

**HANDBOOK
FOR 2025 ANNUAL
SHAREHOLDERS' MEETING**

2025

MAY 20, 2025

**PLACE : AUDITORIUM IN THE 5TH FLOOR, GIS MOTC CONVENTION CENTER
5TH FLOOR NO. 24, SEC. 1, HANGZHOU S. RD., ZHONGZHENG DIST., TAIPEI CITY 100, TAIWAN**

**HYBRID SHAREHOLDERS MEETING
VIRTUAL PLATFORM : TDCC (<https://stockservices.tdcc.com.tw>)**

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*The English version is the translation of the Chinese version and if there is any conflict between the meaning of terms in the Chinese version and English translation, the meaning of the Chinese version shall prevail.

Far Eastern Department Stores LTD.

I. Shareholders Meeting

1. Holding means :
Hybrid shareholders meeting
2. Shareholders meeting date : 2025/05/20 9:00AM
3. Shareholders meeting location :
GIS MOTC Convention Center
5F., No. 24, Sec. 1, Hangzhou S. Rd., Zhongzheng Dist.,
Taipei City 100, Taiwan
4. Webinar platform :
TDCC (<https://stockservices.tdcc.com.tw>)
Physical shareholders' meetings with assistance of video conferencing

Far Eastern Department Stores LTD.

II. Meeting Agenda

Call Meeting to Order

Chairman Remarks

Reported Matters

Acknowledged Matters

Items for Discussion

Extemporaneous Motion

Adjournment

III. Reported Matters

1. 2024 Business Report

Message to Shareholders

Preface

In 2024, with easing global inflation, stable job market, and rising demand for commodity trading, which helped the world economy continue to grow. According to statistics from the International Monetary Fund (IMF), global economic growth for 2024 is estimated to be 3.2%, and expected to remain moderate over the next two years. However, it is important to pay attention to relevant events, such as the geopolitical turmoil of the Russia-Ukraine war, the Israel-Palestine conflict, global climate change risks, and the future economic and trade policies of the United States, all of which introduce uncertain variables into the global economic environment.

With steady recovery of global economy, Taiwan's overall economic performance has also been progressing smoothly. Emerging technologies, such as AI, are rapidly expanding, driving continued growth in exports and production. Coupled with robust private sector investment, the GDP growth rate for 2024 is expected to reach 4.2%, the highest among the Four Asian Tigers. On the other hand, wage increases across the military, public sector, and private enterprises, the implementation of higher minimum wages, and the wealth effect from the surging stock market all indicate that Taiwan's economy continues to recover, with stable growth anticipated.

From the perspective of the department store retail industry, Taiwan's department store market has shown steady growth, benefiting from factors such as store expansions, new merchandise offerings, and increased consumer confidence. Sales have surpassed NT\$440 billion, maintaining its position as the largest retail category by scale. It is worth noting that scale of the convenience store and e-commerce industries have also exceeded NT\$400 billion, blurring the boundaries within the retail sector and significantly increasing the willingness of physical retailers to expand into online sales. Observing the retail sector's online sales, ratio of sales from physical retailers has been increasing year by year, indicating that physical retailers are continuously expanding their online sales platforms, moving toward a new retail model that integrates both virtual and physical channels.

In summary, pressures from cross-industry competition from online shopping and other physical channels are increasing, compounded by the continuous opening of new department stores, shopping centers, and outlets, intensifying market

competition. However, we have kept pace with the changing environment, actively considering response strategies, adjusting our operating models, and creating opportunities for business growth. We continue to expand the layout of our international department store retail group. Therefore, we hold a positive and optimistic outlook for future performance, and feel confident that, in the post-pandemic business landscape, we can leverage our cross-industry management capabilities to maintain our industry competitiveness and leadership position, continuing to achieve excellent operational results.

Operating Result of 2024

Thanks to the support of Board of Directors and the management team, the Company recorded consolidated sales of NT\$132 billion in 2024 (according to IFRS, consolidated revenues were NT\$35 billion). Consolidated net profit was NT\$2.87 billion. Company alone net profit was NT\$2.33 billion, and earnings per share were NT\$1.65. Operating result of the Far Eastern Retail Group in 2024 is summarized as follows:

I. Far Eastern Department Stores

1. Revenues were NT\$59.3 billion in 2024, operating profit was NT\$2.5 billion, and pretax net profit was NT\$2.7 billion, still registering remarkable results.
2. Renovation plans for Top City Taichung and Mega City Banqiao Stores, which have been operating for more than 10 years, have gradually completed. Mega City Banqiao Store has introduced many uniquely styled brands in the boutique and cosmetics categories, while Big City Taichung Store has also brought in flagship store designs for its premium goods section, providing customers with a refreshing shopping experience.
3. Sponsoring international exhibitions has always been a market feature of Far Eastern Department Stores to enhance international image of the products. The “Aomori Prefecture Cultural and Produce Festival” event, which was held touring all branch stores from November 13 till December 1, showcased specialty goods, and introduce the Aomori Nebuta Festival, allowing consumers to better understand foreign cultures and exquisite products.
4. Organizing promotional events to boost sales and create a win-win situation for the economy in terms of unique products from various regions in Taiwan. The Tainan Expo, Kinmen Expo, and Pingtung Seafood Expo, among others, have been successively launched, showcasing a variety of local delicacies and exquisite souvenirs, receiving high praise, increasing visitor numbers, and boosting sales.
5. Engaging in social welfare and fulfilling corporate responsibilities, when a 7.2 magnitude earthquake struck Hualien on April 3, FEDS immediately

activated its aid plan, with the Hualien Store partnering with the Hualien AiMai Store to donate a total of 80 boxes of daily necessities and food, which were transported to the disaster area by the Xiulin Township Office, helping the affected residents through their difficulties.

6. Launching the Tree Planting Year event, the first stop was at the company's headquarters in Banqiao Wensheng Elementary School, where 40 native Taiwan *Chamaecyparis obtusa* trees were planted. The tree planting activities will continue in the cities and counties where Far Eastern Department Stores are located, bringing tree planting activities closer to everyone and working together for a beautiful future of net-zero carbon reduction.
7. The company' ESG endeavors continue to achieve remarkable results, receiving 32 prestigious awards for its outstanding all-around performance. It was also honored with the "National Model Retail Enterprise" award from FAPRA. This marks the second time, following the "Best Corporate Social Responsibility" award 5 years ago, that it has won this accolade, making it the only department store in Taiwan to have won both the "National Model Retail Enterprise" and "Best Corporate Social Responsibility" awards.

II. Far Eastern SOGO Department Stores

1. Sales for 2024 were NT\$49.43 billion operating profit stood at NT\$2.05 billion, and pre-tax net profit at NT\$2.25 billion, maintaining profitability.
2. The D and C zones of Far Eastern Garden City were opened successively in May and September of 2024, attracting a significant number of new customers, contributing to the growth of performance.
3. The New Youth Loan program has boosted real estate transactions to new heights, driving the growth of household appliance products.
4. The growth in restaurant performance is primarily due to the renovations and expansions of restaurants at various stores, as well as the openings of the D and C zones at Far Eastern Garden City, with the focus being on the restaurants.
5. Jiangbei Store ceased operations on June 30, 2024, marking the end of all traditional department store located in mainland China.
6. Chongqing Far Eastern City opened on May 1, 2024, as the first shopping center in mainland China, creating a TOD (Transit Oriented Development) + POD (Park Oriented Development) landmark commercial complex, which can expand new models for future China market.

III. Far Eastern Ai-Mai

1. Under the impact of increase in operating costs such as rising minimum wage, electricity fees, and rent, operating performance was not as expected.

Sales for 2024 were NT\$12.55 billion. Although performance did not meet expectations, still strive to improve various operations.

