



## **2024 Annual General Shareholders' Meeting Minutes**

### **Far Eastern Department Stores**

**Date :** Tuesday, June 18, 2024

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

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

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

**Holding means :** Hybrid shareholders' meeting

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

**Shareholders present :**

Total shares represented by the shareholders present at the meeting in person or by proxy are 1,125,497,868 shares (including e-voting and virtual method), representing 79.89% of the total issued shares of the Company (1,408,733,585 shares)

**Attendee Directors :**

Mr. Douglas Tong Hsu, Ms. Nancy Hsu, Ms. Philby Lee, Mr. Eugene You Hsin Chien (Independent Director), Mr. Edward Wei (Independent Director, Chairperson of Audit Committee and Compensation Committee), and Mr. Ding-Yu, Dong

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

**Minute taker :** Mr. James Tang



**The aggregate shareholding of the shareholders present constituted a quorum.**

**The Chairman called the meeting to order.**

**The speech of Chairman (omitted)**

## **I . Reported Matters**

1. 2023 Business Report (please refer to P.3-P.9 of handbook for 2024 AGM).
2. 2023 Financial Report (please refer to P.10-P.31 of handbook for 2024 AGM).
3. Audit Committee's review report for 2023 business report and financial statements (please refer to P.32 of handbook for 2024 AGM).
4. Report of 2023 employees' compensation and directors' remuneration (please refer to P.33 of handbook for 2024 AGM).

## **II. Acknowledged Matters**

### **1.To accept 2023 business report and financial statements**

The Board of Directors proposes and recommends that each shareholder votes for the acceptance of 2023 business report and financial statements.

#### **Explanatory Notes:**

- (1) FEDS 2023 business report and financial statements (including consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows, and balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows) have been audited by independent auditors, Eddie Shao and Leon Huang of Deloitte & Touche (please refer to Page 3-31) , and have been examined by and determined to be correct and accurate by the Audit Committee of FEDS. We thereby submit this report.
- (2) Please approve the above-mentioned business report and financial statements.

#### **Resolution:**

The number of shares represented by the shareholders present at the time of voting (including via e-voting and virtual method) was 1,125,497,868.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,084,289,861	96.3
Disapproval 118,176	-
Invalid 0	-
Abstention votes/No votes 41,089,831	3.7

The votes in favor exceeds the legal standards, that the above proposals be and hereby were approved as proposed.

## 2. To approve the proposal for the distribution of 2023 profit

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2023 profit.

### Explanatory Notes:

- (1) All the closing transactions as of December 31, 2023 have been completely closed, and have been audited by the accounting firm, Deloitte & Touche. We thereby submit the proposal for distribution of 2023 profits:

1.	Unappropriated earnings of January 1, 2023	NT\$ 1,048,504,537
2.	Net Income for the year ended December 31, 2023	2,752,302,797
3.	The adjustments of retained earnings for by using equity method	(1,789,891,978)
4.	Recognizing the re-measurements of defined benefit plans in retained earnings	75,128,917
5.	The amount of the sum of the current after-tax net income and other item accounted to undistributed earnings (=2-3+4)	1,037,539,736
6.	10% legal reserve (=5*10%)	(103,753,974)
7.	Legal special reserve appropriated	(34,177,136)
8.	Reversal special reserve	1,000,564,312
9.	Distributable net profit(=1+5-6-7+8)	2,948,677,475,
10.	Earnings distribution (NT\$1.6 per share)	(2,267,104,942)
11.	Un-appropriated earnings after distribution(=9-10)	681,572,533

- (2) The distribution of 2023 dividends composes of 2023 surplus earning in priority, and the undistributed profit from 1998 to 2022 in case 2023 surplus earning are insufficient to cover 2023 dividends, and so on.
- (3) After being approved at the annual General Shareholders' meeting (2024), the cash dividends to holders of common share will be distributed on the record date to be determined by Chairman authorized by the Board of Directors. Cash dividends allocated to each shareholder should be calculated to round down to full NT dollar (decimal places should be ignored). The sum of the amount lower than NT\$1 paid to each shareholder should be reclassified to other income. According to Article 28-2 of the ROC Securities and Exchange Law and other relevant regulations, the total numbers of common shares outstanding may change, and the ultimate cash to be distributed to each common share may need to be adjusted accordingly. It is proposed that the Board of Directors of FEDS be authorized to adjust the cash to be distributed to each common share based on the total amount of profits resolved to be distributed, the amount of earnings resolved to be capitalized, and the number of actual common shares outstanding on the record date for distribution.
- (4) Please approve the above-mentioned proposal for the distribution of 2023 profits.

**Resolution:**

The number of shares represented by the shareholders present at the time of voting (including via e-voting and virtual method) was 1,125,497,868.

Number of votes (including e-voting and virtual method)	% of votes represented by the shareholders present
Approval 1,085,528,135	96.4
Disapproval 128,947	-
Invalid 0	-
Abstention votes/No votes 39,840,786	3.6

The votes in favor exceeds the legal standards, that the above proposals be and hereby were approved as proposed.

