Yue Ding Industry Co., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	3,133	50,667	2	50,667	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
	Ding Sheng Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,329	351,262	18	351,262	
Bai Yang Investment Co., Ltd.	<u>Shares</u> Far Eastern International Bank Ltd.	8	Financial assets at fair value through other comprehensive income - current	75,068	949,611	2	949,611	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	3,849	159,561	-	159,561	
	U-Ming Marine Transport Corporation	8	Financial assets at fair value through other comprehensive income - non-current	200	10,420	-	10,420	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
Yu Ming Advertising Agency Co., Ltd.	<u>Shares</u> Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	1,506	62,406	-	62,406	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
FEDS Development Ltd.	<u>Shares</u> Kowloon Cement Corp., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	46	\$ 18,849	-	\$ 18,849	
Pacific Sogo Department Stores Co., Ltd.	<u>Shares</u> CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	188	2,159	-	2,159	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	80,895	2	80,895	
	Oriental Union Chemical Corp.	8	Financial assets at fair value through other comprehensive income - current	50	1,008	-	1,008	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets at fair value through other comprehensive income - non-current	800	4,019	-	4,019	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - current	20	829	-	829	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	18,300	-	15	-	
	Tian Yuan Investment Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	98,000	-	20	-	
	PURETEK Corp.	-	Financial assets at fair value through profit or loss - non-current	119	-	-	-	
	Pacific 88 Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	16	-	1	-	
	Yuan Shi Digital Technology Co., Ltd.	7	Financial assets at fair value through profit or loss - non-current	312	-	-	-	
Pacific China Holding Ltd. (B.V.I.)	<u>Shares</u> Overseas Development Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	
	Taiwan Ocean Farming Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	

Note A:

1. Subsidiary of FEDS.
2. Parent company.
3. Investor with significant influence over the Company.
4. Associate of investor with significant influence over the Company.
5. Other related party.
6. Investor with significant influence over FEDS.
7. Associate of investor with significant influence over FEDS.
8. Other related party of FEDS.

(Concluded)

TABLE 5

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CUMULATIVE PURCHASE OR SALE OF ONE SECURITY FOR AN AMOUNT EXCEEDING NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Selling and Buying Company	Type and Name of Marketable Securities	Financial Statement Account	Transacting Company	Relationship	January 1, 2023		Buy		Sell				Adjustments (Note A)	December 31, 2023	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Booked Cost	Disposal Profit		Shares (In Thousands)	Amount
Far Eastern Department Stores, Ltd.	<u>Shares</u> Bai Yang Investment Co., Ltd.	Investments accounted for using the equity method	Note B	Subsidiary	1,204,991	\$ 12,213,294	450,000	\$ 4,500,000	-	\$ -	\$ -	\$ -	\$ (1,372,912)	1,654,991	\$ 15,340,382
Bai Yang Investment Co., Ltd.	<u>Shares</u> Pacific Liu Tong Investment Co., Ltd.	Investments accounted for using the equity method	Note C	Associates of investor with significant influence over the Group	19,800	314,351	177,594	4,498,463	-	-	-	-	(1,698,321)	197,394	3,114,493

Note A: The share of comprehensive income recognized using the equity method, and paid cash dividend.

Note B: There was an increase in cash capital.

Note C: There are Yuan Ding Investment Corporation, Ta Chu Chemical Fiber Co., Ltd., Kai Yuang Investment Corp., Din Yuang Investment Co., Ltd., Yuan Tone Investment Co., Ltd. and An Ho Garment Co., Ltd.

TABLE 6

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern Ai Mai Co., Ltd.	Yuan Shi Digital Technology Co., Ltd.	Other related party	Purchase	\$ 278,930	3	Based on contract	-	-	\$ -	-	\$ (31,064)	(2)	

TABLE 7

FAR EASTERN DEPARTMENT STORE CO., LTD. AND THE SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Store Co., Ltd.	Associate	\$ 117,810	-	\$ 117,810	Collection expedited	\$ 21	\$ 117,810
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Same ultimate parent company	499,194 (Note A)	-	-	-	-	-
FEDS Development Ltd.	Chongqing FEDS Co., Ltd.	Subsidiary	303,464 (Note B)	-	-	-	-	-

Note A: This balance refers to fund lending.

Note B: The cash dividends receivable.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Number	Transacting Company	Counter Party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Assets (Note B)
0	Far Eastern Department Store Co., Ltd.	Chubei New Century Shopping Mall Co., Ltd.	1	Operating expenses	\$ 405,285	Rent was based on market rates and paid monthly.	1
1	Chubei New Century Shopping Mall Co., Ltd.	Far Eastern Department Store Co., Ltd.	2	Operating revenue	(405,285)	Rent was based on market rates and collected monthly.	1
2	Far Eastern Department Store Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	1	Operating expenses	228,000	Rent was based on market rates and paid monthly.	1
3	FEDS Asia Pacific Development Co., Ltd.	Far Eastern Department Store Co., Ltd.	2	Operating revenue	(228,000)	Rent was based on market rates and collected monthly.	1
4	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	3	Operating revenue	(378,554)	Rent was based on market rates and collected monthly.	1
5	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	Operating costs and expenses	378,554	Rent was based on market rates and paid monthly.	1

Note A: The flow of transactions is numbered as follows:

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

Note B: The percentage of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities accounts, or as the interim cumulative amount to consolidated total revenue in the case of profit or loss accounts.

Note C: The criteria for disclosure is when the amount of major transactions between the parent company and the subsidiary accounts for more than 1% of the consolidated total revenue or total assets.

TABLE 9

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Far Eastern Department Stores Co., Ltd.	Bai Yang Investment Co., Ltd.	Taiwan	Investment	\$ 16,222,181	\$ 11,722,181	1,654,991	100	\$ 15,340,382	\$ 190,566	\$ 190,597	Subsidiary
	Oriental Securities Corporation	Taiwan	Securities investment	83,986	143,652	83,008	20	1,367,311	212,377	42,111	Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,764,210	1,764,210	281,734	35	4,436,702	1,714,863	602,420	Subsidiary
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	33,357	33,357	131,979	67	2,593,164	333,324	222,415	Subsidiary
								(Note B)			
	Far Eastern Ai Mai Co., Ltd.	Taiwan	Retail	1,535,538	1,535,538	87,744	100	(22,750)	(210,572)	(210,572)	Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,106,787	(281,480)	(164,459)	Subsidiary
	Yu Ming Advertising Agency Co., Ltd.	Taiwan	Advertising and import agent	33,000	33,000	3,500	100	118,099	12,359	12,359	Subsidiary
	Ya Tung Department Stores, Ltd.	Taiwan	Department store	1,419,292	1,419,292	51,000	100	361,639	(105,960)	(105,705)	Subsidiary
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719	3,336	Associate
	Asians Merchandise Company	US	Trading	5,316	5,316	950	100	4,942	104	104	Subsidiary
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	40,278	40,278	1,571	56	14,607	2,687	1,609	Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	478,269	478,269	47,827	96	172,159	15,486	14,814	Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	238,292	-	-	-	(966)	(89)	Associate
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taiwan	Securities investment	95,627	163,563	57,460	14	946,547	212,377		Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	658,129	658,129	100,250	13	1,592,409	1,714,863		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	301,125	301,125	22,203	5	329,006	150,882		Associate
	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	33,490	33,490	11,254	1	184,747	2,193,039		Subsidiary
	Yue Ming Trading Co., Ltd.	Taiwan	Import and export trading and distribution	21,291	21,291	4,901	15	69,534	4,477		Associate
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	28,672	28,672	1,259	44	14,649	2,687		Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	-	-	2	-	1	15,486		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	21,179	-	-	-	(966)		Associate
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
	Chubei New Century Shopping Mall Co., Ltd.	Taiwan	Department store	5,300,000	5,300,000	530,000	100	5,135,950	(32,711)		Subsidiary
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Shopping mall	1,522,761	1,522,761	149,100	70	1,651,209	163,838		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,555,590	1,555,590	132,388	30	1,697,995	150,882		Associate
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	577,457	577,457	66,021	33	1,312,545	333,324		Subsidiary
	FEDS New Century Development Co., Ltd.	Taiwan	Shopping mall	5,445,272	5,445,272	552,000	100	5,522,887	9,130		Subsidiary
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	4,597,463	99,000	197,394	25	3,114,493	1,714,863		Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	723,946	185	46	942,438	(281,480)		Subsidiary
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,559,660	4,559,660	68,880	40	(810,445)	(383,299)		Subsidiary
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	200,000	200,000	20,000	40	377,755	281,871		Subsidiary
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	55,000	55,000	11,000	1	184,017	1,714,863		Subsidiary
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,200	1,200	200	-	3,152	1,714,863		Subsidiary
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	8,400	8,400	1,400	-	21,367	1,714,863		Subsidiary
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	4,469,904	4,469,904	650,817	79	12,269,437	2,193,039		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	55,735	62,480	6,165	3	138,647	140,373		Associate
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	7,175,973	7,175,973	103,320	60	(1,215,668)	(383,299)		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	539,541	599,000	54,350	29	1,012,564	140,373		Associate
	Lian Ching Investment Co., Ltd. (Note C)	Taiwan	Investment	270,641	270,641	26,764	50	-	-		Subsidiary
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		Associate
	Sogo Department Store Co., Ltd.	Taiwan	Credit card business	32,984	32,984	7,120	34	-	-		Associate
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719		Associate
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	300,000	300,000	30,000	60	566,632	281,871		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	358,292	-	-	-	(966)		Associate
Pacific China Holdings (HK) Limited	Pacific China Holding Ltd. (B.V.I.)	British Virgin Island	Investment	6,662,985	6,662,985	192,200	100	(2,148,628)	(388,884)		Subsidiary
Pacific China Holding Ltd. (B.V.I.)	Bai Fa China Holdings (HK) Limited	Hong Kong	Investment	46	46	2	100	46	-		Subsidiary

(Continued)

Note A: The foreign-currency investments were translated at the rate of US\$1:NT\$30.705 prevailing on December 31, 2023.

Note B: The amount is the investment accounted for using the equity method to \$2,690,274 thousand deduct the parent company shares reclassification to treasury shares of \$97,110 thousand.

Note C: The amount of Lian Ching Investment Co., Ltd. has been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the financial statement.

(Concluded)

TABLE 10

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Method of Investment (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note A)	Net Income (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Share of (Loss) Profit (Note E)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Shanghai Pacific Department Store Co., Ltd.(Note H)	Department store	\$ 543,479	(2)	\$ 394,022 (Note B)	\$ -	\$ -	\$ 394,022 (Note B)	\$ (28,265)	56	\$ (18,982)	\$ -	\$ -
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	675,203	(2)	675,203 (Note B)	-	-	675,203 (Note B)	82,819	78	55,621	6,505	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	1,688,775	(2)	1,688,775 (Note C)	-	-	1,688,775 (Note C)	(87,809)	78	(58,972)	421,754	-
Chongqing Pacific Consultant and Management Co., Ltd.	Consulting services	2,241,465	(2)	6,141 (Note B)	-	-	6,141 (Note B)	(10,391)	78	(6,979)	734,225	-
Shanghai Pacific Consultant and Management Co., Ltd.	Consulting services	10,747	(2)	5,266 (Note B)	-	-	5,266 (Note B)	53	38	17	4,365	-
Shanghai Bai Ding Consultant and Management Co., Ltd.	Consulting services	3,071	(2)	-	-	-	-	1,044	100	1,044	14,475	-
Chongqing FEDS Co., Ltd.	Department store	85,974	(2)	-	-	-	-	(231,220)	100	(231,220)	384,599	-
Chengdu Department Emporium Group Co., Ltd.	Department store, logistics and storehouse	975,423	(2)	-	-	-	-	116,852	26	-	1,059,206	-
Dalian Pacific Department Store Co., Ltd.	Department store	69,363	(2)	-	-	-	-	(1,149)	78	(771)	4,885	-
Pacific (China) Investment Co., Ltd.	Investment	6,939,330	(2)	-	-	-	-	(34,026)	78	(22,852)	140,766	-
Chengdu FEDS Co., Ltd.	Department store	4,114,470	(2)	-	-	-	-	(17,785)	78	(11,944)	3,642	-
Yuan Ding Enterprise (Shanghai) Co., Ltd.	Wholesale of equipment and consulting services	7,644,800	(2)	-	-	-	-	(273,631)	20	(54,726)	1,282,202	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ - (Note D)	\$242,969 (US\$7,913 thousand) (Notes A and D)	\$ - (Note F)

Note A: Translated at the rate of US\$1:NT\$30.705 and RMB1:NT\$4.3352 prevailing on December 31, 2023.

Note B: Amount remitted by the former shareholders.

Note C: The amount of \$92,115 thousand was remitted by the former shareholders plus \$1,596,660 thousand from subsidiaries.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary’s investment amount approved by the Investment Commission. The financial report was audited by an international accounting firm with a cooperative working relationship.

Note E: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note F: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 11020435420), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note G: Three investment types are as follows:

1. The Company made the investment directly.

2. The Company made the investment through companies registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holding Ltd. (B.V.I.)

3. Others.

Note H: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Group were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

(Concluded)

TABLE 11**FAR EASTERN DEPARTMENT STORES, LTD.****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Percentage
Far Eastern New Century Corporation	241,769,702	17.06
Yuan Ding Investment Corporation	139,785,985	9.86
Asia Cement Corporation	80,052,950	5.64
Yuan Tone Investment Co., Ltd.	79,699,530	5.62

Note: The information on major shareholders in the table above is extracted as of the last business day of the current quarter. The shareholders are holding non-physical common and preferential stocks (including treasury stocks) of 5% or more. The share capital in the consolidated financial statements of the Company and the actual registration of non-physical shares may differ due to a difference in computation basis.

