

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

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

DOUGLAS HSU
Chairman

March 4, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern Department Stores, Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Evaluation of Impairment Loss of Goodwill

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

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

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

Other Matter

We have also audited the parent company only financial statements of Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Ming-Hsing Cho.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 4, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

	2021		2020	
	Amount	%	Amount	%
Share of other comprehensive income of associates accounted for using the equity method	\$ 79,079	-	\$ 31,283	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>9,648</u>	<u>-</u>	<u>19,377</u>	<u>-</u>
	<u>210,126</u>	<u>1</u>	<u>(430,445)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,859	-	(25,068)	-
Share of other comprehensive (loss) income of associates accounted for using the equity method	<u>(6,726)</u>	<u>-</u>	<u>25,525</u>	<u>-</u>
	<u>(1,867)</u>	<u>-</u>	<u>457</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>208,259</u>	<u>1</u>	<u>(429,988)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,113,575</u>	<u>6</u>	<u>\$ 2,114,909</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,208,100	3	\$ 1,939,139	5
Non-controlling interests	<u>697,216</u>	<u>2</u>	<u>605,758</u>	<u>2</u>
	<u>\$ 1,905,316</u>	<u>5</u>	<u>\$ 2,544,897</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,411,154	4	\$ 1,525,741	4
Non-controlling interests	<u>702,421</u>	<u>2</u>	<u>589,168</u>	<u>2</u>
	<u>\$ 2,113,575</u>	<u>6</u>	<u>\$ 2,114,909</u>	<u>6</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$0.86</u>		<u>\$1.38</u>	
Diluted	<u>\$0.86</u>		<u>\$1.37</u>	

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
	Share Capital (Note 24)	Capital Surplus (Note 24)	Retained Earnings (Note 24)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity (Note 24)			Non-controlling Interests (Note 24)	Total Equity	
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares (Note 24)			Total
BALANCE AT JANUARY 1, 2020	\$ 14,169,406	\$ 3,327,466	\$ 3,298,695	\$ 2,865,351	\$ 1,931,429	\$ 65,325	\$ 3,058,874	\$ 2,170,970	\$ (97,110)	\$ 30,790,406	\$ 8,113,401	\$ 38,903,807
Appropriation of 2019 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	125,920	-	(125,920)	-	-	-	-	-	-	-
Special reserve	-	-	-	(156,088)	156,088	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,133,552)	-	-	-	-	(1,133,552)	-	(1,133,552)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(117,859)	(117,859)
	-	-	125,920	(156,088)	(1,103,384)	-	-	-	-	(1,133,552)	(117,859)	(1,251,411)
Net profit for the year ended December 31, 2020	-	-	-	-	1,939,139	-	-	-	-	1,939,139	605,758	2,544,897
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(71,064)	3,225	(345,559)	-	-	(413,398)	(16,590)	(429,988)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	1,868,075	3,225	(345,559)	-	-	1,525,741	589,168	2,114,909
Adjustments resulting from investments in associates accounted for using the equity method	-	11,325	-	-	-	-	-	-	-	11,325	9,658	20,983
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(1,036)	-	1,036	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	14,169,406	3,338,791	3,424,615	2,709,263	2,695,084	68,550	2,714,351	2,170,970	(97,110)	31,193,920	8,594,368	39,788,288
Appropriation of 2020 earnings	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	186,704	-	(186,704)	-	-	-	-	-	-	-
Special reserve	-	-	-	(89,694)	89,694	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(510,016)	(510,016)
	-	-	186,704	(89,694)	(1,655,645)	-	-	-	-	(1,558,635)	(510,016)	(2,068,651)
Net profit for the year ended December 31, 2021	-	-	-	-	1,208,100	-	-	-	-	1,208,100	697,216	1,905,316
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(27,314)	(2,615)	226,789	6,194	-	203,054	5,205	208,259
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,180,786	(2,615)	226,789	6,194	-	1,411,154	702,421	2,113,575
Adjustments resulting from investments in associates accounted for using the equity method	-	2,191	-	-	-	-	-	-	-	2,191	(245)	1,946
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(3,792)	-	3,792	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 14,169,406	\$ 3,340,982	\$ 3,611,319	\$ 2,619,569	\$ 2,216,433	\$ 65,935	\$ 2,944,932	\$ 2,177,164	\$ (97,110)	\$ 31,048,630	\$ 8,786,528	\$ 39,835,158

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 4, 2022.