2. Accelerate the rapid growth of e-commerce, leveraging data technology analysis to improve gross profit margins and revenues, with online shopping industry growth of 8.9% in 2024.
3. Increase Attractiveness of Shop & Restaurant: In home and household goods, leverage major brands to boost customer attraction, continuously introduce a variety of chain restaurants, and simultaneously increase service-oriented stores.
4. Adjust Operating Model and Enhance Store Diversity: Reduce storage space, introduce dining and home specialty stores, prioritizing at Jingmei, Big City, and Shuinan Stores.
5. Reduce Operating Costs and Improve Store Space Efficiency: Apply for energy-saving subsidies to replace in-store LED lighting, upgrade outdated air conditioning systems to enhance energy efficiency, and implement self-checkout systems to address the shortage of cashiers in stores.
6. Inventory Management: Continuously replace manual ordering at branches with the Auto Replacement System to improve ordering accuracy and save time on store ordering operations.
7. Precise Marketing for AiMai APP: By analyzing individual consumption information, personalized message recommendations are sent to achieve precise marketing goals, thereby increasing APP usage and engagement.

Business Plan

Faced with complex and ever-changing business environment, main business entities of the Far Eastern Retail Group have fully grasped industry trends and quickly adjusted their pace. Through strategies such as store renovations, introducing new brands, strengthening membership relationship management, and lively marketing activities, they have taken a multi-faceted approach to demonstrate resilience and adaptability, continuously setting new revenue milestones. Major operational focus in 2025 is summarized as follows:

I. Far Eastern Department Stores

1. Top City Taichung and Mega City Banqiao Stores continue to implement renovation plans, shifting focus to supermarket dining sectors. By adjusting floor layouts and introducing new counters, they aim to provide customers with a more stylish and novel shopping experience, maintaining competitive momentum and creating unique mall characteristics.
2. Other branch stores are also adjusting in compliance with characteristics of their business districts and market trends, focusing on strengthening trending industries and optimizing their store layouts. For example, Taoyuan

Store plans to enhance brand power of department store clothing and dining, while Tainan Store aims to strengthen its dining offerings. Xinyi A13 Store continues to introduce new trendy brand counters and pop-up boutiques, aiming to enhance product quality and further improve business performance.

3. Maintain close contact with foreign diplomatic missions in Taiwan and local government offices, and plan various activities such as international cultural events, local specialty markets, and creative markets. This will allow customers to directly experience the most authentic local customs and satisfy Taiwanese consumers' strong interest in foreign products and cuisine.
4. Each Branch Store continues to adapt to seasonal festivals by planning themed atmospheres. At the same time, they actively collaborate with government agencies and various schools on social welfare, employee experiences, and result presentation, creating a more interactive mall atmosphere. They also promote local specialty products and organize activities that are closer to community life, making Far Eastern Department Stores the preferred mall in the business district for daily life.
5. Strengthen analysis of existing Happy Go cardholder consumption data and utilize official dedicated APP and social media platforms of each Branch store, along with Happy Go Pay, to actively create a complete shopping environment and enhance member relationship management.
6. Renovations of the first-generation FEDS Baoqing Store has already begun, and there are also plans to increase a new establishment at T-park of New Taipei City, which is expected to continuously bring new momentum to operations in the future.

II. Far Eastern SOGO Department Stores

1. Fully promote leadership position in the business districts of all stores, adjust large store products to enhance competitiveness, continue the innovation and transformation of small stores, and develop profitable models.
2. Continue to strengthen the promotion of SOGO ESG-related initiatives and collaboration with various stakeholders and planning activities.
3. Improve brand database system to provide business managers with effective brand dynamics information.
4. Set e-commerce sales target of 30% annual growth and increase number of products on website by 50%.
5. Far Eastern Garden City will officially operate in the fourth quarter of 2025, with an area of 36,000 ping (approximately 119,000 square meters), making it the largest shopping mall in the center of Taipei City. The merchandise mix range will cater to all customer segments, and a comprehensive, multi-themed, and new retail model will be planned.

6. Chongqing Far Eastern City, as the first shopping center in Mainland China, will undergo brand upgrading and transformation. It will fully leverage the Guanyin Bridge business district, host various crowd-attracting events in conjunction with the plaza, and deeply utilize social media for creating buzz marketing.

III. Far Eastern Ai-Mai

1. Transform into a low-cost operating model:

- (1) Cost-saving: Continue to enhance energy-saving measures in each store to reduce fixed costs, install self-checkout systems, reduce security costs, and negotiate rent reductions.
- (2) Revenue generation: Optimize store operation space, introduce new display units to improve space efficiency, and continuously add charging station services to maximize space utilization.

2. Leverage data technology for analysis:

- (1) Optimize targeted marketing: Use the Ai-Mai APP for precision marketing, track consumer behavior, conduct data analysis, provide personalized recommendations, integrate social media, and build strong customer relationships.
- (2) E-commerce supply chain management: Reduce service costs and improve shipping efficiency.

3. Strengthen rapid growth of e-commerce:

- (1) Use AI-powered automated customer service to enhance capacity and efficiency in handling customer inquiries.
- (2) More efficiently utilize store inventory information to reduce shipping delays caused by stockouts and accelerate shipping speed.
- (3) Expand B2B business and collaborate with new online shopping platforms.

4. Accelerate IT processes and implement cybersecurity:

- (1) Optimize order fulfillment management efficiency to shorten shipping time.
- (2) Website sales fluctuate greatly due to seasonal and promotional factors, so parameters will be dynamically adjusted to increase shipping productivity.
- (3) Expand integration with new e-commerce platform systems.
- (4) Develop an inventory management system suitable for small store models in response to the growth of small stores.

5. Human resource development:

Accelerate organizational restructuring, streamline labor structure, and reduce personnel costs using digital tools (e.g., self-checkout systems), aiming to reduce costs by 10%.

Future Prospect

Business operations either progress or regress. In response to a complex and rapidly changing world, Far Eastern Department Stores have been keeping pace with the times, adapting with agility, and bravely embracing challenges. By employing new thinking for effective risk management and identifying growth opportunities, we will continue to invest in the future, in particular focus on the three major aspects of transformation and change “strategy, organization, and talent,” to accumulate growth momentum for long-term development and lay a stable foundation for sustainable operations.

Climate governance and low-carbon transition are important and noteworthy areas in the coming years. In the face of the global net-zero emissions target, Taiwan plans to increase the ratio of green energy to 30% by 2030, while also requiring large electricity consumers to install green energy systems, purchase green energy, or set up energy storage systems. Far Eastern Department Stores and its subsidiaries have fully completed the greenhouse gas inventory, conducted climate risk assessments, and established management mechanisms. We are focusing on energy conservation and green energy, transforming towards low-carbon retail, and striving to create a win-win relationship between corporate operations and environmental sustainability.

Far Eastern Department Stores is actively expanding its business footprint globally and has become an international large-scale Retail Group. To continue innovating and growing in the future, constructing a systematic talent management model that balances quality and quantity is crucial. This is especially important in establishing a comprehensive talent development system, enabling leadership talents to adapt to changes and management talents to tackle complex challenges. This ensures that employees can fully realize the value of their roles, thereby creating new value for the Company, achieving excellence, and outstanding performance.

Driving towards excellence is a dynamic process. Companies that achieve lasting excellence must go through countless turning points to maintain their momentum; this is an endless journey. Looking ahead, FEDS management team will “continue to expand stores to increase market share, enhance customer shopping experiences, leverage technology to innovate retail, adopt innovative management to improve operational performance, develop online shopping to create an omni-channel shopping experience, and implement ESG sustainable management.” Through these six growth drivers, they aim to create maximum benefits.