Far Eastern Department Stores, Ltd.

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

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, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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. 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, 2023 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 Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 2,091,483	3	\$ 838,566	1
Financial assets at amortized cost - current (Notes 8 and 29)	25,808	-	25,600	-
Trade receivables (Note 9)	522,543	1	525,632	1
Trade receivables from related parties (Notes 9 and 28)	63,272	-	86,973	-
Other receivables (Notes 9 and 28)	99,806	-	102,064	-
Inventories (Note 10)	381,678	-	353,112	1
Prepayments (Note 28)	259,772	-	262,890	-
Other current assets (Note 16)	8,618	-	8,134	-
Total current assets	<u>3,452,980</u>	<u>4</u>	<u>2,202,971</u>	<u>3</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 7, 28 and 29)	2,804,362	4	2,793,214	4
Financial assets at amortized cost - non-current (Notes 8 and 29)	-	-	200	-
Investments accounted for using the equity method (Notes 11 and 29)	25,223,508	31	22,573,000	29
Property, plant and equipment (Notes 12, 28, 29 and 30)	16,700,292	21	17,083,127	22
Right-of-use assets (Notes 13 and 28)	21,802,795	27	22,963,693	29
Investment properties (Notes 14 and 29)	9,098,310	11	9,018,266	12
Intangible assets (Notes 15 and 28)	49,891	-	60,986	-
Deferred tax assets (Note 23)	91,173	-	87,144	-
Net defined benefit assets (Note 19)	501,684	1	283,748	-
Other non-current assets (Notes 16 and 28)	648,533	1	562,391	1
Total non-current assets	<u>76,920,548</u>	<u>96</u>	<u>75,425,769</u>	<u>97</u>
TOTAL	<u>\$ 80,373,528</u>	<u>100</u>	<u>\$ 77,628,740</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 6,650,000	8	\$ 8,500,000	11
Short-term bills payable (Note 17)	859,853	1	599,932	1
Contract liabilities (Note 21)	3,837,202	5	4,076,038	5
Trade payables	5,999,059	8	4,707,626	6
Trade payables to related parties (Note 28)	70,403	-	53,419	-
Other payables (Notes 18 and 28)	1,622,292	2	1,703,701	2
Current tax liabilities (Note 23)	297,755	-	180,160	-
Lease liabilities (Notes 13 and 28)	870,027	1	950,111	1
Advance receipts (Note 28)	252,195	-	265,297	1
Current portion of long-term borrowings (Notes 17 and 29)	480,000	1	950,000	1
Other current liabilities (Notes 18 and 28)	184,497	-	166,546	-
Total current liabilities	<u>21,123,283</u>	<u>26</u>	<u>22,152,830</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 29)	13,700,000	17	9,100,000	12
Deferred tax liabilities (Note 23)	2,180,925	3	2,155,083	3
Lease liabilities (Notes 13 and 28)	11,945,716	15	12,595,824	16
Other non-current liabilities (Notes 11, 18 and 28)	101,118	-	85,460	-
Total non-current liabilities	<u>27,927,759</u>	<u>35</u>	<u>23,936,367</u>	<u>31</u>
Total liabilities	<u>49,051,042</u>	<u>61</u>	<u>46,089,197</u>	<u>59</u>
EQUITY				
Share capital				
Ordinary shares	14,169,406	18	14,169,406	18
Capital surplus	3,343,595	4	3,341,024	4
Retained earnings				
Legal reserve	3,930,366	5	3,729,018	5
Special reserve	2,648,051	3	2,657,978	3
Unappropriated earnings	2,086,045	3	2,798,561	4
Total retained earnings	8,664,462	11	9,185,557	12
Other equity	5,242,133	6	4,940,666	7
Treasury shares	(97,110)	-	(97,110)	-
Total equity	<u>31,322,486</u>	<u>39</u>	<u>31,539,543</u>	<u>41</u>
TOTAL	<u>\$ 80,373,528</u>	<u>100</u>	<u>\$ 77,628,740</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	\$ 11,628,628	100	\$ 11,287,323	100
OPERATING COSTS (Notes 10, 22 and 28)	<u>3,579,943</u>	<u>31</u>	<u>3,665,034</u>	<u>32</u>
GROSS PROFIT	<u>8,048,685</u>	<u>69</u>	<u>7,622,289</u>	<u>68</u>
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	360,276	3	398,555	4
General and administrative expenses	4,907,252	42	4,794,877	42
Expected credit loss	<u>199</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>5,267,727</u>	<u>45</u>	<u>5,193,432</u>	<u>46</u>
OPERATING PROFIT	<u>2,780,958</u>	<u>24</u>	<u>2,428,857</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	406	-	165	-
Other income (Note 22)	143,541	1	201,628	2
Other gains and losses (Notes 22 and 28)	124,260	1	(181,610)	(2)
Finance costs (Notes 22 and 28)	(546,934)	(5)	(473,255)	(4)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>630,225</u>	<u>6</u>	<u>264,276</u>	<u>2</u>
Total non-operating income and expenses	<u>351,498</u>	<u>3</u>	<u>(188,796)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	3,132,456	27	2,240,061	20
INCOME TAX EXPENSE (Note 23)	<u>380,153</u>	<u>3</u>	<u>309,887</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,752,303</u>	<u>24</u>	<u>1,930,174</u>	<u>17</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	120,634	1	45,616	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	9,380	-	(110,721)	(1)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	\$ 196,522	1	\$ (31,751)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(24,126)	-	(9,123)	-
	<u>302,410</u>	<u>2</u>	<u>(105,979)</u>	<u>(1)</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	834	-	(58,077)	-
	<u>834</u>	<u>-</u>	<u>(58,077)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>303,244</u>	<u>2</u>	<u>(164,056)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>\$ 3,055,547</u></u>	<u><u>26</u></u>	<u><u>\$ 1,766,118</u></u>	<u><u>16</u></u>
EARNINGS PER SHARE, NT\$(Note 24)				
Basic	<u>\$ 1.95</u>		<u>\$ 1.37</u>	
Diluted	<u>\$ 1.95</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	Share Capital (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Notes 19, 20 and 23)			Other Equity (Note 20)				Total Equity
			Legal Reserve	Special Reserve	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 (Note 20)	
BALANCE AT JANUARY 1, 2022	\$ 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										
Legal reserve	-	-	117,699	-	(117,699)	-	-	-	-	-
Special reserve	-	-	-	38,409	(38,409)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,275,247)	-	-	-	-	(1,275,247)
	-	-	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
Changes in capital surplus from investments in subsidiaries and 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 associates	-	-	-	-	(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
Appropriation of 2022 earnings										
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-
Special reserve	-	-	-	(9,927)	9,927	-	-	-	-	-
Cash dividends	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)
	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)
Net profit for the year ended December 31, 2023	-	-	-	-	2,752,303	-	-	-	-	2,752,303
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	2,571	-	-	2,478	(50)	(2,478)	-	-	2,521
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	23,618	-	(23,618)	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 14,169,406	\$ 3,343,595	\$ 3,930,366	\$ 2,648,051	\$ 2,086,045	\$ 98,366	\$ 2,966,603	\$ 2,177,164	\$ (97,110)	\$ 31,322,486

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,132,456	\$ 2,240,061
Adjustments for:		
Depreciation expense	1,830,345	1,907,923
Amortization expense	26,351	30,298
Expected credit loss recognized on receivables	199	190,000
Amortization of prepayments	1,963	525
Finance costs	546,934	473,255
Share of profit of subsidiaries and associates accounted for using the equity method	(630,225)	(264,276)
Interest income	(406)	(165)
Dividend income	(143,541)	(201,628)
Loss on disposal of property, plant and equipment	38,111	10,486
Loss on disposal of investment properties	94	538
Profit from lease modification	(2,277)	-
(Gain) loss on changes in fair value of investment properties	(77,022)	50,970
Concession on lease liabilities	-	(54,625)
Net changes in operating assets and liabilities		
Trade receivables	2,890	30,471
Trade receivables from related parties	23,701	5,013
Other receivables	19,112	(11,919)
Inventories	(28,566)	53,481
Prepayments	3,118	(26,086)
Other current assets	(484)	552
Contract liabilities	(238,836)	137,178
Notes payable and trade payables	1,291,433	470,202
Trade payables from related parties	16,984	2,790
Other payables	24,982	176,744
Advance receipts	73,477	159,053
Other current liabilities	17,951	6,533
Net defined benefit assets	(97,302)	(41,431)
Cash generated from operations	5,831,442	5,345,943
Interest paid	(530,162)	(438,350)
Interest received	406	163
Dividends received	517,800	689,340
Income tax paid	(264,871)	(224,474)
Net cash generated from operating activities	<u>5,554,615</u>	<u>5,372,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,768)	-
Purchase of financial assets at amortized cost	(25,808)	(25,800)
Proceeds from sale of financial assets at amortized cost	25,800	25,508
Acquisition of investments accounted for using the equity method	(4,500,000)	(1,800,000)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from disposal of investments accounted for using the equity method	\$ 17,206	\$ -
Proceeds from capital reduction of investments accounted for using equity method	589,717	-
Payments for property, plant and equipment	(653,948)	(502,424)
Proceeds from disposal of property, plant and equipment	251	60
Payments for intangible assets	(11,497)	(23,813)
Acquisition of right-of-use assets	(419)	(41,681)
Payments for investment properties	(3,116)	(2,194)
Increase in other non-current assets	<u>(9,465)</u>	<u>(37,932)</u>
Net cash used in investing activities	<u>(4,573,047)</u>	<u>(2,408,276)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	39,200,000	63,370,000
Repayments of short-term borrowings	(41,050,000)	(59,670,000)
Proceeds from short-term bills payable	2,349,114	7,546,731
Repayments of short-term bills payable	(2,089,193)	(8,496,314)
Proceeds from long-term borrowings	128,680,000	111,000,280
Repayments of long-term borrowings	(124,550,000)	(114,900,000)
Repayment of the principal portion of lease liabilities	(704,436)	(670,801)
(Decrease) increase in other non-current liabilities	(7,092)	2,040
Dividends paid	<u>(1,557,044)</u>	<u>(1,273,077)</u>
Net cash generated from (used in) financing activities	<u>271,349</u>	<u>(3,091,141)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,252,917	(126,795)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>838,566</u>	<u>965,361</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 2,091,483</u>	<u>\$ 838,566</u>

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Far Eastern Department Stores, Ltd. (the “Company” or “FEDS”) was incorporated in the Republic of China (ROC) on August 31, 1967 and operates a nationwide chain of department stores. The Company’s shares have been listed on the Taiwan Stock Exchange since October 11, 1978.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 1, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized to issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”).

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments and investment properties which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the Company's financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates accounted for using the equity method, share of other comprehensive income of subsidiaries and associates accounted for using the equity method and related equity items, as appropriate, in the Company's financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting the Company's financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries and associates in other countries or subsidiaries which use currencies that are different from the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories are stated at the lower cost or net realizable value, using the retail method. Inventories are recorded at the weighted-average cost on the balance sheet date. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

f. Investments in subsidiaries

The Company uses the equity method of accounting to recognize its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, the Company recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the Company's interests and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in the subsidiary accounted for using the equity method and long-term interests that, in substance for part of the Company's net investment in the subsidiary), the proportionate share of losses is recognized.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the fair value of the net identifiable assets and liabilities over the cost of the acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full in the Company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method of accounting to recognize its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and is adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment in the associate ceases. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on the disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of the asset of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss for the year.

i. Investment properties

Investment properties are properties held to earn long-term rental profit and/or capital gain (including properties that are qualified as investment properties and under construction). Investment properties also include land in which the intended use has yet to be determined.

Freehold investment properties are measured initially at cost, including transaction costs. All investment properties are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Investment properties under construction, of which the fair value is not reliably measurable, are measured at cost less accumulated impairment loss until such time as either the fair value becomes reliably measurable or construction is completed (whichever comes earlier).

For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value at the commencement of owner-occupation.

For a transfer of classification from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value of the property at the transfer date and its previous carrying amount is recognized in other comprehensive income.

To derecognize an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss for the year.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis during their expected useful lives. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss for the year.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews for any indications of impairment loss pertaining to the property, plant and equipment, right-of-use assets and intangible assets. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (deducting amortization or depreciation) that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash, cash equivalents, accounts receivable at amortized cost and refundable deposits) are measured at the carrying amount determined by the effective interest method less any impairment loss. Any exchange differences are recognized in profit or loss. Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset.

ii. Investments in equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Without taking the collateral held into consideration, pertinent to the objectives of the credit risk management, the Company determines that a default has occurred for a financial asset when internal or external information indicates that the borrower can no longer repay the liability, unless there is reasonable and substantiated information to recognize the default later.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods are recognized as revenue when the goods are shipped or delivered because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

When the other party participates in providing goods or services to customers, the Company obtains control of the specified goods or services before they are transferred to the customers and, therefore, is acting as a principal in the transaction. On the contrary, the other party is acting as an agent. As the principal, the total amount of the consideration that is expected to be obtained in exchange for the transfer of goods or services is recognized as income. As an agent, the amount of any fees or commissions that the other party expected to obtain in exchange for the provision of goods or services, recognized as income. The charge or commission of the Company may be the net amount of the consideration. The income retained by the Company in exchange for goods or services is the amount retained after payment to the other party.