### **III. Items for Discussion and Election**

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

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

**Explanatory Notes:**

- (1) As stated in Article 17 of the Company's Articles of Incorporation, the directors' election adopts a nomination system, and the directors shall be selected from among the list of director candidates by the shareholders.
- (2) The term of the 19th Board of Directors of the Company expired on July 26, (2024). According to Article 18 of the Company's Articles of Incorporation, the directors shall be re-elected in the 2024 general shareholders meeting. Nine directors (of which three are independent directors) shall be elected in the election, and the term of the new directors after the re-election is from June 18, 2024 to June 17, 2027, totaling 3 years. The current Directors shall serve until 2024 shareholders' meeting is completed.
- (3) In accordance with Article 192-1 of the Company Act and related laws and regulations, the list of candidates for directors (including independent directors) approved by the Company's 12th meeting of the 19th Board of Directors on May 8, 2024 is as follows.
- (4) Please elect.

**Election Result:**

Title	Name	Number of votes
Director	Douglas Tong Hsu	1,419,473,045
Director	Nancy Hsu, Representative of Ding Ding Management Consultant Corporation	1,352,523,410
Director	Nicole Hsu, Representative of Far Eastern New Century Co., Ltd.	1,008,963,141
Director	Chee Ching, Representative of Asia Cement Corporation	1,008,910,539
Director	Philby Lee, Representative of Far Eastern New Century Co., Ltd.	1,008,855,140
Director	Jin-Lin Liang, Representative of Yuli Investments Corporation	1,008,779,540
Independent Director	Edward Wei	1,001,658,046
Independent Director	Ding-Yu Dong	953,602,168
Independent Director	Susan S. Chang	887,407,490

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

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

### Explanatory Notes:

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

To release the non-competition restriction of the Company's directors

Title	Name	Title and Competition Company	Major Business Scope
Director	Douglas Tong Hsu	Chairman <ul style="list-style-type: none"> <li>● Far Eastern Ai Mai Co., Ltd.</li> <li>● FEDS Asia Pacific Development Co., Ltd.</li> <li>● FEDS New Century Development Co., Ltd.</li> </ul> Director <ul style="list-style-type: none"> <li>● Pacific Sogo Department Stores Co., Ltd.</li> <li>● Ya Tung Department Stores Ltd.</li> <li>● Far Eastern City Super Co. Ltd.</li> <li>● Far Eastern Hon Li Do Co. Ltd.</li> </ul>	Retail and wholesale
Director	Nancy Hsu, Representative of Ding Ding Management Consultant Corporation	Chairman <ul style="list-style-type: none"> <li>● Ya Tung Department Stores Ltd.</li> <li>● Far Eastern City Super Co. Ltd.</li> <li>● Far Eastern Hon Li Do Co. Ltd.</li> </ul> Director <ul style="list-style-type: none"> <li>● Far Eastern Ai Mai Co., Ltd.</li> <li>● FEDS Asia Pacific Development Co., Ltd.</li> <li>● FEDS New Century Development Co., Ltd.</li> <li>● Zhubei New Century Shopping mall Co., Ltd.</li> </ul>	Retail and wholesale

Director	Philby Lee, Representative of Far Eastern New Century Co., Ltd.	Chairman ● Far Eastern Big City Shopping Malls Co., Ltd. Director ● Far Eastern Ai Mai Co., Ltd. ● Yuanshi digital technology Co., Ltd. ● Zhubei New Century Shopping mall Co., Ltd	Retail and wholesale
Director	Chee Ching, Representative of Asia Cement Corporation	Chairman ● Yuanshi digital technology Co., Ltd. Director ● Pacific Sogo Department Stores Co., Ltd.	Retail and wholesale

#### **Resolution:**

The number of shares represented by the shareholders present at the time of voting (including via e-voting and virtual method) was 1,125,497,868.

Number of votes (including e-voting and virtual method)			% of votes represented by the shareholders present
Approval		1,083,795,032	96.3
Disapproval		1,288,977	0.1
Invalid		0	-
Abstention votes	votes/No votes	40,413,859	3.6

**The votes in favor exceeds the legal standards, that the above proposals be and hereby were approved as proposed.**

#### **IV. Extemporary Motion**

None

#### **V. Adjournment**

Note : No Shareholder ask questions in 2024 Annual General Shareholders' Meeting.