2. Financial report of 2024.

Explanation:

- (1) Consolidated balance sheets (December 31, 2024)
- (2) Consolidated statement of comprehensive income (January 1, 2024~ December 31, 2024)
- (3) Consolidated statements of changes in equity (January 1, 2024 ~December 31, 2024)
- (4) Consolidated statements of cash flows (January 1, 2024~ December 31, 2024)
- (5) Balance sheets (December 31, 2024)
- (6) Statement of comprehensive income (January 1, 2024~ December 31, 2024)
- (7) Statements of changes in equity (January 1, 2024~ December 31, 2024)
- (8) Statements of cash flows (January 1, 2024~ December 31, 2024)

Independent auditor's reports by Deloitte & Touche are on page 11-14 and page 22-25.

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 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 evaluated the expertise, qualifications, competency, and independence of external valuation specialists appointed by management, and confirmed that there were no matters that could influence their objectivity or restrict the scope of their work.
3. We assessed the reasonableness of the assumptions and methods used in the valuation by both management and the external valuation specialists appointed by management.

Other Matter

We have also audited the parent company only financial statements of Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2024 and 2023 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, 2024 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 Kuo-Ning Huang and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 19,337,818	14	\$ 19,957,709	15
Financial assets at fair value through profit or loss - current	242,486	-	83,054	-
Financial assets at fair value through other comprehensive income - current	1,044,013	1	951,448	1
Financial assets at amortized cost - current	2,869,979	2	1,817,858	1
Notes receivable	1,061	-	649	-
Trade receivables	676,243	-	1,220,390	1
Trade receivables from related parties	94,271	-	118,779	-
Other receivables	536,123	-	650,022	-
Current tax assets	3,772	-	2,635	-
Inventories	2,125,075	2	2,107,659	2
Prepayments	344,605	-	290,506	-
Other current assets	42,825	-	44,529	-
Total current assets	27,318,271	19	27,245,238	20
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	4,600,054	3	4,688,905	4
Financial assets at amortized cost - non-current	173,000	-	73,000	-
Investments accounted for using the equity method	8,820,441	6	8,540,496	6
Property, plant and equipment	31,800,752	22	32,462,952	24
Right-of-use assets	54,097,871	38	46,536,255	35
Investment properties	9,038,214	6	9,022,885	7
Intangible assets	2,368,395	2	2,394,245	2
Deferred tax assets	1,336,461	1	348,451	-
Net defined benefit assets	549,217	1	503,364	-
Other non-current assets	2,160,539	2	2,015,247	2
Total non-current assets	114,944,944	81	106,585,800	80
TOTAL	\$142,263,215	100	\$133,831,038	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 13,768,418	10	\$ 11,700,188	9
Short-term bills payable	239,399	-	1,686,518	1
Contract liabilities	9,936,006	7	9,615,412	7
Notes payable	4	-	1,480	-
Trade payables	16,260,002	12	18,047,911	14
Trade payables to related parties	99,314	-	103,222	-
Other payables	4,282,581	3	4,063,454	3
Current tax liabilities	374,923	-	932,204	1
Provisions	-	-	3,000	-
Lease liabilities	2,710,105	2	2,923,309	2
Advance receipts	398,181	-	410,335	-
Current portion of long-term borrowings	247,799	-	518,039	1
Other current liabilities	381,519	-	414,256	-
Total current liabilities	48,698,251	34	50,419,328	38
NON-CURRENT LIABILITIES				
Long-term borrowings	14,158,210	10	14,562,121	11
Provisions	26,592	-	25,729	-
Deferred tax liabilities	3,304,372	2	2,304,264	2
Lease liabilities	37,754,585	27	28,085,073	21
Net defined benefit liabilities	428,467	-	483,823	-
Other non-current liabilities	501,701	1	476,892	-
Total non-current liabilities	56,173,927	40	45,937,902	34
Total liabilities	104,872,178	74	96,357,230	72
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	14,169,406	10	14,169,406	11
Capital surplus	3,343,600	2	3,343,595	2
Retained earnings				
Legal reserve	4,034,120	3	3,930,366	3
Special reserve	1,681,664	1	2,648,051	2
Unappropriated earnings	3,030,508	2	2,086,045	1
Total retained earnings	8,746,292	6	8,664,462	6
Other equity	5,403,638	4	5,242,133	4
Treasury shares	(97,110)	-	(97,110)	-
Total equity attributable to owners of the Company	31,565,826	22	31,322,486	23
NON-CONTROLLING INTERESTS	5,825,211	4	6,151,322	5
Total equity	37,391,037	26	37,473,808	28
TOTAL	\$142,263,215	100	\$133,831,038	100

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE	\$35,006,753	100	\$36,725,103	100
OPERATING COSTS	<u>15,173,459</u>	<u>43</u>	<u>16,180,018</u>	<u>44</u>
GROSS PROFIT	<u>19,833,294</u>	<u>57</u>	<u>20,545,085</u>	<u>56</u>
OPERATING EXPENSES				
Selling and marketing expenses	905,782	3	863,321	2
General and administrative expenses	14,858,698	42	14,160,019	39
Expected credit loss	<u>196</u>	<u>-</u>	<u>21,133</u>	<u>-</u>
Total operating expenses	<u>15,764,676</u>	<u>45</u>	<u>15,044,473</u>	<u>41</u>
OPERATING PROFIT	<u>4,068,618</u>	<u>12</u>	<u>5,500,612</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	214,340	-	187,036	1
Other income	302,230	1	257,872	1
Other losses	352,589	1	67,178	-
Finance costs	(1,529,650)	(4)	(962,332)	(3)
Share of profit of associates accounted for using the equity method	<u>174,433</u>	<u>-</u>	<u>123,200</u>	<u>-</u>
Total non-operating income and expenses	<u>(486,058)</u>	<u>(2)</u>	<u>(327,046)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	3,582,560	10	5,173,566	14
INCOME TAX EXPENSE	<u>709,985</u>	<u>2</u>	<u>1,211,035</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,872,575</u>	<u>8</u>	<u>3,962,531</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,170	-	186,399	1
Remeasurement of defined benefit plans	17,218	-	85,271	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ 170,006	1	\$ 43,552	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(3,238)</u>	<u>-</u>	<u>(17,058)</u>	<u>-</u>
	<u>186,156</u>	<u>1</u>	<u>298,164</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(100,031)	-	26,913	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>77,115</u>	<u>-</u>	<u>(18,660)</u>	<u>-</u>
	<u>(22,916)</u>	<u>-</u>	<u>8,253</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>163,240</u>	<u>1</u>	<u>306,417</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,035,815</u>	<u>9</u>	<u>\$ 4,268,948</u>	<u>12</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,325,717	7	\$ 2,752,303	8
Non-controlling interests	<u>546,858</u>	<u>1</u>	<u>1,210,228</u>	<u>3</u>
	<u>\$ 2,872,575</u>	<u>8</u>	<u>\$ 3,962,531</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,512,110	7	\$ 3,055,547	9
Non-controlling interests	<u>523,705</u>	<u>2</u>	<u>1,213,401</u>	<u>3</u>
	<u>\$ 3,035,815</u>	<u>9</u>	<u>\$ 4,268,948</u>	<u>12</u>
EARNINGS PER SHARE				
Basic	<u>\$1.65</u>		<u>\$1.95</u>	
Diluted	<u>\$1.65</u>		<u>\$1.95</u>	

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
						Other Equity						
	Share Capital	Capital Surplus	Retained Earnings			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2023	\$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 subsidiaries and 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
Appropriation of 2023 earnings												
Legal reserve	-	-	103,754	-	(103,754)	-	-	-	-	-	-	-
Special reverse	-	-	-	(966,387)	966,387	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(2,267,105)	-	-	-	-	(2,267,105)	-	(2,267,105)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(729,440)	(729,440)
Subtotal	-	-	103,754	(966,387)	(1,404,472)	-	-	-	-	(2,267,105)	(729,440)	(2,996,545)
Net profit for the year ended December 31, 2024	-	-	-	-	2,325,717	-	-	-	-	2,325,717	546,858	2,872,575
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	14,511	(3,186)	175,068	-	-	186,393	(23,153)	163,240
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,340,228	(3,186)	175,068	-	-	2,512,110	523,705	3,035,815
Adjustments resulting from investments in associates accounted for using the equity method	-	5	-	-	-	-	-	-	-	5	3	8
Difference between acquisition of the subsidiary's equity price and book value	-	-	-	-	(2,176)	181	325	-	-	(1,670)	(120,379)	(122,049)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	10,883	-	(10,883)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2024	\$14,169,406	\$ 3,343,600	\$ 4,034,120	\$ 1,681,664	\$ 3,030,508	\$ 95,361	\$ 3,131,113	\$ 2,177,164	\$ (97,110)	\$31,565,826	\$ 5,825,211	\$37,391,037