The Company offers award credits which can be used for future purchases when the customer shops (customer loyalty program). The award credits provide a material right to the customer. The transaction price allocated to the award credits is recognized as a contract liability when collected and will be recognized as revenue when the award credits are redeemed or have expired.

n. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company and the lessor conducted rent negotiations directly related to COVID-19 and adjusted the rent due before June 30, 2022, resulting in a decrease in rent. These negotiations did not significantly change other lease terms. The Company chooses to adopt a practical and expedient approach to all rent negotiations that meet the aforementioned conditions. It does not assess whether the negotiation is a lease modification, but recognizes a reduction of lease payment in the profit or loss when the concession event or situation occurs (accounted for as a deduction in variable lease payments) and reduces the lease liability accordingly.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit assets are recognized as employee benefits expenses when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses (the effect of the changes to the asset ceiling) and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income (loss) is reflected immediately in retained earnings and will not be reclassified subsequently to profit or loss.

Net defined benefit assets represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The current payable (recoverable) income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income (loss).

According to the Income Tax Act of the ROC, the recognition of annual undistributed surplus earnings that are taxable, is subject to the resolution passed in the shareholders' meeting.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's income tax expenses.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured using the fair value model, the carrying amounts of such assets are presumed to be recovered entirely through their sale.

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of volatility in markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

Impairment of property, plant and equipment and right-of-use assets

Impairment of property, plant and equipment and right-of-use assets is evaluated based on the recoverable amount of the assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand and revolving funds	\$ 36,862	\$ 41,051
Checking accounts and demand deposits	<u>2,054,621</u>	<u>797,515</u>
	<u>\$ 2,091,483</u>	<u>\$ 838,566</u>

The market rate intervals of cash in bank at the end of the reporting period are as follows:

	December 31	
	2023	2022
Deposits in bank	0.40%-1.45%	0.05%-0.85%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2023	2022
<u>Investments in equity instruments at FVTOCI</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 2,695,409	\$ 2,686,884
Unlisted shares	<u>108,953</u>	<u>106,330</u>
	<u>\$ 2,804,362</u>	<u>\$ 2,793,214</u>

- These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.
- Refer to Note 29 for information relating to investments in equity instruments at FVTOCI pledged as security.
- Yuanshi Digital Technology Co., Ltd. implemented a capital reduction in November 2022 to make up for the losses, resulting in a decrease in the Company's shareholding percentage by 281 thousand shares, proportional to its shareholding percentage. In January 2023, the Company subscribed 177 thousand shares at \$10 per share, and the investment amount was \$1,768 thousand.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	\$ 25,808	\$ 25,600
Money lodged at courts	<u>-</u>	<u>200</u>
	<u>\$ 25,808</u>	<u>\$ 25,800</u>
Current	\$ 25,808	\$ 25,600
Non-current	<u>-</u>	<u>200</u>
	<u>\$ 25,808</u>	<u>\$ 25,800</u>
Gross carrying amount	\$ 25,808	\$ 25,800
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 25,808</u>	<u>\$ 25,800</u>

- a. The credit risk of financial instruments such as bank deposits is measured and monitored by the accounting department. The counterparties are creditworthy banks and financial institutions with good credit rating.
- b. As of December 31, 2023 and 2022, the interest rates for financial assets at amortized cost were both 0.90% as at the end of the reporting period.
- c. Refer to Note 29 for information relating to financial assets at amortized cost pledged as security.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

- a. Notes receivable

	December 31	
	2023	2022
Operating	\$ -	\$ -
Non-operating	1,794	1,794
Less: Allowance for impairment loss	<u>(1,794)</u>	<u>(1,794)</u>
	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ -	\$ -	\$ -	\$ -	\$ 1,794	\$ 1,794
Loss allowance (Lifetime ECLs)	-	-	-	-	(1,794)	(1,794)
Amortized cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ -	\$ -	\$ -	\$ -	\$ 1,794	\$ 1,794
Loss allowance (Lifetime ECLs)	-	-	-	-	(1,794)	(1,794)
Amortized cost	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b. Trade receivables (including related parties)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
At amortized cost		
Trade receivables	\$ 588,430	\$ 615,220
Less: Allowance for impairment loss	<u>(2,615)</u>	<u>(2,615)</u>
	<u>\$ 585,815</u>	<u>\$ 612,605</u>

The Company's trade receivables pertained to revenue on credit cards and gift certificates. The average credit period for revenue from credit cards and gift certificates was 2 to 3 days and 15 days, respectively.

In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowances for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined with reference to past default experience of the counterparties and an analysis of their current financial position.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including related parties) based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 580,337	\$ 5,478	\$ -	\$ -	\$ 2,615	\$ 588,430
Loss allowance (Lifetime ECLs)	-	-	-	-	(2,615)	(2,615)
Amortized cost	<u>\$ 580,337</u>	<u>\$ 5,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,815</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 610,971	\$ 1,634	\$ -	\$ -	\$ 2,615	\$ 615,220
Loss allowance (Lifetime ECLs)	-	-	-	-	(2,615)	(2,615)
Amortized cost	<u>\$ 610,971</u>	<u>\$ 1,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,605</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 2,615	\$ 2,678
Add: Impairment losses recognized	199	-
Less: Amounts written off	<u>(199)</u>	<u>(63)</u>
Balance at December 31	<u>\$ 2,615</u>	<u>\$ 2,615</u>

c. Other receivables

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
At amortized cost		
Other receivables	\$ 121,133	\$ 313,391
Less: Allowance for impairment loss	<u>(21,327)</u>	<u>(211,327)</u>
	<u>\$ 99,806</u>	<u>\$ 102,064</u>

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2023

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 99,806	\$ -	\$ -	\$ -	\$ 21,327	\$ 121,133
Loss allowance (Lifetime ECLs)	-	-	-	-	(21,327)	(21,327)
Amortized cost	<u>\$ 99,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,806</u>

December 31, 2022

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 102,064	\$ -	\$ -	\$ -	\$ 211,327	\$ 313,391
Loss allowance (Lifetime ECLs)	-	-	-	-	(211,327)	(211,327)
Amortized cost	<u>\$ 102,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,064</u>

The movements of the loss allowance of other receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 211,327	\$ 21,327
Add: Impairment losses recognized	-	190,000
Less: Actual write-off for the year	<u>(190,000)</u>	<u>-</u>
Balance at December 31	<u>\$ 21,327</u>	<u>\$ 211,327</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Merchandise	<u>\$ 381,678</u>	<u>\$ 353,112</u>
The cost of goods sold includes:		
	<u>2023</u>	<u>2022</u>
Cost of goods sold	<u>\$ 3,377,016</u>	<u>\$ 3,457,083</u>

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 23,834,678	\$ 20,638,204
Investments in associates	<u>1,388,830</u>	<u>1,934,796</u>
	<u>\$ 25,223,508</u>	<u>\$ 22,573,000</u>

a. Investments in subsidiaries

	December 31	
	2023	2022
Bai Yang Investment Co., Ltd. (BYIC)	\$ 15,340,382	\$ 12,213,294
Pacific Liu Tong Investment Co., Ltd. (PLTI)	4,436,702	4,189,408
Bai Ding Investment Co., Ltd. (BDIC)	2,690,274	2,427,337
FEDS Development Ltd. (FEDS Development)	1,106,787	1,285,817
Far Eastern Ai Mai Co., Ltd. (AIMAI)	(22,750)	193,362
Ya Tung Department Stores, Ltd. (YTDS)	361,639	467,263
Yu Ming Advertising Agency Co., Ltd. (YMAC)	118,099	117,506
Far Eastern CitySuper Co., Ltd. (FECS)	172,159	158,022
Far Eastern Hon Li Do Co., Ltd. (FEHLD)	14,607	13,553
Asians Merchandise Company (AMC)	<u>4,942</u>	<u>4,840</u>
	24,222,841	21,070,402
Add: Credit balance on the carrying amounts of investments accounted for using the equity method	22,750	-
Less: Ordinary shares held by subsidiary and reclassified from long-term investments to treasury shares of BDIC	<u>(97,110)</u>	<u>(97,110)</u>
	24,148,481	20,973,292
Less: The differences of accounting treatments from the consolidated financial statements (Note)	<u>(313,803)</u>	<u>(335,088)</u>
	<u>\$ 23,834,678</u>	<u>\$ 20,638,204</u>

Note: Some of the Company's leased assets from subsidiaries or investment properties which were leased to subsidiaries were evaluated under fair value method, but these investment properties were recognized as property, plant and equipment in the consolidated financial statements. In order to agree with the amount of net profit for the year, other comprehensive (loss) income and equity attributable to the owner of the Company in the consolidated financial statements, the difference of the accounting treatment between the Company only basis and the consolidated basis was adjusted under the heading of investments accounted for using the equity method, the share of (loss) profit of subsidiaries and associates was accounted for using the equity method, and the share of other comprehensive (loss) income of subsidiaries and associates was accounted for using the equity method and related equity items.

	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
BYIC	100%	100%
PLTI	35%	35%
BDIC	67%	67%
FEDS Development	54%	54%
AIMAI	100%	100%
YTDS	100%	100%
YMAC	100%	100%
FECS	96%	96%
FEHLD	56%	56%
AMC	100%	100%

Refer to Note 31 for the details of the subsidiaries indirectly held by the Company.

The Company has 35% equity interest in PLTI. However, the proportion of the combined equity of PLTI held by the Company and its subsidiaries is 78%. The Company thus recognizes this investee as a subsidiary.

BYIC implemented a cash capital increase in December 2023 and November 2022. The Company had subscribed for 450,000 thousand shares and 130,000 thousand shares, respectively, at \$10 par value for a total amount of \$4,500,000 thousand and \$1,300,000 thousand, respectively.

In November 2022, YTDS implemented a capital reduction to offset the deficit, which resulted in a decrease of 40,000 thousand shares in the Company's equity in YTDS. YTDS issued shares for an increase in cash capital, and the Company acquired 50,000 thousand shares at \$10 per share, which totaled \$500,000 thousand.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements audited for the same years by other auditors.

b. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 1,388,830</u>	<u>\$ 1,934,796</u>

Aggregate information of associates that are not individually material are summarized as follows:

	For the Year Ended December 31	
	2023	2022
The Company's share of		
Net profit (loss) for the year	\$ 45,358	\$ (124,191)
Other comprehensive income	<u>13,231</u>	<u>(68,253)</u>
Total comprehensive income	<u>\$ 58,589</u>	<u>\$ (192,444)</u>

The combined shareholding of the Company and its sub-subsidiary, BDIC and Pacific Sogo Department Stores Co., Ltd., in Ding Integrated Marketing Service Co., Ltd. and Yuan Hsin Digital Payment Co., Ltd., amounted to 20%. As such, these investments were accounted for using the equity method.

Yuan Hsin Digital Payment Co., Ltd. was dissolved and liquidated on July 12, 2023. On September 25, 2023, \$17,206 thousand has been recovered, and the remaining \$4,672 thousand has not been recovered and is accounted for in other receivables.

The extraordinary shareholders' meeting of Oriental Securities Corporation passed a resolution on August 16, 2023 to return the capital to shareholders in cash. As of October 18, 2023, the share payment of \$589,717 thousand has been collected.

Refer to Note 29 for the information on the carrying amounts of investments in associates accounted for using the equity method that were pledged as security.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Plant, Transportation and Miscellaneous Equipment	Property under Construction	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 8,038,597	\$ 9,292,891	\$ 7,274,684	\$ 7,053,692	\$ 792,712	\$ 3,001	\$ 32,455,577
Additions	-	-	85,486	253,246	58,052	3,066	399,850
Disposals	-	(43,002)	(185,019)	(427,629)	(121,901)	-	(777,551)
Reclassifications	-	-	33,770	9,840	-	-	43,610
Balance at December 31, 2023	<u>\$ 8,038,597</u>	<u>\$ 9,249,889</u>	<u>\$ 7,208,921</u>	<u>\$ 6,889,149</u>	<u>\$ 728,863</u>	<u>\$ 6,067</u>	<u>\$ 32,121,486</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ (2,901,254)	\$ (5,659,631)	\$ (6,181,750)	\$ (629,815)	\$ -	\$ (15,372,450)
Disposals	-	37,294	166,370	414,672	117,509	-	735,845
Depreciation expense	-	(159,775)	(276,053)	(296,951)	(51,810)	-	(784,589)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (3,023,735)</u>	<u>\$ (5,769,314)</u>	<u>\$ (6,064,029)</u>	<u>\$ (564,116)</u>	<u>\$ -</u>	<u>\$ (15,421,194)</u>
Carrying amount at December 31, 2023	<u>\$ 8,038,597</u>	<u>\$ 6,226,154</u>	<u>\$ 1,439,607</u>	<u>\$ 825,120</u>	<u>\$ 164,747</u>	<u>\$ 6,067</u>	<u>\$ 16,700,292</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 8,038,597	\$ 9,370,709	\$ 7,189,737	\$ 6,861,940	\$ 776,086	\$ -	\$ 32,237,069
Additions (deductions)	-	(77,818)	91,099	246,247	36,807	3,001	299,336
Disposals	-	-	(11,086)	(57,984)	(22,447)	-	(91,517)
Reclassifications	-	-	4,934	3,489	2,266	-	10,689
Balance at December 31, 2022	<u>\$ 8,038,597</u>	<u>\$ 9,292,891</u>	<u>\$ 7,274,684</u>	<u>\$ 7,053,692</u>	<u>\$ 792,712</u>	<u>\$ 3,001</u>	<u>\$ 32,455,577</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ (2,740,379)	\$ (5,345,253)	\$ (5,924,097)	\$ (599,670)	\$ -	\$ (14,609,399)
Disposals	-	-	10,117	48,970	21,779	-	80,866
Depreciation expense	-	(160,875)	(324,495)	(306,623)	(51,924)	-	(843,917)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (2,901,254)</u>	<u>\$ (5,659,631)</u>	<u>\$ (6,181,750)</u>	<u>\$ (629,815)</u>	<u>\$ -</u>	<u>\$ (15,372,450)</u>
Carrying amount at December 31, 2022	<u>\$ 8,038,597</u>	<u>\$ 6,391,637</u>	<u>\$ 1,615,053</u>	<u>\$ 871,942</u>	<u>\$ 162,897</u>	<u>\$ 3,001</u>	<u>\$ 17,083,127</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	55 years
Buildings and facilities	8-15 years
Decorative facilities	6-10 years
Plant, transportation, and miscellaneous equipment	5-8 years