# **INDEPENDENT AUDITORS' REPORT**

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

## **Opinion**

We have audited the accompanying consolidated financial statements of Far Eastern Department Stores, Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 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	%
<b>CURRENT ASSETS</b>				
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	-
<b>Total current assets</b>	<b>27,245,238</b>	<b>20</b>	<b>25,309,057</b>	<b>20</b>
<b>NON-CURRENT ASSETS</b>				
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
<b>Total non-current assets</b>	<b>106,585,800</b>	<b>80</b>	<b>101,633,866</b>	<b>80</b>
<b>TOTAL</b>	<b>\$ 133,831,038</b>	<b>100</b>	<b>\$ 126,942,943</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	-
<b>Total current liabilities</b>	<b>50,419,328</b>	<b>38</b>	<b>52,528,674</b>	<b>41</b>
<b>NON-CURRENT LIABILITIES</b>				
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	-
<b>Total non-current liabilities</b>	<b>45,937,902</b>	<b>34</b>	<b>33,867,005</b>	<b>27</b>
<b>Total liabilities</b>	<b>96,357,230</b>	<b>72</b>	<b>86,395,679</b>	<b>68</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
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)	-
<b>Total equity attributable to owners of the Company</b>	<b>31,322,486</b>	<b>23</b>	<b>31,539,543</b>	<b>25</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>6,151,322</b>	<b>5</b>	<b>9,007,721</b>	<b>7</b>
<b>Total equity</b>	<b>37,473,808</b>	<b>28</b>	<b>40,547,264</b>	<b>32</b>
<b>TOTAL</b>	<b>\$ 133,831,038</b>	<b>100</b>	<b>\$ 126,942,943</b>	<b>100</b>

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	\$ 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)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
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>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 4,268,948</u>	<u>12</u>	<u>\$ 2,548,869</u>	<u>7</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
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>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
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>
<b>EARNINGS PER SHARE</b>				
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										Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares	Total		
			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	-	-	117,699	-	(117,699)	-	-	-	-	-	-	-
Legal 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)	-	-	-	-	-	-	-
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	-	-	201,348	-	(201,348)	-	-	-	-	-	-	-
Legal reserve	-	-	-	(9,927)	9,927	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	(797,574)	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(797,574)	(2,356,209)
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)	-	-	-	-	-
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)**

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	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>

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

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Far Eastern Department Stores, Ltd. (the “Company”), which comprise the balance sheets as of December 31, 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	%
<b>CURRENT ASSETS</b>				
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	-
<b>Total current assets</b>	<b>3,452,980</b>	<b>4</b>	<b>2,202,971</b>	<b>3</b>
<b>NON-CURRENT ASSETS</b>				
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
<b>Total non-current assets</b>	<b>76,920,548</b>	<b>96</b>	<b>75,425,769</b>	<b>97</b>
<b>TOTAL</b>	<b>\$ 80,373,528</b>	<b>100</b>	<b>\$ 77,628,740</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	-
<b>Total current liabilities</b>	<b>21,123,283</b>	<b>26</b>	<b>22,152,830</b>	<b>28</b>
<b>NON-CURRENT LIABILITIES</b>				
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	-
<b>Total non-current liabilities</b>	<b>27,927,759</b>	<b>35</b>	<b>23,936,367</b>	<b>31</b>
<b>Total liabilities</b>	<b>49,051,042</b>	<b>61</b>	<b>46,089,197</b>	<b>59</b>
<b>EQUITY</b>				
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)	-
<b>Total equity</b>	<b>31,322,486</b>	<b>39</b>	<b>31,539,543</b>	<b>41</b>
<b>TOTAL</b>	<b>\$ 80,373,528</b>	<b>100</b>	<b>\$ 77,628,740</b>	<b>100</b>

# **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)**

	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
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)**

	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
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>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>\$ 3,055,547</u></u>	<u><u>26</u></u>	<u><u>\$ 1,766,118</u></u>	<u><u>16</u></u>
<b>EARNINGS PER SHARE, NT\$</b>				
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	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated 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
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)
Net profit for the year ended December 31, 2022	-	-	117,699	38,409	(1,431,355)	-	-	-	-	(1,275,247)
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	1,930,174	-	-	-	-	1,930,174
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	87,848	(10,169)	(241,735)	-	-	(164,056)
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	42	-	-	-	(10,169)	(241,735)	-	-	1,766,118
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	-	-	-	-	42
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	-	-	-	-	(4,539)	-	4,539	-	-	-
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-
Special reserve	-	-	-	(9,927)	9,927	-	-	-	-	-
Cash dividends	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)
Net profit for the year ended December 31, 2023	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	2,752,303	-	-	-	-	2,752,303
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	2,571	-	-	(1,815,989)	44,910	54,589	-	-	(1,216,490)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	2,478	(50)	(2,478)	-	-	2,521
BALANCE AT DECEMBER 31, 2023	14,169,406	3,343,595	3,930,366	2,648,051	2,085,045	98,366	2,966,602	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,252,917	(126,795)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>838,566</u>	<u>965,361</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 2,091,483</u>	<u>\$ 838,566</u>

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

## **Audit Committee's review report for 2023 business report and financial statements.**

### **1. Audit Committee's Review Report**

To the 2023 General Shareholders Meeting of Far Eastern Department Stores Ltd., In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, we have examined the Business Report, the Resolution for Distribution of Profit, and Financial Statements which had been certified by Deloitte & Touche, submitted by the Board of Directors for the year ending 2023 and found them in order.

The Convener of the Audit Committee: Edward Yung Do Way

May 8, 2024