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,582,560	\$ 5,173,566
Adjustments for:		
Depreciation expense	5,987,671	5,134,806
Amortization expense	54,545	60,787
Expected credit loss recognized on receivables	196	3,437
Gain on financial assets and liabilities at fair value through profit or loss	(9,432)	(10,534)
Finance costs	1,529,650	962,332
Interest income	(214,340)	(187,036)
Dividend income	(302,230)	(257,872)
Share of profit of associates accounted for using the equity method	(174,433)	(123,200)
Loss on disposal of property, plant and equipment	19,023	50,676
Gain on lease modifications	(55,088)	(1,288)
Loss on disposal of investments	-	59,989
Impairment loss on Intangible assets	2,392	-
(Reversal of impairment loss) impairment loss on property, plant and equipment	(58,787)	4,046
Impairment loss recognized on right-of-use assets	-	120,343
Unrealized loss (gain) on physical and slow-moving inventories	4,360	(22,058)
Gain on changes in fair value of investment properties	(12,185)	(49,134)
Amortization of prepayments	5,954	5,579
Recognized (reversal) of unrealized purchase discounts	59	(898)
Net changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(150,000)	213,219
Notes receivable	(412)	(178)
Trade receivables	544,640	(70,141)
Trade receivables from related parties	24,508	33,832
Other receivables	(4,023)	(34,326)
Inventories	(21,835)	288,223
Prepayments	(63,416)	(23,055)
Other current assets	1,704	6,791
Contract liabilities - current	320,594	(664,527)
Notes payable	(1,476)	(2,020)
Trade payables	(1,787,909)	973,941
Trade payables to related parties	(3,908)	(13,637)
Other payables	17,016	295,628
Contract liabilities	(584)	-
Advance receipts	117,996	65,665
Other current liabilities	(32,737)	19,047
Net defined benefit assets	(34,308)	(97,424)
Net defined benefit liabilities	(49,683)	(133,349)
Cash generated from operations	9,236,082	11,781,230
Dividends received	439,149	339,924

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Interest paid	\$ (1,019,346)	\$ (890,727)
Interest received	204,421	202,087
Income tax returned	28	165
Income tax paid	<u>(1,268,764)</u>	<u>(709,418)</u>
Net cash generated from operating activities	<u>7,591,570</u>	<u>10,723,261</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,680)	(8,975)
Proceeds from sale of financial assets at fair value through other comprehensive income	136	22,943
Purchase of financial assets amortized at cost	(5,207,331)	(5,169,042)
Proceeds from sale of financial assets at amortized cost	4,087,903	5,603,574
Proceeds from sale of investments accounted for using the equity method	19,287	46,222
Decrease in prepaid long-term investments	79,374	123,872
Net cash inflow (outflow) on disposal of subsidiary	114,600	(405,484)
Proceeds from capital reduction of associates	-	1,064,135
Payments for property, plant and equipment and increase in prepayment for equipment	(1,334,234)	(1,871,284)
Proceeds from disposal of property, plant and equipment	216	1,847
Payments for intangible assets	(21,491)	(35,859)
Acquisition of right-of-use assets	(6,248)	(4,450)
Acquisition of investment properties	(3,144)	(2,605)
Decrease in other non-current assets	<u>1,075</u>	<u>27,693</u>
Net cash used in investing activities	<u>(2,271,537)</u>	<u>(607,413)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	123,832,144	99,972,968
Repayments of short-term borrowings	(122,007,704)	(101,922,033)
Proceeds from short-term bills payable	13,138,548	12,686,113
Repayments of short-term bills payable	(14,585,667)	(12,590,440)
Proceeds from long-term borrowings	129,535,899	129,180,160
Repayments of long-term borrowings	(130,227,232)	(124,950,000)
Repayment of the principal portion of lease liabilities	(2,563,264)	(2,864,372)
Increase in other non-current liabilities	19,046	-
Decrease in other non-current liabilities	-	(47,160)
Dividends paid to owners of the Company	(2,268,308)	(1,556,870)
Acquired equity in subsidiaries	(122,049)	(4,498,463)
Dividends paid to non-controlling interests	<u>(729,440)</u>	<u>(797,574)</u>
Net cash used in financing activities	<u>(5,978,027)</u>	<u>(7,387,671)</u>

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>\$ 38,103</u>	<u>\$ (25,148)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(619,891)	2,703,029
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>19,957,709</u>	<u>17,254,680</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>\$ 19,337,818</u></u>	<u><u>\$ 19,957,709</u></u>

(Concluded)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Far Eastern Department Stores, Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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, 2024 is stated as follows:

Assessment of impairment of property, plant and equipment and right-of-use assets (Including Investment Property, Plant and Equipment and Right-of-use Assets Held by Subsidiaries Accounted for Using the Equity Method)

The department store and hypermarket industries in which the Company and its subsidiaries, which are accounted for using the equity method, are 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, as well as those of its subsidiaries accounted for using the equity method, 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, 2024 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 Kuo-Ning Huang and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 780,719	1	\$ 2,091,483	3
Financial assets at amortized cost - current	21,137	-	25,808	-
Trade receivables	255,479	-	522,543	1
Trade receivables from related parties	58,774	-	63,272	-
Other receivables	88,419	-	99,806	-
Inventories	396,297	1	381,678	-
Prepayments	273,180	-	259,772	-
Other current assets	11,428	-	8,618	-
Total current assets	1,885,433	2	3,452,980	4
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current	2,758,206	3	2,804,362	4
Investments accounted for using the equity method	25,813,013	33	25,223,508	31
Property, plant and equipment	16,224,761	21	16,700,292	21
Right-of-use assets	20,906,001	27	21,802,795	27
Investment properties	9,169,868	12	9,098,310	11
Intangible assets	39,831	-	49,891	-
Deferred tax assets	112,087	-	91,173	-
Net defined benefit assets	546,391	1	501,684	1
Other non-current assets	732,539	1	648,533	1
Total non-current assets	76,302,697	98	76,920,548	96
TOTAL	\$78,188,130	100	\$80,373,528	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ 7,400,000	10	\$ 6,650,000	8
Short-term bills payable	-	-	859,853	1
Contract liabilities	3,953,825	5	3,837,202	5
Trade payables	4,568,913	6	5,999,059	8
Trade payables to related parties	51,808	-	70,403	-
Other payables	1,649,691	2	1,622,292	2
Current tax liabilities	164,424	-	297,755	-
Lease liabilities	890,408	1	870,027	1
Advance receipts	207,496	1	252,195	-
Current portion of long-term borrowings	-	-	480,000	1
Other current liabilities	166,037	-	184,497	-
Total current liabilities	19,052,602	25	21,123,283	26
NON-CURRENT LIABILITIES				
Long-term borrowings	13,400,000	17	13,700,000	17
Deferred tax liabilities	2,186,481	3	2,180,925	3
Lease liabilities	11,445,374	14	11,945,716	15
Other non-current liabilities	537,847	1	101,118	-
Total non-current liabilities	27,569,702	35	27,927,759	35
Total liabilities	46,622,304	60	49,051,042	61
EQUITY				
Share capital				
Ordinary shares	14,169,406	18	14,169,406	18
Capital surplus	3,343,600	4	3,343,595	4
Retained earnings				
Legal reserve	4,034,120	5	3,930,366	5
Special reserve	1,681,664	2	2,648,051	3
Unappropriated earnings	3,030,508	4	2,086,045	3
Total retained earnings	8,746,292	11	8,664,462	11
Other equity	5,403,638	7	5,242,133	6
Treasury shares	(97,110)	-	(97,110)	-
Total equity	31,565,826	40	31,322,486	39
TOTAL	\$78,188,130	100	\$80,373,528	100