Refer to Note 29 for the information on the carrying amounts of property, plant and equipment that were pledged as security.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 7,211,056	\$ 7,463,262
Buildings	14,583,701	15,495,057
Plant, transportation, and miscellaneous equipment	<u>8,038</u>	<u>5,374</u>
	<u>\$ 21,802,795</u>	<u>\$ 22,963,693</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 85,387</u>	<u>\$ 308,623</u>
Depreciation charge for right-of-use assets		
Land	\$ 282,114	\$ 282,165
Buildings	847,781	875,951
Plant, transportation, and miscellaneous equipment	<u>2,303</u>	<u>1,823</u>
	<u>\$ 1,132,198</u>	<u>\$ 1,159,939</u>

Except for the above-mentioned additions and recognized depreciation expenses, the Company's Taipei branch terminated the lease with its affiliated companies in advance on August 15, 2023, resulting in a decrease of 108,447 thousand in right-of-use assets. The company did not have any major events of subletting and impairment situations in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 870,027</u>	<u>\$ 950,111</u>
Non-current	<u>\$ 11,945,716</u>	<u>\$ 12,595,824</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	1.71%-1.72%	0.88%-1.72%
Buildings	0.86%-1.72%	0.86%-1.72%
Plant, transportation, and miscellaneous equipment	0.86%-1.71%	0.86%-0.92%

c. Material lease-in activities and terms

The Company operates a retail business of leasing property and equipment for its operating activities with lease term of 3 to 50 years. In addition to fixed payments, some lease contracts also indicate variable lease payments with different conditions. Some stores are leased by acquiring land use rights to build buildings and transfer buildings to lessor unconditionally at the end of the lease term.

In 2022, due to the COVID-19 pandemic that severely affected the global market economy, the Company entered into lease negotiations with some of the lessors. The lessors agreed to reduce the rents from January 1 to December 31, 2022. The Company recognized the aforementioned rent reductions of \$54,625 thousand (as a deduction in operating expenses).

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 4,963	\$ 4,865
Expenses relating to low-value asset leases	\$ 5,392	\$ 4,848
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 448,837	\$ 362,366
Total cash outflow for leases	\$ (1,372,489)	\$ (1,280,841)

The Company has elected to apply the recognition exemption for short-term leases and low-value assets leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Investment Properties under Construction	Total
Balance at January 1, 2023	\$ 5,725,030	\$ 3,278,982	\$ 14,254	\$ 9,018,266
Additions	-	3,116	-	3,116
Disposals	-	(94)	-	(94)
Gain (loss) on fair value changes of investment properties	<u>221,570</u>	<u>(144,548)</u>	<u>-</u>	<u>77,022</u>
Balance at December 31, 2023	<u>\$ 5,946,600</u>	<u>\$ 3,137,456</u>	<u>\$ 14,254</u>	<u>\$ 9,098,310</u>
Balance at January 1, 2022	\$ 5,617,784	\$ 3,435,542	\$ 14,254	\$ 9,067,580
Additions	-	2,194	-	2,194
Disposals	-	(538)	-	(538)
Gain (loss) on fair value changes of investment properties	<u>107,246</u>	<u>(158,216)</u>	<u>-</u>	<u>(50,970)</u>
Balance at December 31, 2022	<u>\$ 5,725,030</u>	<u>\$ 3,278,982</u>	<u>\$ 14,254</u>	<u>\$ 9,018,266</u>

Some of the Company's investment properties have been leased out under operating leases with lease term of 2-20 years, and the lease contracts disclose lessee's buy-back agreement.

Except for minimum lease payments, some of the Company's lease contracts stipulate that the Company should adjust rentals on the basis of the consumer price index per annum.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2023 is as follows:

	December 31	
	2023	2022
Year 1	\$ 720,498	\$ 769,017
Year 2	656,930	636,002
Year 3	569,702	586,383
Year 4	416,967	524,331
Year 5	391,247	389,209
Year 5 onwards	<u>2,858,430</u>	<u>3,232,823</u>
	<u>\$ 5,613,774</u>	<u>\$ 6,137,765</u>

The fair values of the investment properties as of December 31, 2023 and 2022 were based on the valuations carried out at those dates, on a recurring basis by independent qualified professional valuers, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh and Kuang-Ping Tai from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

Except for undeveloped lands, the fair values of investment properties were measured using the income approach and the significant assumptions used are the increase in the estimated future net cash inflows, or the decrease in discount rates that would result in increases in the fair values.

	December 31	
	2023	2022
Expected future cash inflows	\$ 22,541,825	\$ 22,307,730
Expected future cash outflows	<u>3,010,940</u>	<u>2,882,100</u>
Expected future cash inflows, net	<u>\$ 19,530,885</u>	<u>\$ 19,425,630</u>
Discount rate	4.595%	4.095%-4.595%

The market rentals in the area where the investment properties are located were between \$1 thousand and \$2 thousand per ping (i.e., per 3.3 square meters). The market rentals for comparable properties were between \$1 thousand and \$4 thousand per ping (i.e., per 3.3 square meters).

The expected future cash inflows generated by investment properties referred to rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the existing lease contracts of the Company and comparative market rentals covering 5-10 years, taking into account the annual rental growth rate. The interest income on rental deposits was extrapolated by the one-year average deposit interest rate, and the disposal value was determined by the direct capitalization method under the income approach. The expected future cash outflows on investment properties included expenditures such as property taxes, insurance premiums, management fees, maintenance costs and replacement allowances. These expenditures were extrapolated on the basis of the current level of expenditures, taking into account the future adjustments to the government-announced land value, the tax rate promulgated under the Construction Cost Index and the House Tax Act and construction costs.

The discount rate was determined with reference to the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75% and the risk premium of investment properties of 2.25%.

Part of the land owned by the Company which is located in the east of Taiwan was not developed yet. The fair value of the undeveloped land area was measured by the land development analysis approach. The increase in the estimated total sales price, the increase in the rate of return, or the decrease in the overall capital interest rate would result in increase in the fair value. The significant assumptions used are as follows:

	December 31	
	2023	2022
Estimated total sales price	<u>\$ 2,193,982</u>	<u>\$ 2,076,696</u>
Rate of return	17%-20%	17%-20%
Overall capital interest rate	3.02%-3.55%	1.50%-3.21%

The total sales price is estimated on the basis of the most effective use of land or property available for sale after development is completed, taking into account the related regulations, optimism of domestic macroeconomic prospects, local land use, and comparable market prices.

Refer to Note 29 for the information on the carrying amounts of investment properties pledged as collateral for borrowings.

15. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ 276,712
Additions	11,497
Disposal	(2,888)
Reclassifications	<u>3,759</u>
Balance at December 31, 2023	<u>\$ 289,080</u>
<u>Accumulated amortization and impairment</u>	
Balance at January 1, 2023	\$ (215,726)
Disposal	2,888
Amortization expense	<u>(26,351)</u>
Balance at December 31, 2023	<u>\$ (239,189)</u>
Carrying amount at December 31, 2023	<u>\$ 49,891</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 245,088
Additions	23,813
Reclassifications	<u>7,811</u>
Balance at December 31, 2022	<u>\$ 276,712</u>

(Continued)

**Computer
Software**

Accumulated amortization and impairment

Balance at January 1, 2022	\$ (185,428)
Amortization expense	<u>(30,298)</u>
Balance at December 31, 2022	<u>\$ (215,726)</u>
Carrying amount at December 31, 2022	<u>\$ 60,986</u> (Concluded)

The following intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-5 years
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16. OTHER ASSETS

	<u>December 31</u>	
	2023	2022
Leases incentives	\$ 414,586	\$ 404,485
Prepayment for equipment	128,877	50,237
Refundable deposits	102,254	102,891
Others	<u>11,434</u>	<u>12,912</u>
	<u>\$ 657,151</u>	<u>\$ 570,525</u>
Current	\$ 8,618	\$ 8,134
Non-current	<u>648,533</u>	<u>562,391</u>
	<u>\$ 657,151</u>	<u>\$ 570,525</u>

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
Secured loans (Note 29)	\$ 4,850,000	\$ 4,700,000
Credit loans	<u>1,800,000</u>	<u>3,800,000</u>
	<u>\$ 6,650,000</u>	<u>\$ 8,500,000</u>
Interest rate intervals are as follows		
Secured loans	1.68%-1.80%	1.75%-2.30%
Credit loans	1.68%	1.45%-1.88%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial papers	\$ 860,000	\$ 600,000
Less: Unamortized discount on bills payable	<u>(147)</u>	<u>(68)</u>
	<u>\$ 859,853</u>	<u>\$ 599,932</u>

Outstanding short-term bills payable are as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
Mega Bills	\$ 600,000	\$ 58	\$ 599,942	1.788%	-	\$ -
Taiwan Finance	200,000	59	199,941	1.788%	-	-
International Bills Finance	<u>60,000</u>	<u>30</u>	<u>59,970</u>	1.798%	-	<u>-</u>
	<u>\$ 860,000</u>	<u>\$ 147</u>	<u>\$ 859,853</u>			<u>\$ -</u>

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
International Bills Finance	\$ 500,000	\$ 56	\$ 499,944	2.038%	-	\$ -
Taiwan Finance	<u>100,000</u>	<u>12</u>	<u>99,988</u>	2.138%	-	<u>-</u>
	<u>\$ 600,000</u>	<u>\$ 68</u>	<u>\$ 599,932</u>			<u>\$ -</u>

c. Long-term borrowings

	December 31	
	2023	2022
Secured loans (Note 29)	\$ 10,400,000	\$ 5,300,000
Credit loans	<u>3,780,000</u>	<u>4,750,000</u>
	14,180,000	10,050,000
Less: Listed as part due within 1 year	<u>(480,000)</u>	<u>(950,000)</u>
	<u>\$ 13,700,000</u>	<u>\$ 9,100,000</u>

Interest rate intervals are as follows:

Secured loans	1.653%-1.680%	1.375%-1.410%
Credit loans	1.650%-1.790%	1.770%-2.110%

18. OTHER LIABILITIES

	December 31	
	2023	2022
Other payables		
Payables for salaries and bonuses	\$ 351,936	\$ 373,526
Payables for remuneration of directors	209,386	175,247
Payables for purchases of equipment	148,456	273,210
Payables for compensation of employees	107,952	78,302
Others	<u>804,562</u>	<u>803,416</u>
	<u>\$ 1,622,292</u>	<u>\$ 1,703,701</u>
Other liabilities		
Deposits received	\$ 78,368	\$ 85,460
Investments accounted for using the equity method in credit	22,750	-
Others	<u>184,497</u>	<u>166,546</u>
	<u>\$ 285,615</u>	<u>\$ 252,006</u>
Current		
Other payables	<u>\$ 1,622,292</u>	<u>\$ 1,703,701</u>
Other liabilities	<u>\$ 184,497</u>	<u>\$ 166,546</u>
Non-current		
Other liabilities	<u>\$ 101,118</u>	<u>\$ 85,460</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the following year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	December 31	
	2023	2022
Present value of the defined benefit obligation	\$ 530,990	\$ 614,928
Fair value of the plan assets	<u>(1,032,674)</u>	<u>(898,676)</u>
Net defined benefit assets	<u>\$ (501,684)</u>	<u>\$ (283,748)</u>

Movements in net defined benefit assets are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1, 2023	\$ 614,928	\$ (898,676)	\$ (283,748)
Service cost			
Current service cost	2,569	-	2,569
Prior service cost	23,403	-	23,403
Net interest expense (income)	<u>9,224</u>	<u>(13,520)</u>	<u>(4,296)</u>
Recognized in profit or loss	<u>35,196</u>	<u>(13,520)</u>	<u>21,676</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(120,648)	(120,648)
Actuarial loss - changes in financial assumptions	11,104	-	11,104
Actuarial loss - experience adjustments	<u>(11,090)</u>	<u>-</u>	<u>(11,090)</u>
Recognized in other comprehensive income	<u>14</u>	<u>(120,648)</u>	<u>(120,634)</u>
Contributions from the employer	-	(118,974)	(118,974)
Benefits paid	(119,144)	119,144	-
Company paid	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Balance at December 31, 2023	<u>\$ 530,990</u>	<u>\$ (1,032,674)</u>	<u>\$ (501,684)</u>
Balance at January 1, 2022	\$ 662,495	\$ (859,196)	\$ (196,701)
Service cost			
Current service cost	3,586	-	3,586
Net interest expense (income)	<u>3,312</u>	<u>(4,308)</u>	<u>(996)</u>
Recognized in profit or loss	<u>6,898</u>	<u>(4,308)</u>	<u>2,590</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(34,652)	(34,652)
Actuarial loss - changes in financial assumptions	(43,204)	-	(43,204)
Actuarial loss - experience adjustments	<u>32,240</u>	<u>-</u>	<u>32,240</u>
Recognized in other comprehensive income	<u>(10,964)</u>	<u>(34,652)</u>	<u>(45,616)</u>
Contributions from the employer	-	(44,021)	(44,021)
Benefits paid	<u>(43,501)</u>	<u>43,501</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 614,928</u>	<u>\$ (898,676)</u>	<u>\$ (283,748)</u>