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE	\$11,015,483	100	\$11,628,628	100
OPERATING COSTS	<u>3,353,012</u>	<u>30</u>	<u>3,579,943</u>	<u>31</u>
GROSS PROFIT	<u>7,662,471</u>	<u>70</u>	<u>8,048,685</u>	<u>69</u>
OPERATING EXPENSES				
Selling and marketing expenses	360,080	4	360,276	3
General and administrative expenses	4,760,579	43	4,907,252	42
Expected credit loss	<u>-</u>	<u>-</u>	<u>199</u>	<u>-</u>
Total operating expenses	<u>5,120,659</u>	<u>47</u>	<u>5,267,727</u>	<u>45</u>
OPERATING PROFIT	<u>2,541,812</u>	<u>23</u>	<u>2,780,958</u>	<u>24</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	418	-	406	-
Other income	133,709	1	143,541	1
Other gains and losses	107,191	1	124,260	1
Finance costs	(600,369)	(6)	(546,934)	(5)
Share of profit of subsidiaries and associates accounted for using the equity method	<u>519,339</u>	<u>5</u>	<u>630,225</u>	<u>6</u>
Total non-operating income and expenses	<u>160,288</u>	<u>1</u>	<u>351,498</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	2,702,100	24	3,132,456	27
INCOME TAX EXPENSE	<u>376,383</u>	<u>3</u>	<u>380,153</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,325,717</u>	<u>21</u>	<u>2,752,303</u>	<u>24</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	10,514	-	120,634	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(46,156)	-	9,380	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	\$ 218,149	2	\$ 196,522	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	(2,103)	-	(24,126)	-
	<u>180,404</u>	<u>2</u>	<u>302,410</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>5,989</u>	-	<u>834</u>	-
	<u>5,989</u>	-	<u>834</u>	-
Other comprehensive income for the year, net of income tax	<u>186,393</u>	<u>2</u>	<u>303,244</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,512,110</u>	<u>23</u>	<u>\$ 3,055,547</u>	<u>26</u>
EARNINGS PER SHARE, NT\$				
Basic	<u>\$ 1.65</u>		<u>\$ 1.95</u>	
Diluted	<u>\$ 1.65</u>		<u>\$ 1.95</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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Exchange Differences on Translating the Financial Statements of	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other			
	Share Capital	Capital Surplus			Unappropriated	Foreign	Comprehensive	Gain on Property	Treasury Shares	
			Legal Reserve	Special Reserve	Earnings	Operations	Income	Revaluation		Total Equity
BALANCE AT JANUARY 1, 2023	\$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
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
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and 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
Appropriation of 2023 earnings										
Legal reserve	-	-	103,754	-	(103,754)	-	-	-	-	-
Special reserve	-	-	-	(966,387)	966,387	-	-	-	-	-
Cash dividends	-	-	-	-	(2,267,105)	-	-	-	-	(2,267,105)
	-	-	103,754	(966,387)	(1,404,472)	-	-	-	-	(2,267,105)
Net profit for the year ended December 31, 2024	-	-	-	-	2,325,717	-	-	-	-	2,325,717
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	14,511	(3,186)	175,068	-	-	186,393
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	2,340,228	(3,186)	175,068	-	-	2,512,110
Changes in capital surplus from investments in subsidiaries and associates accounted for using the equity method	-	5	-	-	-	-	-	-	-	5
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	(2,176)	181	325	-	-	(1,670)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by subsidiaries and associates	-	-	-	-	10,883	-	(10,883)	-	-	-
BALANCE AT DECEMBER 31, 2024	\$14,169,406	\$ 3,343,600	\$ 4,034,120	\$ 1,681,664	\$ 3,030,508	\$ 95,361	\$ 3,131,113	\$ 2,177,164	\$ (97,110)	\$31,565,826

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, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,702,100	\$ 3,132,456
Adjustments for:		
Depreciation expense	1,757,806	1,830,345
Amortization expense	21,819	26,351
Expected credit loss recognized on receivables	-	199
Amortization of prepayments	1,963	1,963
Finance costs	600,369	546,934
Share of profit of subsidiaries and associates accounted for using the equity method	(519,339)	(630,225)
Interest income	(418)	(406)
Dividend income	(133,709)	(143,541)
Loss on disposal of property, plant and equipment	6,697	38,111
Loss on disposal of investment properties	273	94
Profit from lease modification	-	(2,277)
Gain on changes in fair value of investment properties	(68,047)	(77,022)
Net changes in operating assets and liabilities		
Trade receivables	267,064	2,890
Trade receivables from related parties	4,498	23,701
Other receivables	6,804	19,112
Inventories	(14,619)	(28,566)
Prepayments	(13,408)	3,118
Other current assets	(2,810)	(484)
Contract liabilities	116,623	(238,836)
Notes payable and trade payables	(1,430,146)	1,291,433
Trade payables from related parties	(18,595)	16,984
Other payables	18,436	24,982
Advance receipts	35,741	73,477
Other current liabilities	(18,460)	17,951
Net defined benefit assets	(34,193)	(97,302)
Cash generated from operations	3,286,449	5,831,442
Interest paid	(584,393)	(530,162)
Interest received	329	406
Dividends received	717,046	517,800
Income tax paid	(527,175)	(264,871)
Net cash generated from operating activities	2,892,256	5,554,615
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	(21,137)	(25,808)
Proceeds from sale of financial assets at amortized cost	25,808	25,800
Acquisition of investments accounted for using the equity method	-	(4,500,000)

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

	2024	2023
Proceeds from disposal of investments accounted for using the equity method	\$ 4,672	\$ 17,206
Proceeds from capital reduction of investments accounted for using equity method	-	589,717
Payments for property, plant and equipment	(373,408)	(653,948)
Proceeds from disposal of property, plant and equipment	6	251
Payments for intangible assets	(7,957)	(11,497)
Acquisition of right-of-use assets	-	(419)
Payments for investment properties	(3,784)	(3,116)
Increase in other non-current assets	<u>(1,782)</u>	<u>(9,465)</u>
Net cash used in investing activities	<u>(377,582)</u>	<u>(4,573,047)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	63,970,000	39,200,000
Repayments of short-term borrowings	(63,220,000)	(41,050,000)
Proceeds from short-term bills payable	5,149,548	2,349,114
Repayments of short-term bills payable	(6,009,401)	(2,089,193)
Proceeds from long-term borrowings	119,020,000	128,680,000
Repayments of long-term borrowings	(119,800,000)	(124,550,000)
Repayment of the principal portion of lease liabilities	(672,976)	(704,436)
Increase (decrease) in other non-current liabilities	5,699	(7,092)
Dividends paid	<u>(2,268,308)</u>	<u>(1,557,044)</u>
Net cash (used in) generated from financing activities	<u>(3,825,438)</u>	<u>271,349</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,310,764)	1,252,917
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>2,091,483</u>	<u>838,566</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 780,719</u>	<u>\$ 2,091,483</u>

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

(Concluded)

3. Audit Committee's review report for 2024 business report and financial statements.

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 Profit, and Financial Statements which had been certified by Deloitte & Touche, submitted by the Board of Directors for the year ending 2024 and found them in order.

The Convener of the Audit Committee: Edward Yung Do Way

March 4, 2025

4. Report of 2024 employees' compensation and Directors' remuneration

1. Pursuant to the Article 27 of the Company's "Articles of Incorporation", if the Company profits for the year, the Company shall allocate from 2% to 3.5% of it for the employees' compensation, and the maximum of 2.5% of it for Directors' compensation. However, the company's accumulated losses shall reserve the amount of covering in advance. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash. The ratio and amount of actual distribution shall be approved by the board of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders meeting.
2. 2024 employees' compensation and Directors' remuneration were calculated as NT\$91,596,623 and NT\$68,697,468 respectively. The aforesaid items will be paid in cash.
3. The proposal of compensation had been approved by the 4rd meeting of the 20th term Board of Directors.

IV. Acknowledge Matters

1. To accept 2024 business report and financial statements.

The Board of Directors proposes and recommends that each shareholder votes for the acceptance of 2024 business report and financial statements.

Explanatory Notes:

1. FEDS's 2024 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:

2. To approve the proposal for the distribution of 2024 profit.

The Board of Directors proposes and recommends that each shareholder votes for the distribution of 2024 profit.

Explanatory Notes:

1. All the closing transactions as of December 31, 2024 have been completely closed, and have been audited by the accounting firm, Deloitte and Touche. We thereby submit the proposal for distribution of 2024 profits:

1.	Unappropriated earnings of January 1, 2024	NT\$ 681,572,533
2.	Net Income for the year ended December 31, 2024	2,325,717,396
3.	The adjustments of retained earnings for by using equity method	8,707,067
4.	Recognizing the re-measurements of defined benefit plans in retained earnings	14,511,391
5.	The amount of the sum of the current after-tax net income and other item accounted to undistributed earnings (=2+3+4)	2,348,935,854
6.	10% legal reserve (=5*10%)	(234,893,585)
7.	Legal special reserve appropriated	(19,731,526)
8.	Distributable net profit(=1+5-6-7)	2,775,883,276
9.	Earnings distribution (NT\$1.35 per share)	(1,912,869,795)
10.	Un-appropriated earnings after distribution(=8-9)	<u>863,013,481</u>

- 2 The distribution of 2024 dividends composes of 2024 surplus earning in priority, and the undistributed profit from 1998 to 2023 in case 2024 surplus earning are insufficient to cover 2024 dividends, and so on.
3. After being approved at the annual General Shareholders' meeting (2025), 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 2024 profits.

Resolution

V. Items for Discussion

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

Proposed by Board of Directors

Explanatory Notes:

1. To pursuant to Paragraph 6 of Article 14 of the Securities and Exchange Act, which the company should stipulate in its articles of association that a certain percentage of annual profits should be appropriated to adjust salaries or allocate remuneration to grassroots employees, the company has revised the provisions in the “Articles of Incorporation”.
2. The amended provisions are shown in the attached comparison table.
3. Please approve the proposal.

Section	Proposed Changes	Current Articles
Article 27	<p>If the Company profits for the year, the Company shall allocate <u>the maximum of 2.5% of it as Directors' remuneration and 2% to 3.5% of it as the employees' compensation.</u></p> <p><u>No less than 45% of employee compensation should be distributed as junior staff remuneration.</u></p> <p>However, the company's accumulated losses shall reserve the amount of covering in advance.</p>	<p>If the Company profits for the year, the Company shall allocate <u>from 2% to 3.5% of it for the employees' compensation, and the maximum of 2.5% of it for Directors' compensation.</u> However, the company's accumulated losses shall reserve the amount of covering in advance.</p>

VI. Extemporaneous Motion

VII. Rules and Regulations

1. Articles of Incorporation of Far Eastern Department Stores Ltd.(the “Company”)

The latest amendment on May 20, 2025

Chapter 1 General Provisions

Article 1 The Company is duly incorporated under the provisions of the Company Law of the Republic of China, and shall be called: Far Eastern Department Stores Ltd.

Article 2 The Company's businesses are as follows :

1. General merchandise, silk nylon, cotton cloth, candies cookies, cans, entertainment appliances, hardware, furniture, decorations, hand-made local products, stationery, library appliances, CD/DVD, camera appliances, children toys (excluding gambling, porn game and air-soft gun) , shoe/ hat/ raining garment, medicine/medical equipment, cigarette /wine, rice/corn, salt, the import and export of beverage, clocks/watches/glasses/camera's business & maintenances, electronic business & maintenances, Children's entertainment playground/facility business (excluding gambling, porn game and play gun), restaurants, food courts, beverage stores, film developer shop, and advertisement business(permitted business);
2. To operate gourmet grocery market, fresh food business, frozen vegetable, frozen meat/fish, dry food, and all kinds of flavoring sources;
3. To operate all kinds of product distribution, product classification and storage business;
4. The import and sales of vendor machines and measurement devices;
5. Authorizing a construction companies to build , commercial buildings and residential buildings for leasing and selling;
6. The business of gold and jewelry;
7. The business of tape recorder, radar CD player, and lets and sales of film tape, and CD/DVD;
8. The sales, import and export business, and dealer business of vehicles and vehicles parts (for example, seats, vehicles refresher, wax, car accessories and etc.);
9. Vehicles repair and the operation and management of parking lot;
10. To operate gas station to supply gasoline, diesel fuel, the food and beverages in automatic vendor machine;
11. The business of art gallery and the deal of its works and antiques;
12. The business, repair, bidding and import and export business of all kind of wire and wireless telecom appliances;
13. The business of hair salon and various kinds of beauty services;
14. The entrusted management business of department stores and the stores in international and general tourist hotels;
15. The business of computer & telecom instrument/services;
16. JZ99030 photo shooting industry;
17. JZ99090 various kind services of festivities;
18. J701040 Leisure and entertaining activities;

- 19. F401161 the import of tobacco;
- 20. F401171 the import of liquor;
- 21. Except where permits are required, to run operations not forbidden or limited by laws and regulations.

- Article 3 The Corporation may provide guarantee in accordance to the regulations set out in the "Procedure for Endorsements and Guarantees"
- Article 4 Where the Company invests in other companies and becomes a shareholder with limited liability, its total investment may exceed 40% of its paid-up capital as stipulated under Article 13 of the Company Law, subject to approval of the Board of Directors.
- Article 5 The Company is incorporated in New Taipei City, the Republic of China; the Board of Directors may by resolution approve the establishment of domestic and international branches where it deems necessary.
- Article 6 The Company's Organization Chart should be adopted separately.

Chapter 2 Share Capital

- Article 7 The Company's total capital shall be Seventeen Billion and Five hundred Million New Taiwan Dollar (NT\$17,500,000,000) divided into 1,750,000,000 shares of NT\$10 each. The Board of Directors is authorized to issue the un-issued shares in separate trenches. Out of the above total capital amount, One Hundred Million New Taiwan Dollar (NT\$100,000,000) shall be divided into 10,000,000 shares of NT\$10 each, to be issued as warrants for employees to subscribe.
- Article 8 Shares issued by the Company are not required to be evidenced by share certificates, provided that they shall be recorded at the Securities Central Depository Enterprises.

The Company can issue special shares.

In the event of the Company merging with another company, matters relating to the merger need not be approved by way of a resolution of the special shareholders meeting.
- Article 9 Matters relating to the Company's shares shall be dealt with according to the provisions of "Regulations Governing Handling of Stock Affairs by Public Companies" and the relevant laws and regulations.
- Article 10 Registration of share transfer shall be closed within 60 days prior to General Shareholders' Meeting, or with 30 days prior to Extraordinary Shareholders' Meeting or within 5 days prior to the record date on which Company distributes the dividends or bonuses.

Chapter 3 Shareholders' Meeting

Article 11 The Shareholders' Meetings shall be General or Extraordinary Shareholders' Meetings. :

1. General Shareholders' Meeting shall be held once a year within 6 months of the end of the Company's financial year.
2. A Special Shareholders' meeting shall be convened in accordance with laws and regulations.

Article 12 Notices of General Shareholders' Meeting shall be in writing and delivered to the shareholders along with a public notice 30 days before the General Shareholders' Meeting and 15 days before the Extraordinary Shareholders' Meeting. The said notices shall specify the date, place and reasons for calling the shareholders' meeting.