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2023	2022
Discount rates	1.250%	1.500%
Expected rates of salary increase	2.250%	2.250%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (11,104)</u>	<u>\$ (13,342)</u>
0.25% decrease	<u>\$ 11,463</u>	<u>\$ 13,786</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 11,147</u>	<u>\$ 13,437</u>
0.25% decrease	<u>\$ (10,854)</u>	<u>\$ (13,071)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 4,574</u>	<u>\$ 5,283</u>
The average duration of the defined benefit obligation	8.5 years	8.9 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands)	<u>1,750,000</u>	<u>1,750,000</u>
Shares authorized	<u>\$ 17,500,000</u>	<u>\$ 17,500,000</u>
Shares issued and fully paid (in thousands)	<u>1,416,941</u>	<u>1,416,941</u>
Shares issued	<u>\$ 14,169,406</u>	<u>\$ 14,169,406</u>

Fully paid ordinary shares, which have a par value of \$10, are entitled to one vote and a right to receive dividends per share.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance in excess of ordinary shares	\$ 2,142,074	\$ 2,142,074
Treasury share transactions	1,173,346	1,173,346
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in associates	<u>28,175</u>	<u>25,604</u>
	<u>\$ 3,343,595</u>	<u>\$ 3,341,024</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

According to the Articles of Incorporation, where the Company makes profit in a fiscal year, the profit shall be first utilized to make its business income tax payments and offset deficit. From any remaining profit, out of the profit after tax for the current period plus other profit items adjusted to the current year's undistributed earnings other than profit after tax for the period, 10% will be appropriated as a legal reserve. After appropriating to the special reserve as required by government regulations, the remaining amount, along with any prior years' undistributed earnings, may be utilized for earnings distribution in the form of dividend based on shareholding percentage. However, the Company may retain a certain portion depending on the operating needs. In case of a capital increase during the year, dividends appropriated to new shareholders are subject to the resolution passed in the shareholders' meeting. For policies of compensation of employees and remuneration of directors stipulated by the Articles of Incorporation, please see Note 22(i).

The Company's distribution of dividends would be in consideration of economic conditions, tax obligations, and operating requirements for cash. For an orderly system of dividend distribution, the dividends are distributed in accordance with the Articles of Incorporation. In addition, improvements of the financial structure and support for investment, capacity expansion or other major capital expenditures. The cash dividends to be distributed should not be below 50% than the current year's post-tax net profit deduction, offsetting losses of previous years, the statutory surplus reserve and the special surplus reserve, except for the improvement of financial structure and the transfer of funds, capacity expansion or other major capital expenditures. The cash dividends to be distributed should not be below 10% of the total cash and share dividends for the current accounting year.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of earnings for 2022 and 2021, which were approved in the shareholders' meetings on June 21, 2023 and June 24, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
Appropriate legal reserve	\$ 201,348	\$ 117,699
(Reverse) appropriate special reserve	\$ (9,927)	\$ 38,409
Cash dividends	\$ 1,558,635	\$ 1,275,247
Cash dividends per share (NT\$)	\$ 1.10	\$ 0.90

The appropriation of earnings for 2023 was proposed by the board of directors on March 1, 2024. The appropriations and dividends per share are as follows:

	For the Year Ended December 31, 2023
Appropriate legal reserve	\$ 103,754
Appropriate special reserve	\$ 34,177
Reversals of special reserve from previous years	\$ (1,000,564)
Cash dividends	\$ 2,267,105
Dividends per share (NT\$)	\$ 1.60

The appropriation of earnings of 2023 is subject to the resolution of the shareholders in their meeting to be held on June 18, 2024.

d. Special reserve

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,657,978	\$ 2,619,569
Appropriations in respect of provision for special reserve		
Net increases in the fair value of investment properties	-	38,409
Reversals of special reserve		
Reversal of fair value of investment properties	(9,927)	-
Balance at December 31	\$ 2,648,051	\$ 2,657,978

On the initial application of the fair value model to investment properties and on the initial application of IFRS 16, property leasehold interests which were previously accounted for as operating leases under IAS 17 are recognized as investment properties and measured at fair value, the Company appropriated for a special reserve at the amount that was the same as the net increase arising from fair value measurement and transferred to retained earnings. The additional special reserve should be appropriated for subsequent net increases in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 55,766	\$ 65,935
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	(50)	-
Exchange difference of associates accounted for using the equity method	(2,260)	(10,169)
Acquisition of interests in subsidiaries	<u>44,910</u>	<u>-</u>
Balance at December 31	<u>\$ 98,366</u>	<u>\$ 55,766</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 2,707,736	\$ 2,944,932
Recognized for the year		
Unrealized loss (gain) - equity instruments	9,380	(110,721)
Share from associates accounted for using the equity method	<u>220,994</u>	<u>(131,014)</u>
Other comprehensive income recognized for the year	230,374	(241,735)
Reclassification adjustment		
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	(2,478)	-
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(23,618)	4,539
Acquisition of interests in subsidiaries	<u>54,589</u>	<u>-</u>
Balance at December 31	<u>\$ 2,966,603</u>	<u>\$ 2,707,736</u>

f. Treasury shares

The shares that the subsidiaries held were acquired before the Company Act was amended in 2001. The Company's shares held by its subsidiaries at the end of the reporting period are as follows:

December 31, 2023

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 203,123</u>

December 31, 2022

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 176,433</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuances for cash and to vote.

21. REVENUE

	For the Year Ended December 31	
	2023	2022
Sale of goods (Note)	\$ 4,171,864	\$ 4,249,572
Commissions from concessionaires' sales (Note)	5,259,258	4,872,066
Advertisement and promotion fee income	721,947	727,956
Rental income		
Investment properties (Note 14)		
Variable lease payments that do not depend on an index or a rate and contingent rentals	17,930	18,143
Other lease payments	263,415	259,182
Other operating leases		
Variable lease payments that do not depend on an index or a rate and contingent rentals	116,805	89,458
Other lease payments	618,663	614,390
Others	<u>458,746</u>	<u>456,556</u>
	<u>\$ 11,628,628</u>	<u>\$ 11,287,323</u>

Note: Gross revenue is presented as follows:

	For the Year Ended December 31	
	2023	2022
Concessionaires' sales	\$ 54,990,230	\$ 51,117,041
Sale of goods	<u>4,325,299</u>	<u>4,417,677</u>
	<u>\$ 59,315,529</u>	<u>\$ 55,534,718</u>

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Trade receivable (Note 9)	<u>\$ 585,815</u>	<u>\$ 612,605</u>	<u>\$ 648,089</u>
Contract liabilities - current			
Sale of goods	\$ 3,788,837	\$ 4,009,799	\$ 3,908,338
Customer loyalty programs	<u>48,365</u>	<u>66,239</u>	<u>30,522</u>
	<u>\$ 3,837,202</u>	<u>\$ 4,076,038</u>	<u>\$ 3,938,860</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities which were satisfied in the previous periods is as follows:

	For the Year Ended December 31	
	2023	2022
<u>From contract liabilities at the start of the years</u>		
Sale of goods	\$ 1,629,285	\$ 1,602,716
Customer loyalty programs	<u>66,239</u>	<u>30,522</u>
	<u>\$ 1,695,524</u>	<u>\$ 1,633,238</u>

22. NET PROFIT FOR THE YEAR

Net profit for the year includes the following items:

a. Operating costs

	For the Year Ended December 31	
	2023	2022
Operating costs		
Cost of sales	\$ 3,377,016	\$ 3,457,083
Rental costs	170,945	176,774
Others	<u>31,982</u>	<u>31,177</u>
	<u>\$ 3,579,943</u>	<u>\$ 3,665,034</u>

b. Interest income

	For the Year Ended December 31	
	2023	2022
Interest income		
Bank deposits	\$ 405	\$ 165
Others	<u>1</u>	<u>-</u>
	<u>\$ 406</u>	<u>\$ 165</u>

c. Other income

	For the Year Ended December 31	
	2023	2022
Dividends income	<u>\$ 143,541</u>	<u>\$ 201,628</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Profit (loss) from the adjustment of fair value of investment property	\$ 77,022	\$ (50,970)
Foreign exchange loss, net	(67)	(69)
Loss on disposal of property, plant and equipment, net	(38,111)	(10,486)
Loss on disposal of investment properties, net	(94)	(538)
Expected credit loss	-	(190,000)
Other gains	96,793	79,817
Other losses	<u>(11,283)</u>	<u>(9,364)</u>
	<u>\$ 124,260</u>	<u>\$ (181,610)</u>

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	\$ 223,997	\$ 234,973
Interest on bank loans	304,881	217,519
Endorsement guarantee fee	<u>18,056</u>	<u>20,763</u>
Total interest expense of financial liabilities not measured at fair value through profit or loss	<u>\$ 546,934</u>	<u>\$ 473,255</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 784,589	\$ 843,917
Right-of-use assets	1,132,198	1,159,939
Less: Adjustment to receipts in advance and depreciation	<u>(86,442)</u>	<u>(95,933)</u>
	1,830,345	1,907,923
Intangible assets (including amortization expense)	<u>26,351</u>	<u>30,298</u>
	<u>\$ 1,856,696</u>	<u>\$ 1,938,221</u>
An analysis of deprecation by function		
Operating costs	\$ 75,729	\$ 81,382
Operating expenses	<u>1,754,616</u>	<u>1,826,541</u>
	<u>\$ 1,830,345</u>	<u>\$ 1,907,923</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 26,351</u>	<u>\$ 30,298</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses from investment properties generating rental income	\$ 85,983	\$ 83,613
Direct operating expenses from investment properties not generating rental income	<u>26,515</u>	<u>26,629</u>
	<u>\$ 112,498</u>	<u>\$ 110,242</u>

h. Employee benefits expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plan	\$ 36,145	\$ 35,428
Defined benefit plan (Note 19)	<u>21,676</u>	<u>2,590</u>
	57,821	38,018
Other employee benefits	<u>1,283,334</u>	<u>1,253,674</u>
Total employee benefits expenses	<u>\$ 1,341,155</u>	<u>\$ 1,291,692</u>
An analysis of employee benefits expenses by function		
Operating expenses	<u>\$ 1,341,155</u>	<u>\$ 1,291,692</u>

i. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of 2% to 3.5% and no more than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 1, 2024 and March 2, 2023, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3.2%	3.2%
Remuneration of directors	2.4%	2.4%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 106,185	\$ 75,934
Remuneration of directors	79,639	56,951

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current income tax		
In respect of the current year	\$ 424,486	\$ 296,113
Adjustments for the prior year	<u>(42,020)</u>	<u>7,192</u>
	<u>382,466</u>	<u>303,305</u>
Deferred income tax		
In respect of the current year	(2,888)	6,256
Adjustments for the prior year	<u>575</u>	<u>326</u>
	<u>(2,313)</u>	<u>6,582</u>
Income tax expense recognized in profit or loss	<u>\$ 380,153</u>	<u>\$ 309,887</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before income tax from continuing operations	<u>\$ 3,132,456</u>	<u>\$ 2,240,061</u>
Income tax expense calculated at the statutory rate	\$ 626,491	\$ 448,012
Nondeductible expenses in determining taxable income	141	38,008
Permanent differences	(266,896)	(179,593)
Unrecognized deductible temporary differences	53,148	(7,899)
Adjustments for prior years' income tax	(42,020)	7,192
Adjustments for prior years' deferred tax	575	326
Land value increment tax	<u>8,714</u>	<u>3,841</u>
Income tax expense recognized in profit or loss	<u>\$ 380,153</u>	<u>\$ 309,887</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plans	<u>\$ (24,126)</u>	<u>\$ (9,123)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 297,755</u>	<u>\$ 180,160</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities are as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Promotion expense on gift certificates	\$ 21,920	\$ (1,092)	\$ -	\$ 20,828
Investments accounted for using the equity method	15,649	10,676	-	26,325
Others	<u>49,575</u>	<u>(5,555)</u>	<u>-</u>	<u>44,020</u>
	<u>\$ 87,144</u>	<u>\$ 4,029</u>	<u>\$ -</u>	<u>\$ 91,173</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Depreciation	\$ 1,128,737	\$ 12,464	\$ -	\$ 1,141,201
Reserve for land revaluation increment tax	397,203	8,714	-	405,917
Investment properties	277,083	(8,143)	-	268,940
Investments accounted for using the equity method	213,094	(32,892)	-	180,202
Differences of pension in determining taxable income	56,750	19,460	24,126	100,336
Others	<u>82,216</u>	<u>2,113</u>	<u>-</u>	<u>84,329</u>
	<u>\$ 2,155,083</u>	<u>\$ 1,716</u>	<u>\$ 24,126</u>	<u>\$ 2,180,925</u> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Promotion expense on gift certificates	\$ 21,812	\$ 108	\$ -	\$ 21,920
Investments accounted for using the equity method	17,506	(1,857)	-	15,649
Others	<u>41,178</u>	<u>8,397</u>	<u>-</u>	<u>49,575</u>
	<u>\$ 80,496</u>	<u>\$ 6,648</u>	<u>\$ -</u>	<u>\$ 87,144</u>

Deferred tax liabilities

Temporary differences				
Depreciation	\$ 1,103,358	\$ 25,379	\$ -	\$ 1,128,737
Reserve for land revaluation increment tax	393,362	3,841	-	397,203
Investment properties	290,796	(13,713)	-	277,083
Investments accounted for using the equity method	227,423	(14,329)	-	213,094
Differences of pension in determining taxable income	39,340	8,287	9,123	56,750
Others	<u>78,451</u>	<u>3,765</u>	<u>-</u>	<u>82,216</u>
	<u>\$ 2,132,730</u>	<u>\$ 13,230</u>	<u>\$ 9,123</u>	<u>\$ 2,155,083</u>

- e. Deductible temporary differences for which no deferred tax assets were recognized in the balance sheets

	December 31	
	2023	2022
Deductible temporary differences	<u>\$ 1,605,259</u>	<u>\$ 1,447,129</u>
f. Income tax assessments		

The Company's income tax returns through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2023	2022
Basic earnings per share	<u>\$ 1.95</u>	<u>\$ 1.37</u>
Diluted earnings per share	<u>\$ 1.95</u>	<u>\$ 1.37</u>

Earnings and weighted average number of ordinary shares outstanding for the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	2022
Net profit for the year	\$ 2,752,303	\$ 1,930,174
Effect of potential dilutive ordinary shares:		
Compensation of employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,752,303</u>	<u>\$ 1,930,174</u>

Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	1,408,734	1,408,734
Effect of potential dilutive ordinary shares:		
Compensation of employees	<u>5,877</u>	<u>4,540</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>1,414,611</u>	<u>1,413,274</u>

The Company may settle the compensation paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation or bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in their meeting in the following year.

25. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company engaged in the following non-cash investing activities:

For the years ended December 31, 2023 and 2022, the prepayment for equipment reclassified to property, plant and equipment amounted to \$43,610 thousand and \$10,689 thousand, respectively (please see Note 12).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes		Others	Closing Balance
			New Leases	Others		
Short-term borrowings	\$ 8,500,000	\$ (1,850,000)	\$ -	\$ -	\$ -	\$ 6,650,000
Short-term bills payable	599,932	259,921	-	-	-	859,853
Long-term borrowings						
(including current portion)	10,050,000	4,130,000	-	-	-	14,180,000
Lease liabilities	13,545,935	(704,436)	84,968	-	(110,724)	12,815,743
Other non-current liabilities	85,460	(7,092)	-	22,750	-	101,118
	<u>\$ 32,781,327</u>	<u>\$ 1,828,393</u>	<u>\$ 84,968</u>	<u>\$ 22,750</u>	<u>\$ (110,724)</u>	<u>\$ 34,606,714</u>

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Others	Closing Balance
			New Leases	Others		
Short-term borrowings	\$ 4,800,000	\$ 3,700,000	\$ -	\$ -	\$ -	\$ 8,500,000
Short-term bills payable	1,549,515	(949,583)	-	-	-	599,932
Long-term borrowings						
(including current portion)	13,949,720	(3,899,720)	-	-	-	10,050,000
Lease liabilities	14,090,911	(670,801)	180,450	-	(54,625)	13,545,935
Other non-current liabilities	83,420	2,040	-	-	-	85,460
	<u>\$ 34,473,566</u>	<u>\$ (1,818,064)</u>	<u>\$ 180,450</u>	<u>\$ -</u>	<u>\$ (54,625)</u>	<u>\$ 32,781,327</u>

26. CAPITAL MANAGEMENT

Under its operating development schemes and related government rules, the Company manages its capital to ensure it can continue to operate as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising share capital, capital surplus, retained earnings and other equity). The Company's capital management concerns its capital expenditures for capital structure and relative risks to ensure the optimal capital structure, and the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, proceeds from borrowings and repayments of borrowings, in order to balance the overall capital structure.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The financial instruments not measured at fair value are either those with due dates in the near future or those with a future collection value which approximately equals its carrying amount. Thus, the fair value of these financial instruments are estimated at their carrying amounts on the financial reporting date.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity investments				
Domestic listed ordinary shares	\$ 2,695,409	\$ -	\$ -	\$ 2,695,409
Domestic unlisted ordinary shares	-	-	108,953	108,953
	<u>\$ 2,695,409</u>	<u>\$ -</u>	<u>\$ 108,953</u>	<u>\$ 2,804,362</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity investments				
Domestic listed ordinary shares	\$ 2,686,884	\$ -	\$ -	\$ 2,686,884
Domestic unlisted ordinary shares	-	-	106,330	106,330
	<u>\$ 2,686,884</u>	<u>\$ -</u>	<u>\$ 106,330</u>	<u>\$ 2,793,214</u>

There were no transfers between Level 1 and 2 in both 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2023	\$ 106,330
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	855
Purchase	<u>1,768</u>
Balance at December 31, 2023	<u>\$ 108,953</u>

For the year ended December 31, 2022

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2022	\$ 103,957
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>2,373</u>
Balance at December 31, 2022	<u>\$ 106,330</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurements

Financial Instruments	Valuation Techniques and Inputs
Domestic unlisted shares	<p>a) Asset-based approach. Valuation based on the fair value of an investee, calculated through each investment of the investee using the income approach, market approach or a combination of the two approaches, while also taking the liquidity premium into consideration.</p> <p>b) Transaction method of market approach. The approach is a valuation strategy based on market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.</p>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 2,905,166	\$ 1,681,926
Equity instruments at FVTOCI	2,804,362	2,793,214
<u>Financial liabilities</u>		
Measured at amortized cost (2)	29,459,975	25,700,138

- 1) The balance amount includes cash and cash equivalents, trade receivable (including related parties), other receivables, refundable deposits, and other financial assets measured at amortized cost.
- 2) The balances included the carrying amount of short-term borrowings, short-term bills payable, notes payable and trade payables (including related parties), other payables, long-term borrowings including the current portion and deposits received, which are measured at amortized cost.

d. Financial risk management objectives and policies

The Company's main financial instruments include equity instrument investments, accounts receivable, accounts payable, lease liabilities and loans. The purpose of the Company's financial risk management is to manage market risk (including exchange rate risk, interest rate risk and other price risk), credit risk, liquidity risk, and other financial risks related to operating activities. The Company's Finance Department strives to analyze and evaluate financial risk factors related to the market, and then propose and implement relevant responsive strategies to reduce the impact of risks related to market changes.

The main financial activities of the Company are governed by the Company's internal management and approved by the board of directors. The financial schemes, which include fund raising plans should be carried out in compliance with the Company's policies.

1) Market risk

a) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 25,808	\$ 25,600
Financial liabilities	12,815,743	13,545,935
Cash flow interest rate risk		
Financial assets	35,314	48,043
Financial liabilities	21,689,853	19,149,932

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. For sensitivity analysis purposes, the sensitivity rate was adjusted as a result of the volatile financial market. The measurement of the increase or decrease in the interest rates is based on 100 basis points, which is reported to the senior management denoting the management's assessment for the reasonableness of the fluctuation of the interest rates.

If interest rates increase/decrease by 100 basis points and all variables remained unchanged, the profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by \$216,544 thousand and \$191,019 thousand, respectively.

b) Other price risks

The Company was exposed to equity price risks involving equity investments in listed companies and beneficial certificates. The Company's investments in listed companies and beneficial certificates should be in compliance with the rules made by the board of directors in order to achieve the goal of risk management and maximize the returns on investments.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. For sensitivity analysis purposes, the sensitivity rate was adjusted as a result of the volatile financial market.

If equity prices increase/decrease by 5%, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would increase/decrease by \$140,218 thousand and \$139,661 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the reporting period, the Company's credit risk was mainly contributed from trade receivables in operating activities, bank deposits and financial instruments in financial activities.

To maintain the quality of trade receivables, the Company manages credit risk by assessing customers' credit status in terms of financial status, historical transactions, etc., and obtains an adequate amount of collaterals as guarantees from the customers with high credit risk. In addition, the Company reviews the recoverable amount of each trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. On the credit risk management of bank deposits and other financial instruments, the Company trades with counterparties which comprise banks with good credit ratings.

3) Liquidity risk

Liquidity risk is a risk in which the Company has difficulty in settling its financial liabilities either by cash or other financial assets. The Company manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance its operations and mitigate the effects of fluctuations in cash flows. Further, the management monitors the use of bank borrowings and ensures compliance with loan covenants, to avoid critical damage and mitigate the reputation risk facing the Company.

To cater to the demand of capital payments for a particular purpose, the Company maintains adequate cash by way of long-term financing/borrowings. For the management of cash shortage, the Company monitors cash management and allocates cash appropriately to maintain financial flexibility and ensure the mitigation of liquidity risk.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2023

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>							
Short-term borrowings	\$ 6,650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,650,000
Short-term bills payable	859,853	-	-	-	-	-	859,853
Trade payables	5,999,059	-	-	-	-	-	5,999,059
Trade payables to related parties	70,403	-	-	-	-	-	70,403
Other payables	1,622,292	-	-	-	-	-	1,622,292
Lease liabilities	870,027	871,281	867,960	864,086	865,083	10,696,280	15,034,717
Long-term borrowings (including current portion)	480,000	13,700,000	-	-	-	-	14,180,000
Deposits received	-	73,558	2,226	-	2,584	-	78,368

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 870,027</u>	<u>\$ 3,468,410</u>	<u>\$ 4,247,540</u>	<u>\$ 3,034,238</u>	<u>\$ 1,969,520</u>	<u>\$ 1,444,982</u>

December 31, 2022

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years	Total
<u>Non-derivative financial liabilities</u>							
Short-term borrowings	\$ 8,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500,000
Short-term bills payable	599,932	-	-	-	-	-	599,932
Trade payables	4,707,626	-	-	-	-	-	4,707,626
Trade payables to related parties	53,419	-	-	-	-	-	53,419
Other payables	1,703,701	-	-	-	-	-	1,703,701
Lease liabilities	950,155	936,670	856,984	858,754	859,972	11,517,761	15,980,296
Long-term borrowings (including current portion)	950,000	9,100,000	-	-	-	-	10,050,000
Deposits received	-	69,655	15,805	-	-	-	85,460

Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 950,155</u>	<u>\$ 3,512,380</u>	<u>\$ 4,330,021</u>	<u>\$ 3,306,928</u>	<u>\$ 2,169,013</u>	<u>\$ 1,711,799</u>

The amounts of variable interest rate instruments for both non-derivative financial liabilities mentioned above are subject to change if the changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Secured bank overdraft facilities		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ -</u>
Secured bank loan facilities		
Amount used	\$ 15,250,000	\$ 10,000,000
Amount unused	<u>2,100,000</u>	<u>7,100,000</u>
	<u>\$ 17,350,000</u>	<u>\$ 17,100,000</u>
Unsecured bank loan facilities		
Amount used	\$ 6,440,000	\$ 9,150,000
Amount unused	<u>10,140,000</u>	<u>8,200,000</u>
	<u>\$ 16,580,000</u>	<u>\$ 17,350,000</u>

28. TRANSACTIONS WITH RELATED PARTIES

The transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

a. The Company's related parties and their relationships

Related Party	Relationship with the Company
Far Eastern Ai Mai Co., Ltd. (AIMAI)	Subsidiary
Ya Tung Department Stores, Ltd. (YTDS)	Subsidiary
Yu Ming Advertising Agency Co., Ltd. (YMAC)	Subsidiary
Far Eastern CitySuper Co., Ltd. (FECS)	Subsidiary
Bai Ding Investment Co., Ltd. (BDIC)	Subsidiary
Bai Yang Investment Co., Ltd. (BYIC)	Subsidiary
Far Eastern Hon Li Do Co., Ltd. (FEHLD)	Subsidiary
Chubei New Century Shopping Mall Co., Ltd.	Subsidiary
FEDS Asia Pacific Development Co., Ltd.	Subsidiary
FEDS New Century Development Co., Ltd.	Subsidiary
Far Eastern Big City Shopping Malls Co., Ltd.	Subsidiary
Pacific Sogo Department Stores Co., Ltd. (SOGO)	Subsidiary
Ding Ding Integrated Marketing Service Co., Ltd. (DDIM)	Associate
Oriental Securities Corporation (OSC)	Associate

(Continued)

Related Party	Relationship with the Company
Far Eastern International Leasing Corp. (FEIL)	Associate
Yuan Hsin Digital Payment Co., Ltd. (YHDP) (Note)	Associate
Far Eastern New Century Corporation (FENC)	Investor with significant influence over the Company (equity method investor of FEDS)
Far EasTone Telecommunications Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
New Century InfoComm Tech Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern General Contractor Inc. (FEGC)	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern Construction Co., Ltd. (FEC)	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern Resources Development Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Fetc International Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Arcoa Communication Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Ding Ding Hotel Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern Electronic Toll Collection Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern Apparel Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Yuan Ding Co., Ltd. (YDC)	Associate of investor with significant influence over the Company (the subsidiary of FENC)
YDT Technology International Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Far Eastern Technical Consultants Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Yuanshi Digital Technology Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Prime EcoPower Co., Ltd.	Associate of investor with significant influence over the Company (the subsidiary of FENC)
Asia Cement Corporation (ACC)	Associate of investor with significant influence over the Company (the associate of FENC)
Everest Textile Co., Ltd.	Associate of investor with significant influence over the Company (the associate of FENC)
Far Eastern International Bank Ltd. (FEIB)	Other related party (the chairman of Company, also the vice chairman of FEIB)
Yuan Bo Asset Management Corporation	Other related party (subsidiary of Far Eastern International Leasing Corporation)
Oriental Union Chemical Corporation	Other related party (the same chairman)
Yuan Ze University	Other related party (the same chairman)
Oriental University of Science and Technology	Other related party (the same chairman)
Mr. Xu Yuanzhi Memorial Foundation	Other related party (the same chairman)
Far Eastern Memorial Hospital	
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (the subsidiary of ACC)
Fu Ming Transport Corporation	Other related party (the subsidiary of ACC)
Mr. Xu Yuanzhi Memorial Foundation	Other related party (related party in substance)
Ding & Ding Management Consultants Co., Ltd.	Other related party (related party in substance)

(Concluded)

Note: Yuan Hsin Digital Payment Co., Ltd. has completed its dissolution and liquidation on July 12, 2023.

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods (Note)	Subsidiaries	\$ 43,074	\$ 43,738
	Associates of investor with significant influence over the Company	29,036	29,758
	Other related parties	<u>12,897</u>	<u>983</u>
		<u>\$ 85,007</u>	<u>\$ 74,479</u>
Other operating revenue	Other related parties	\$ 46,303	\$ 44,313
	Associates of investor with significant influence over the Company	24,706	20,542
	Subsidiaries	21,803	22,244
	Associates	<u>19</u>	<u>204</u>
		<u>\$ 92,831</u>	<u>\$ 87,303</u>

Note: Sales to related parties and unrelated parties were made under normal terms.

c. Purchases

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs (Note)	Associates of investor with significant influence over the Company	\$ 9,590	\$ 10,397
	Subsidiaries	<u>6,306</u>	<u>4,234</u>
		<u>\$ 15,896</u>	<u>\$ 14,631</u>

Note: Purchases from related parties and unrelated parties were made under normal terms.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivable	Associates of investor with significant influence over the Company	\$ 32,916	\$ 35,164
	Other related parties	26,042	44,443
	Subsidiaries	4,048	2,437
	Investor with significant influence over the Company	256	3,416
	Associates	<u>10</u>	<u>1,513</u>
		<u>\$ 63,272</u>	<u>\$ 86,973</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other receivables	Other related parties	\$ 9,005	4,572
	Subsidiaries	8,088	41,114
	Associates	4,672	-
	Associates of investor with significant influence over the Company	<u>1,869</u>	<u>1,903</u>
		<u>\$ 23,634</u>	<u>\$ 47,589</u> (Concluded)

e. Prepayments

Related Party Category/Name	December 31	
	2023	2022
Associates	<u>\$ 72</u>	<u>\$ -</u>

f. Other non-current assets

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease incentives	Associates of investor with significant influence over the Company	\$ 5,588	\$ 10,719
	Other related parties	<u>23</u>	<u>303</u>
		<u>\$ 5,611</u>	<u>\$ 11,022</u>
Refundable deposits	Subsidiaries	\$ 20,000	\$ 20,000
	Associates of investor with significant influence over the Company	<u>7,740</u>	<u>7,740</u>
		<u>\$ 27,740</u>	<u>\$ 27,740</u>

g. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payable	Subsidiaries	\$ 48,097	\$ 31,115
	Associates of investor with significant influence over the Company	<u>22,306</u>	<u>22,304</u>
		<u>\$ 70,403</u>	<u>\$ 53,419</u> (Continued)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Other payables	Subsidiaries	\$ 115,888	\$ 165,158
	Associates of investor with significant influence over the Company	86,294	92,050
	Associates	72,139	69,539
	Investor with significant influence over the Company	47,691	41,054
	Other related parties	<u>36,494</u>	<u>33,278</u>
		<u>\$ 358,506</u>	<u>\$ 401,079</u> (Concluded)

h. Other current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Advance receipts	Associates of investor with significant influence over the Company	<u>\$ 316</u>	<u>\$ 384</u>
Others	Subsidiaries	\$ 15	\$ 8
	Other related parties	<u>-</u>	<u>200</u>
		<u>\$ 15</u>	<u>\$ 208</u>

i. Other non-current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Guarantee deposits received	Associates of investor with significant influence over the Company		
	Yuan Ding Co., Ltd.	\$ 63,083	\$ 61,701
	Others	<u>87</u>	<u>87</u>
		63,170	61,788
	Other related parties	1,023	1,023
	Subsidiaries	<u>881</u>	<u>881</u>
		<u>\$ 65,074</u>	<u>\$ 63,692</u>

j. Lease arrangements - the Company as lessee

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Subsidiaries	\$ 29,908	\$ -
Associates	4,144	-
Associates of investor with significant influence over the Company	<u>210</u>	<u>133,364</u>
	<u>\$ 34,262</u>	<u>\$ 133,364</u>

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities (Note)	Associates of investor with significant influence over the Company		
	Far Eastern Construction Co., Ltd.	\$ 3,276,868	\$ 3,380,997
	Others	<u>-</u>	<u>171,616</u>
		3,276,868	3,552,613
	Subsidiaries	2,648,744	2,810,310
	Associates	7,422	5,492
	Other related parties	<u>5,635</u>	<u>6,985</u>
		<u>\$ 5,938,669</u>	<u>\$ 6,375,400</u>

Note: The lease payments, payable either monthly or yearly, are made per the agreement between the Company and the related parties.

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Associates of investor with significant influence over the Company		
Far Eastern Construction Co., Ltd.	\$ 57,590	\$ 59,436
Others	<u>762</u>	<u>1,948</u>
	58,352	61,384
Subsidiaries	46,709	49,656
Other related parties	107	131
Associates	<u>69</u>	<u>55</u>
	<u>\$ 105,237</u>	<u>\$ 111,226</u>

k. Acquisition of financial assets

Related Party Category/Name	Line Item	Number of Shares Traded	Underlying Assets	Purchase Price
Associates of investor with significant influence over the Company	Financial assets at fair value through other comprehensive income - non-current	177	Common shares	<u>\$ 1,768</u>

l. Acquisition of other assets

Related Party Category/Name	Line Item	Acquisition Price	
		2023	2022
Other related parties	Intangible assets	\$ 6,515	\$ 12,133
Associates of investor with significant influence over the Company	Intangible assets	96	-
Subsidiaries	Property, plant and equipment	-	19,362
		<u>\$ 6,611</u>	<u>\$ 31,495</u>

m. Construction projects

The construction projects of the Company were as follows:

	For the Year Ended December 31	
	2023	2022
Associates of investor with significant influence over the Company	\$ 7,086	\$ 5,368
Other related parties	<u>84</u>	<u>-</u>
	<u>\$ 7,170</u>	<u>\$ 5,368</u>

n. Other related-party transactions

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expenses	Subsidiaries	\$ 644,751	\$ 634,093
	Investor with significant influence over the Company	86,553	94,570
	Associates of investor with significant influence over the Company	85,593	53,488
	Other related parties	84,523	78,692
	Associates	<u>51,954</u>	<u>50,533</u>
		<u>\$ 953,374</u>	<u>\$ 911,376</u>
Other gains and losses - gains	Subsidiaries		
	Pacific Sogo Department Stores Co., Ltd.	\$ 22,739	\$ 22,985
	Others	<u>2,790</u>	<u>9,613</u>
		25,529	32,598
	Other related parties		
	Far Eastern International Bank Ltd.	19,803	18,799
	Associates of investor with significant influence over the Company	2,291	18
	Associates	<u>-</u>	<u>323</u>
		<u>\$ 47,623</u>	<u>\$ 51,738</u>

(Continued)

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Other gains and losses - losses	Associates	\$ 6,986	\$ 6,991
	Investor with significant influence over the Company	19	22
	Other related parties	-	10
		<u>\$ 7,005</u>	<u>\$ 7,023</u>
Finance costs	Subsidiaries	<u>\$ 15,366</u>	<u>\$ 15,702</u> (Concluded)

o. Loans from related parties

Related Party Category/Name	December 31	
	2023	2022
Other related parties		
Far Eastern International Bank Ltd.	<u>\$ 750,000</u>	<u>\$ 500,000</u>

Finance costs

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Other related parties		
Far Eastern International Bank Ltd.	<u>\$ 1,870</u>	<u>\$ 2,737</u>

p. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 98,231	\$ 74,187
Post-employment benefits	-	29
	<u>\$ 98,231</u>	<u>\$ 74,216</u>

The remuneration of directors and other key management personnel was determined by the compensation committee of the Company in accordance with the individual performance and the market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and administrative proceedings:

	December 31	
	2023	2022
Financial assets at amortized cost	\$ 25,808	\$ 25,800
Financial assets at FVTOCI	1,450,750	1,435,000
Investments accounted for using the equity method	801,241	1,110,279
Property, plant and equipment	13,098,494	13,248,254
Investment properties	<u>1,274,400</u>	<u>1,250,158</u>
	<u>\$ 16,650,693</u>	<u>\$ 17,069,491</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant unrecognized commitments and contingencies of the Company as of December 31, 2023 and 2022 are as follows:

a. Significant unrecognized commitments

The amounts of unrecognized commitments are as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 184,785</u>	<u>\$ 188,412</u>

- b. In April 2023, under a ruling by the MOEA whereby “the terms and conditions of gift certificates for certain goods and for certain services within the retail industry should be documented in a standard contract while others should not”, the Company and SOGO signed an agreement to have mutual performance guarantees on gift certificates bought by customers. The guarantee period was from April 1, 2023 to March 31, 2024. As of December 31, 2023, the Company’s guarantee amount for SOGO was \$5,680,307 thousand and that of SOGO for the Company was \$3,860,223 thousand.

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others: Table 1.
- 2) Endorsements/guarantees provided: Table 2.
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Table 3.
- 4) Cumulative purchase or sale of one security for an amount exceeding NT\$300 million or 20% of the paid-in capital: Table 4.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5.
 - 9) Trading in derivative instruments: None.
- b. Information on investees: Table 6.
- c. Information on investments in mainland China:
- 1) Name of the investees in mainland China, main business and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, repatriation of investment income, and the limit of investment in mainland China: Table 7.
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
 - c) The amount of property transactions and the amount of the resultant gains or losses: None.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the names and the numbers of shares and percentage of ownership of each shareholder, please see Table 8.

TABLE 1

FAR EASTERN DEPARTMENT STORES, LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	\$ 2,000,000	\$ 2,000,000	\$ -	-	(Note A)	\$ -	Transaction	\$ -	-	\$ -	\$ 5,433,746 (Note B)	\$ 5,433,746 (Note B)
2	Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Other receivables	Y	736,984 (RMB 170,000 thousand)	736,984 (RMB 170,000 thousand)	498,548 (RMB 115,000 thousand)	1.504523% (Note D)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1.504523% (Note E)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Shanghai Bai Ding Consultant & Management Co., Ltd.	Other receivables	Y	43,352 (RMB 10,000 thousand)	43,352 (RMB 10,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other receivables	Y	433,520 (RMB 100,000 thousand)	433,520 (RMB 100,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	303,464 (RMB 70,000 thousand)	303,464 (RMB 70,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Pacific (China) Investment Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1% (Note F)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
4	Pacific China Holdings (HK) Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	5.78%-5.85% (Note G)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
5	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	1% (Note H)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	2,168 (RMB 500 thousand)	2,168 (RMB 500 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
6	Shanghai Pacific Department Store Co., Ltd.(Note I)	Shanghai Xujiahui Centre (Group) Co., Ltd.	Other receivables	Y	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 Thousand)	-	(Note A)	-	Transaction	-	-	-	240,997 (Note B)	240,997 (Note B)

Note A: Short-term financing.

Note B: 40% of the financing company’s net assets.

Note C: The amount of the collateral/guarantees is based on 40% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.

Note D: The interest for the period amounted to RMB1,930 thousand.

Note E: The interest for the period amounted to RMB23 thousand.

Note F: The interest for the period amounted to RMB165 thousand.

Note G: The interest for the period amounted to US\$40 thousand.

Note H: The interest for the period amounted to RMB75 thousand.

Note I: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Consolidated Company were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

TABLE 2

FAR EASTERN DEPARTMENT STORES, LTD.

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note E)										
0	Far Eastern Department Stores, Ltd.	Bai Ding Investment Co., Ltd. (Bai Ding)	2	\$ 18,793,491 (Note A)	\$ 900,000	\$ 900,000	\$ 550,000	\$ -	3	\$ 31,322,486 (Note B)	Y	-	-
		FEDS Development Ltd.	2	18,793,491 (Note A)	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	-	1	31,322,486 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	2	18,793,491 (Note A)	6,137,841	5,680,307	5,680,307	-	18	31,322,486 (Note B)	Y	-	-
1	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	3	18,793,491 (Note C)	4,056,266	3,860,223	3,860,223	-	12	31,322,486 (Note D)	-	Y	-
		Pacific China Holding Ltd. (B.V.I.)	2	18,793,491 (Note C)	11,826,378 (US\$ 356,500 thousand) (RMB 203,000 thousand)	11,639,965 (US\$ 356,500 thousand) (RMB 160,000 thousand)	4,192,138 (RMB 967,000 thousand)	-	37	31,322,486 (Note D)	-	-	-
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	2	18,793,491 (Note C)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	637,210 (US\$ 10,000 thousand) (RMB 76,158 thousand)	-	5	31,322,486 (Note D)	-	-	Y
2	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	501,270 (Note A)	187,446	187,446	187,446	-	1	835,451 (Note B)	-	-	-

- Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.
- Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.
- Note C: The amount of the collateral/guarantees is based on 60% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.
- Note D: The amount of the collateral/guarantees is based on 100% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd. per its latest financial statements.
- Note E: Relationships between the endorsement/guarantee provider and the guaranteed party:
- Trading partner.
 - The direct and indirect shareholding of the Company amounts to more than 50%.
 - The companies that directly and indirectly hold more than 50% of the Company’s voting rights.
 - The Company that directly and indirectly holds more than 90% of the voting shares.
 - Guaranteed by the Company according to the construction contract.
 - An investee company. The guarantees were provided based on the Company’s proportionate share in the investee company.
 - Companies in the same industry provide among themselves joint and several securities for as performance guarantees of sales contracts for pre-construction homes pursuant to the Consumer Protection Act.