The shareholders' meeting shall be held by video conference or other methods announced by the authority.

Article 13 Unless otherwise stipulated by the Company Law, a quorum shall be present at the shareholders' meeting if shareholders representing more than half of the shares issued by the Company are in attendance and resolutions at the said assembly shall be passed if approved by a majority of the shareholders in attendance.

Article 14 Shareholders may by way of power of attorney appoint proxies to attend the said shareholders' meeting. Except for trust enterprises or share registration agencies approved by the securities management authorities, when one shareholder is entrusted by two or more shareholders, the voting right represented by the said shareholder shall not exceed 3% of the voting rights of total shares issued. Where it has so exceeded, the voting right in excess shall not be included.

Unless otherwise stipulated by the Company Law, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholders' Meeting of Public Companies".

Article 15 Unless otherwise stipulated by the Company Law and the Articles of Incorporation, shareholders' meeting shall be conducted in accordance with the Company's regulations for shareholders' meeting.

Article 16 Minutes and resolutions of shareholders' meeting shall be recorded and signed by or affixed with the seal of the chairman of the meeting. The said minutes and resolutions shall specify the date and place of the shareholders' meeting, number of shares represented by the shareholders (or proxies) present at the meeting; number of voting rights represented; name of the chairman of the shareholders' meeting; resolutions and the manner in which they are passed. The said minutes and resolutions shall be kept, together with the register of shareholders' attendance and the proxies' powers of attorney, in compliance with the law.

Chapter 4 Directors and Managers

- Article 17 There shall be 5 to 9 Directors of the Company, who are elected and appointed from the persons with legal capacity at the shareholders' meeting. The total shares number of the registered shares of the Company held by all of the Directors shall be determined according to the provisions of "Rules and Review Procedures for Director and Supervisor Ownership Ratios at Public Companies".

Among the directors in the preceding paragraph have three independent directors.

In accordance with Article 192-1 of the Company Act, the Company shall adopt a candidate nomination system for election of the directors, and the shareholders shall elect the directors from among the nominees listed in the roster of candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots.

- Article 17-1 Pursuant to Article 14-4 of the Securities and Exchange Act, the Company will establish an Audit Committee. The Audit Committee shall make up of the entire number of independent directors, is responsible of executing powers relegated to supervisors by the Company Act, Securities and Exchange Act and other laws and regulations.

The organizing members, exercise of powers and other matters to be abided by the Audit Committee shall follow related laws, regulations or rules or regulation of the Company. The organization regulations of the Audit Committee shall be adopted by the Board of Director.

- Article 18 The respective appointments of Directors are for a period of 3 years. They may be reappointed following their re-election.

- Article 19 The Board of Directors of the Company shall comprise the directors. A Chairman shall be elected from among the Director to represent the company. Where the Chairman has taken leave or is unable to perform his duties for any reasons, the Chairman shall appoint a Director to act on his behalf, failing which the Board of Directors shall nominate from among them a person to act on behalf of the Chairman of the Company.

- Article 20 Meetings of the Board of Directors, which shall be held quarterly, shall be convened by the Chairman. Unless otherwise stipulated by the Company Law, a quorum shall be present at the Board of Directors if it is attended by more than half of the Directors, and a resolution passed if approved by a majority of the Directors in attendance. The Chairman may, in case of emergency, convene meetings of the Board at any time.

When a Director is unable to personally attend the meeting of the Board of Directors, he may entrust another Director to represent him in accordance with law.

The notice of meeting of board of directors could be served by way of writing document, e-mail or fax.

- Article 21 (Deleted.)
- Article 22 The compensation of Directors shall be decided by the Shareholders' Meeting.
- Article 23 The Company shall have a General Manager and a number of Vice Presidents, Junior Vice Presidents and Managers. The appointment and dismissal of the above staff shall be by way of a majority at the meetings of the Board of Directors, subject to more than half of the Directors are in attendance of the said meetings.
- Article 24 The Chairman and the General Manager shall handle the daily affairs of the Company in compliance with the resolution of the Board of the Directors.

Chapter 5 Accounting

- Article 25 The Company's fiscal year shall commence on the First of January of each year, and ends on the Thirty-first of December of the same year. The final accounts are settled at the end of the Company's fiscal year.
- Article 26 The Board of Directors shall in accordance with law furnish various documents and statements and their reports shall be submitted for approval at the General Shareholders' Meeting.
- Article 27 If the Company profits for the year, the Company shall allocate from 2% to 3.5% of it for the employees' compensation, and the maximum of 2.5% of it for Directors' compensation. However, the company's accumulated losses shall reserve the amount of covering in advance. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash, and the ratio, amount method and shares of actual distribution; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 28 Apart from paying all its income taxes in the case where there are profits at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of the amount of the sum of the current after-tax net income and other item accounted to undistributed earnings shall be set aside by the Company as legal reserve. Subject to certain business conditions under which the Company may retain a portion, the Company may distribute to the shareholders the bonus which is the remainder based on shareholdings after deducting special reserve as required by law together with undistributed profits from previous years.

The distribution of dividends shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Dividends shall be paid aimed at maintaining the stability of dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than fifty percent (50%) of the final surplus which is the sum of after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law; the cash dividends shall not be less than 10% of bonus to the shareholders distributed in the same year.

Article 29 All matters not covered herein shall be undertaken in accordance with the Company Law of the Republic of China and the other relevant law and regulations.

Chapter 6 Supplementary Provisions

Article 30 These Articles of Incorporation were drafted on August 2, 1967, and came into effect following its approval by a resolution of the General Shareholders' Meeting and the competent authorities. Amendments shall take effect following their approval at the Shareholders' Meetings

First amendment on December 20, 1967;
Second amendment on October 2, 1968;
Third amendment on July 29, 1969;
Fourth amendment on August 26, 1969;
Fifth amendment on February 19, 1970;
Sixth amendment on June 26, 1970;
Seventh amendment on August 21, 1972;
Eighth amendment on March 30, 1973;
Ninth amendment on May 2, 1974;

Tenth amendment on May 30, 1975;
Eleventh amendment on April 19, 1976;
Twelfth amendment on March 25, 1977;
Thirteenth amendment on March 6, 1978;
Fourteenth amendment on April 6, 1979;
Fifteenth amendment on April 18, 1980;
Sixteenth amendment on April 9, 1981;
Seventeenth amendment on April 15, 1982;
Eighteenth amendment on November 29, 1982;
Nineteenth amendment on May 12, 1983;
Twentieth amendment on May 12, 1984;
Twenty-first amendment on May 6, 1985;
Twenty-second amendment on May 7, 1986;
Twenty-third amendment on April 30, 1987;
Twenty-fourth amendment on April 28, 1988;
Twenty-fifth amendment on April 29, 1989;
Twenty-sixth amendment on April 30, 1990;
Twenty-seventh amendment on May 2, 1991;
Twenty-eighth amendment on April 24, 1992;
Twenty-ninth amendment on April 30, 1993;
Thirtieth amendment on April 7, 1994;
Thirty-first amendment on April 15, 1995;
Thirty-second amendment on May 10, 1996;
Thirty-third amendment on May 9, 1997;
Thirty-fourth amendment on May 18, 1998;
Thirty-fifth amendment on May 12, 1999;
Thirty-sixth amendment on May 10, 2000;
Thirty-seventh amendment on May 9, 2001;
Thirty-eighth amendment on May 31, 2002;
Thirty-ninth amendment on June 10, 2003;
Fortieth amendment on June 2, 2006;
Forty-first amendment of June 9, 2010
Forty-Second amendment of June 23, 2011
Forty-third amendment of June 20, 2013
Forty-fourth amendment of June 20, 2014
Forty-fifth amendment of June 22, 2015
Forty-sixth amendment of June 17, 2016
Forty-seventh amendment of June 21, 2018
Forty-eighth amendment of June 24, 2020
Forty-ninth amendment of June 24, 2022

*In case of any discrepancy between this English translation and the Chinese text of this document, the Chinese text shall prevail.

2. Rules of Procedure of Shareholders' Meeting for Far Eastern Department Stores Ltd (the "Company").

The latest amendment on June 24, 2022

Article 1 The stockholders' meeting of the Company shall be held according to the rules herein.

Article 2 The location for stockholders' meeting shall be the Company's place of business or a place convenient for attendance by stockholders (or by proxies) that is suitable to holding of this meeting. The meeting shall be held between 9:00AM and 3:00PM.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention. The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

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

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

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

the number of shares whose voting rights are exercised by correspondence or electronically.

The Company may appoint lawyers, accountants or related personnel +to attend the stockholders' meeting.

The personnel in charge of handling the affairs of the meeting shall wear identification badge or armband.

For a stockholders' meeting convened by the board of directors, the chairman of the board of directors shall preside at the meeting. If the chairman of the board of directors is on leave or unable to exert the rights, the vice-chairman of the board of directors shall preside instead. If the position of vice-chairman is vacant or the vice-chairman is on leave or unable to exert the rights the chairman of the board of directors shall designate a director to preside at the meeting. If no director is so designated, the chairman of the meeting shall be elected by the board of directors from among themselves. When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. For a stockholders' meeting convened by any other person having the convening right, he/she shall act as the chairman of that meeting; if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The complete processes of the meeting shall be recorded by voice and video recorders and all the records shall be kept by the Company for a minimum period of at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation. Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

Article 3 The chairperson shall announce starting of the meeting when the attending stockholders (or proxies) represent more than half of the total shares issued in public. The chairperson may announce postponement of meeting if the legal quorum is not present after the designated meeting time. Such postponement is limited to two times and the aggregated postponed time shall not exceed one hour. If quorum is still not present after two postponements but the attending stockholders (or proxies) represent more than one third of the total shares issued in public, tentative resolution/s may be passed with respect to ordinary resolution/s by a majority of those present. After proceeding with the aforesaid tentative resolutions, the chairperson may put the tentative resolutions for re-voting over the meeting if and when the shares represented by the attending stockholders (or proxies) reached the legal quorum.

Article 4 If the stockholders' meeting is convened by the board of directors, the agenda shall be designated by the board of directors. The meeting shall

proceed in accordance with the designated agenda and shall not be amended without resolutions. If the meeting is convened by person, other than the board of directors, having the convening right, the provision set out in the preceding paragraph shall apply mutatis mutandis. Except with stockholders' resolution, the chairperson shall not declare adjournment of the meeting before the first two matters set out in the agendas (including extemporary motions) are concluded. During the meeting, if the chairperson declares adjournment of the meeting in violation of the preceding rule, a new chairperson may be elected by a resolution passed by majority of the attending stockholders to continue the meeting. When the meeting is adjourned by resolution, the stockholders shall not elect another chairperson to continue the meeting at the same location or another venue.

Article 5 The stockholders (or proxies) shall complete statement slip setting out the number of his/her attendance card, name and statement brief before speaking, and the chairperson will designate the order in which each person is to speak during the session. No statement will be considered to have been made if the stockholders (or proxies) merely complete the statement slip without speaking at the meeting. If there are any discrepancies between the content of the statement slip and the speech made, the statement to be adopted shall be the statement confirmed.

Article 6 Any proposal for the agendas shall be submitted in written form. Except for the proposals set out in the agenda, any proposal by the stockholders (or proxies) to amend, substitute or to initiate extemporary motions with respect to the original proposal shall be seconded by other stockholders (or proxies). The same rule shall apply to any proposal to amend the agenda and motion to adjourn the meeting. The shares represented by the proponents and the seconders shall reach 100,000.

Article 7 The explanation of proposal shall be limited to 5 minutes. The statement of inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairperson's permission. The chairperson may restrain stockholders (or proxies) from speaking if that stockholders (or proxies) speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal. When a stockholder (or proxy) is speaking, other stockholder (or proxy) shall not interrupt without consent of the chairperson and the speaking stockholder (or proxy). Any disobedient of the preceding rule shall be prohibited by the chairperson.

Article 15 of this meeting rule shall apply if the disobedient do not follow the chairperson's instructions.

Article 8 For the same proposal, each person shall not speak more than 2 times. When a juristic person is a stockholder, only one representative shall be appointed to attend the meeting, if more than two representatives were appointed to attend the meeting, only one representative is allowed to speak.

Article 8-1 Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The

regulations in article 5, 7 and 8 do not apply.

- Article 9 After speaking by the attending stockholder (or proxy), the chairperson may reply in person or assign relevant officer to reply. Over the proposal discussion, the chairperson may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- Article 10 For proposal in which discussion has been concluded or closed, the chairperson shall submit it for voting.
No discussion or voting shall proceed for matters unrelated to the proposals.
The personnel responsible for overseeing and counting of the votes for resolutions shall be appointed by the chairperson. The person responsible for vote overseeing shall be of the stockholder status.
- Article 11 When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In regards to the resolution of proposals, unless otherwise provided for in the relevant law and regulation or Company's articles of incorporation, resolution shall be passed by a majority of the voting rights represented by the stockholders (or proxies) attending the meeting.

All ballots on proposals and elections shall be voted at once, and shall be counted at once after the chairman announces the voting session ends.

If there are amendments or substitute proposals for the same proposal, the sequence of which to be put to vote shall be decided by the chairperson. If one of the two proposals has been approved, the other proposal shall be deemed rejected without requirement to put it to vote.

The results of voting and election shall be announced on the spot after the vote counting and be kept for records.

In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairman has announced the meeting adjourned.
- Article 12 During the meeting, the chairperson may at his/her discretion declare time for break.
- Article 13 In the event of a virtual shareholders meeting, when declaring the meeting open, the chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction

continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date.

When encountering force majeure during the meeting, the chairman may decide to suspend the meeting and announce the time for the continuation of the meeting as appropriate.

- Article 14 The chairperson may maintain the meeting order by instructing the security guards. The security guards shall wear the armband for identification when helping maintaining the venue order.
- Article 15 The stockholders (or proxies) shall obey the instructions of the chairperson and security guards in terms of maintaining the order. The chairperson or security guards may exclude the persons disturbing the stockholders' meeting from the meeting.
- Article 16 For matters not governed by the rules specified herein, shall be governed according to Company Law, Stock Exchange Law and the other related laws and regulations.
- Article 17 The rules herein take effect after approval at the stockholders' meeting; the same apply for any amendments.

VIII. Appendices

1. Shareholding of Directors.

Book closure date (March 22nd, 2025)

Title	Name	Representative	Shareholdings	Ratio of Shareholding (%)
Chairman	Douglas Tong Hsu	-	1,779,835	0.13
Directors	Ding Ding Management Consultant Corp.	Nancy Hsu	73,009	0.01
	Far Eastern New Century Corporation	Nicole Hsu	241,748,932	17.06
	Far Eastern New Century Corporation	Philby Lee	241,748,932	17.06
	Asia Cement Corporation	Chee Ching	80,052,950	5.65
	Yue-Li Investment Corporation	Jin-Lin Liang	1,769,001	0.12
Independent Directors	Edward Yung Do Way		-	-
	Dong, Ding Yu		-	-
	Susan S. Chang		-	-
Total shares owned by all Directors			325,423,727	22.97
The total legal registered shares owned by all Directors			34,006,574	2.40

Note 1: The total issued and outstanding shares on the book closure date: 1,416,940,589 shares.

Note 2: The shareholding of all directors meet the minimum required combined shareholding.

Note 3: The shares held by each individual representative appointed are not counted in the calculation of the combined shareholding of all directors.

2. Impact of the stock dividend distribution on operating results, EPS and shareholders' return on investment.

Not applicable