TABLE 3

FAR EASTERN DEPARTMENT STORES, LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Far Eastern Department Stores, Ltd.	<u>Shares</u> Asia Cement Corporation	4	Financial assets at fair value through other comprehensive income - non-current	50,000	\$ 2,072,521	1	\$ 2,072,521	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Financial assets at fair value through other comprehensive income - non-current	19,964	622,888	-	622,888	
	Kaohsiung Rapid Transit Corporation	-	Financial assets at fair value through other comprehensive income - non-current	6,286	33,756	2	33,756	
	Yuan Ding Leasing Corp.	-	Financial assets at fair value through other comprehensive income - non-current	7,309	72,848	9	72,848	
	Yuan Ding Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	3	10	-	10	
	Yuan Shi Digital Technology Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	208	2,339	-	2,339	
Bai Ding Investment Co., Ltd.	<u>Shares</u> Far Eastern Department Stores, Ltd.	2	Financial assets at fair value through other comprehensive income - current	8,207	203,123	1	203,123	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company 15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	14,814	614,057	-	614,057	
	Far Eastern New Century Corporation	6	Financial assets at fair value through other comprehensive income - non-current	15,812	493,320	-	493,320	
	Chung-Nan Textile Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,984	114,000	5	114,000	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	647	9,981	5	9,981	
	Yue Ding Industry Co., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	3,133	50,667	2	50,667	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
	Ding Sheng Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,329	351,262	18	351,262	
Bai Yang Investment Co., Ltd.	<u>Shares</u> Far Eastern International Bank Ltd.	8	Financial assets at fair value through other comprehensive income - current	75,068	949,611	2	949,611	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	3,849	159,561	-	159,561	
	U-Ming Marine Transport Corporation	8	Financial assets at fair value through other comprehensive income - non-current	200	10,420	-	10,420	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
Yu Ming Advertising Agency Co., Ltd.	<u>Shares</u> Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	1,506	62,406	-	62,406	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
FEDS Development Ltd.	<u>Shares</u> Kowloon Cement Corp., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	46	\$ 18,849	-	\$ 18,849	
Pacific Sogo Department Stores Co., Ltd.	<u>Shares</u> CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	188	2,159	-	2,159	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	80,895	2	80,895	
	Oriental Union Chemical Corp.	8	Financial assets at fair value through other comprehensive income - current	50	1,008	-	1,008	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets at fair value through other comprehensive income - non-current	800	4,019	-	4,019	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - current	20	829	-	829	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	18,300	-	15	-	
	Tian Yuan Investment Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	98,000	-	20	-	
	PURETEK Corp.	-	Financial assets at fair value through profit or loss - non-current	119	-	-	-	
	Pacific 88 Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	16	-	1	-	
	Yuan Shi Digital Technology Co., Ltd.	4	Financial assets at fair value through profit or loss - non-current	312	-	-	-	
Pacific China Holding Ltd. (B.V.I.)	<u>Shares</u> Overseas Development Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	
	Taiwan Ocean Farming Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	

Note A:

1. Subsidiary of FEDS.
2. Parent company.
3. Investor with significant influence over the Company.
4. Associate of investor with significant influence over the Company.
5. Other related party.
6. Investor with significant influence over FEDS.
7. Associate of investor with significant influence over FEDS.
8. Other related party of FEDS.

(Concluded)

TABLE 4

FAR EASTERN DEPARTMENT STORES, LTD.

CUMULATIVE PURCHASE OR SALE OF ONE SECURITY FOR AN AMOUNT EXCEEDING NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Selling and Buying Company	Type and Name of Marketable Securities	Financial Statement Account	Transacting Company	Relationship	January 1, 2023		Buy		Sell				Adjustments (Note A)	December 31, 2023	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Booked Cost	Disposal Profit		Shares (In Thousands)	Amount
Far Eastern Department Stores, Ltd.	<u>Shares</u> Bai Yang Investment Co., Ltd.	Investments accounted for using the equity method	Note B	Subsidiary	1,204,991	\$ 12,213,294	450,000	\$ 4,500,000	-	\$ -	\$ -	\$ -	\$ (1,372,912)	1,654,991	\$ 15,340,382
Bai Yang Investment Co., Ltd.	<u>Shares</u> Pacific Liu Tong Investment Co., Ltd.	Investments accounted for using the equity method	Note C	Associates of investor with significant influence over the Group	19,800	314,351	177,594	4,498,463	-	-	-	-	(1,698,321)	197,394	3,114,493

Note A: The share of comprehensive income recognized using the equity method, and paid cash dividend.

Note B: There was an increase in cash capital.

Note C: There are Yuan Ding Investment Corporation, Ta Chu Chemical Fiber Co., Ltd., Kai Yuang Investment Corp., Din Yuang Investment Co., Ltd., Yuan Tone Investment Co., Ltd. and An Ho Garment Co., Ltd.

TABLE 5

FAR EASTERN DEPARTMENT STORE CO., LTD.

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Store Co., Ltd.	Associate	\$ 117,810	-	\$ 117,810	Collection expedited	\$ 21	\$ 117,810
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Same ultimate parent company	499,194 (Note A)	-	-	-	-	-
FEDS Development Ltd.	Chongqing FEDS Co., Ltd.	Subsidiary	303,464 (Note B)	-	-	-	-	-

Note A: This balance refers to fund lending.

Note B: Mainly cash dividends receivable.

TABLE 6

FAR EASTERN DEPARTMENT STORES, LTD.

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Far Eastern Department Stores Co., Ltd.	Bai Yang Investment Co., Ltd.	Taiwan	Investment	\$ 16,222,181	\$ 11,722,181	1,654,991	100	\$ 15,340,382	\$ 190,566	\$ 190,597	Subsidiary
	Oriental Securities Corporation	Taiwan	Securities investment	83,986	143,652	83,008	20	1,367,311	212,377	42,111	Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,764,210	1,764,210	281,734	35	4,436,702	1,714,863	602,420	Subsidiary
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	33,357	33,357	131,979	67	2,593,164	333,324	222,415	Subsidiary
								(Note B)			
	Far Eastern Ai Mai Co., Ltd.	Taiwan	Retail	1,535,538	1,535,538	87,744	100	(22,750)	(210,572)	(210,572)	Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,106,787	(281,480)	(164,459)	Subsidiary
	Yu Ming Advertising Agency Co., Ltd.	Taiwan	Advertising and import agent	33,000	33,000	3,500	100	118,099	12,359	12,359	Subsidiary
	Ya Tung Department Stores, Ltd.	Taiwan	Department store	1,419,292	1,419,292	51,000	100	361,639	(105,960)	(105,705)	Subsidiary
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719	3,336	Associate
	Asians Merchandise Company	US	Trading	5,316	5,316	950	100	4,942	104	104	Subsidiary
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	40,278	40,278	1,571	56	14,607	2,687	1,609	Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	478,269	478,269	47,827	96	172,159	15,486	14,814	Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	238,292	-	-	-	(966)	(89)	Associate
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taiwan	Securities investment	95,627	163,563	57,460	14	946,547	212,377		Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	658,129	658,129	100,250	13	1,592,409	1,714,863		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	301,125	301,125	22,203	5	329,006	150,882		Associate
	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	33,490	33,490	11,254	1	184,747	2,193,039		Subsidiary
	Yue Ming Trading Co., Ltd.	Taiwan	Import and export trading and distribution	21,291	21,291	4,901	15	69,534	4,477		Associate
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	28,672	28,672	1,259	44	14,649	2,687		Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	-	-	2	-	1	15,486		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	21,179	-	-	-	(966)		Associate
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
	Chubei New Century Shopping Mall Co., Ltd.	Taiwan	Department store	5,300,000	5,300,000	530,000	100	5,135,950	(32,711)		Subsidiary
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Shopping mall	1,522,761	1,522,761	149,100	70	1,651,209	163,838		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,555,590	1,555,590	132,388	30	1,697,995	150,882		Associate
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	577,457	577,457	66,021	33	1,312,545	333,324		Subsidiary
	FEDS New Century Development Co., Ltd.	Taiwan	Shopping mall	5,445,272	5,445,272	552,000	100	5,522,887	9,130		Subsidiary
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	4,597,463	99,000	197,394	25	3,114,493	1,714,863		Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	723,946	185	46	942,438	(281,480)		Subsidiary
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,559,660	4,559,660	68,880	40	(810,445)	(383,299)		Subsidiary
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	200,000	200,000	20,000	40	377,755	281,871		Subsidiary
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	55,000	55,000	11,000	1	184,017	1,714,863		Subsidiary
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,200	1,200	200	-	3,152	1,714,863		Subsidiary
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	8,400	8,400	1,400	-	21,367	1,714,863		Subsidiary
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	4,469,904	4,469,904	650,817	79	12,269,437	2,193,039		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	55,735	62,480	6,165	3	138,647	140,373		Associate
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	7,175,973	7,175,973	103,320	60	(1,215,668)	(383,299)		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	539,541	599,000	54,350	29	1,012,564	140,373		Associate
	Lian Ching Investment Co., Ltd. (Note C)	Taiwan	Investment	270,641	270,641	26,764	50	-	-		Subsidiary
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		Associate
	Sogo Department Store Co., Ltd.	Taiwan	Credit card business	32,984	32,984	7,120	34	-	-		Associate
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719		Associate
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	300,000	300,000	30,000	60	566,632	281,871		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	358,292	-	-	-	(966)		Associate
Pacific China Holdings (HK) Limited	Pacific China Holding Ltd. (B.V.I.)	British Virgin Island	Investment	6,662,985	6,662,985	192,200	100	(2,148,628)	(388,884)		Subsidiary
Pacific China Holding Ltd. (B.V.I.)	Bai Fa China Holdings (HK) Limited	Hong Kong	Investment	46	46	2	100	46	-		Subsidiary

(Continued)

Note A: The foreign-currency investments were translated at the rate of US\$1:NT\$30.705 prevailing on December 31, 2023.

Note B: The amount is the investment accounted for using the equity method to \$2,690,274 thousand deduct the parent company shares reclassification to treasury shares of \$97,110 thousand.

Note C: The amount of Lian Ching Investment Co., Ltd. has been written off to zero, no liabilities were undertaken by the Group and the accounts are not disclosed in the financial statement.

(Concluded)

TABLE 7

FAR EASTERN DEPARTMENT STORES, LTD.

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Method of Investment (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note A)	Net Income (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Share of (Loss) Profit (Note E)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Shanghai Pacific Department Store Co., Ltd.(Note H)	Department store	\$ 543,479	(2)	\$ 394,022 (Note B)	\$ -	\$ -	\$ 394,022 (Note B)	\$ (28,265)	56	\$ (18,982)	\$ -	\$ -
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	675,203	(2)	675,203 (Note B)	-	-	675,203 (Note B)	82,819	78	55,621	6,505	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	1,688,775	(2)	1,688,775 (Note C)	-	-	1,688,775 (Note C)	(87,809)	78	(58,972)	421,754	-
Chongqing Pacific Consultant and Management Co., Ltd.	Consulting services	2,241,465	(2)	6,141 (Note B)	-	-	6,141 (Note B)	(10,391)	78	(6,979)	734,225	-
Shanghai Pacific Consultant and Management Co., Ltd.	Consulting services	10,747	(2)	5,266 (Note B)	-	-	5,266 (Note B)	53	38	17	4,365	-
Shanghai Bai Ding Consultant and Management Co., Ltd.	Consulting services	3,071	(2)	-	-	-	-	1,044	100	1,044	14,475	-
Chongqing FEDS Co., Ltd.	Department store	85,974	(2)	-	-	-	-	(231,220)	100	(231,220)	384,599	-
Chengdu Department Emporium Group Co., Ltd.	Department store, logistics and storehouse	975,423	(2)	-	-	-	-	116,852	26	-	1,059,206	-
Dalian Pacific Department Store Co., Ltd.	Department store	69,363	(2)	-	-	-	-	(1,149)	78	(771)	4,885	-
Pacific (China) Investment Co., Ltd.	Investment	6,939,330	(2)	-	-	-	-	(34,026)	78	(22,852)	140,766	-
Chengdu FEDS Co., Ltd.	Department store	4,114,470	(2)	-	-	-	-	(17,785)	78	(11,944)	3,642	-
Yuan Ding Enterprise (Shanghai) Co., Ltd.	Wholesale of equipment and consulting services	7,644,800	(2)	-	-	-	-	(273,631)	20	(54,726)	1,282,202	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ - (Note D)	\$242,969 (US\$7,913 thousand) (Notes A and D)	\$ - (Note F)

Note A: Translated at the rate of US\$1:NT\$30.705 and RMB1:NT\$4.3352 prevailing on December 31, 2023.

Note B: Amount remitted by the former shareholders.

Note C: The amount of \$92,115 thousand was remitted by the former shareholders plus \$1,596,660 thousand from subsidiaries.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary’s investment amount approved by the Investment Commission. The financial report was audited by an international accounting firm with a cooperative working relationship.

Note E: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note F: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 11020435420), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note G: Three investment types are as follows:

1. The Company made the investment directly.

2. The Company made the investment through companies registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holding Ltd. (B.V.I.)

3. Others.

Note H: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Consolidated Company were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

(Concluded)

TABLE 8**FAR EASTERN DEPARTMENT STORES, LTD.****INFORMATION ON MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Percentage
Far Eastern New Century Corporation	241,769,702	17.06
Yuan Ding Investment Corporation	139,785,985	9.86
Asia Cement Corporation	80,052,950	5.64
Yuan Tone Investment Co., Ltd.	79,699,530	5.62

Note: The information on major shareholders in the table above is extracted as of the last business day of the current quarter. The shareholders are holding non-physical common and preferential stocks (including treasury stocks) of 5% or more. The share capital in the consolidated financial statements of the Company and the actual registration of non-physical shares may differ due to a difference in computation basis.