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

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021”

The Group elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Group applies the amendment from January 1, 2021

- b. The IFRSs endorsed by the FSC for application starting from 2022

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

- c. IFRSs that have been issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred income tax related to assets and liabilities arising from one single transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information related to material transactions, other events or conditions are themselves material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

See Note 12 and Table 8 for details on subsidiaries, including the percentages of their ownership and main businesses.

Refer to Table 1 for the diagram of intercompany relationships of the consolidated financial statements for the year ended December 31, 2021.

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

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

2) Derecognition of intangible assets

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

Concession assets

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

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

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

1. Concession liability

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

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

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

p. Revenue recognition

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

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

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

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

q. Leases

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

1) The Group as lessor

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

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

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

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

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 9 for the accounting policies for investment properties.

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

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

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

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

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

r. Borrowing costs

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

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

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

s. Government subsidies

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

The government subsidies that are related to profit making and aim to compensate the Group are recognized as current income on a systematic basis for the period in which the related costs are booked as expenses.

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

t. Retirement benefit costs

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

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

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

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation and Uncertainty

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise. Furthermore, the estimated cash flows, growth rate and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on the impact arising from potential disruptions of the Group's operations and volatility in financial markets due to the evolution of COVID-19 pandemic.

Please refer to Note 17 for the amount of goodwill as of December 31, 2021 and 2020.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand and revolving funds	\$ 205,825	\$ 174,161
Checking accounts and demand deposits	7,768,813	6,321,368
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	6,600,102	7,845,295
Repurchase agreements	299,494	399,727
Triple stimulus vouchers	-	50,883
Quintuple stimulus vouchers	62,729	-
Commercial papers	4,595,127	-
	<u>\$ 19,532,090</u>	<u>\$ 14,791,434</u>

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

	December 31	
	2021	2020
Deposits in bank	0.001%-2.100%	0.001%-2.025%
Repurchase agreements	0.250%	0.230%-0.240%
Commercial papers	0.330%-0.340%	-

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

	December 31	
	2021	2020
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Beneficiary certificates	\$ 347,960	\$ 336,200
Listed and over-the-counter (OTC) shares	<u>86,690</u>	<u>113,846</u>
	<u>\$ 434,650</u>	<u>\$ 450,046</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Investments in equity instruments at FVTOCI</u>		
Domestic investments		
Listed and OTC shares	\$ 4,431,551	\$ 4,352,973
Unlisted shares	<u>630,337</u>	<u>568,317</u>
	5,061,888	4,921,290
Foreign investments		
Unlisted shares	<u>16,416</u>	<u>16,551</u>
	<u>\$ 5,078,304</u>	<u>\$ 4,937,841</u>
Current	\$ 262,709	\$ 278,539
Non-current	<u>4,815,595</u>	<u>4,659,302</u>
	<u>\$ 5,078,304</u>	<u>\$ 4,937,841</u>

- a. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.
- b. Refer to Note 34 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Time deposits with original maturities of more than 3 months	\$ 1,121,222	\$ 1,008,058
Pledged deposits	<u>186,000</u>	<u>187,000</u>
	<u>\$ 1,307,222</u>	<u>\$ 1,195,058</u>
Current	\$ 1,184,222	\$ 1,171,058
Non-current	<u>123,000</u>	<u>24,000</u>
	<u>\$ 1,307,222</u>	<u>\$ 1,195,058</u>
Gross carrying amount	\$ 1,307,222	\$ 1,195,058
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,307,222</u>	<u>\$ 1,195,058</u>

- a. The credit risk of financial instruments such as bank deposits is measured and monitored by the accounting department. The counterparties are creditworthy banks and financial institutions with good credit rating.

- b. The interest rate interval of the financial assets measured at amortized cost as of December 31, 2021 and 2020 was 0.30%–1.95% and 0.30%–2.40%, respectively.
- c. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

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

a. Notes receivable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Operating	\$ 671	\$ 657
Non-operating	1,794	3,001
Less: Allowance for impairment loss	<u>(1,794)</u>	<u>(1,794)</u>
	<u>\$ 671</u>	<u>\$ 1,864</u>

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 671	\$ -	\$ -	\$ -	\$ 1,794	\$ 2,465
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>(1,794)</u>
Amortized cost	<u>\$ 671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671</u>

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 1,864	\$ -	\$ -	\$ -	\$ 1,794	\$ 3,658
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>(1,794)</u>
Amortized cost	<u>\$ 1,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,864</u>

b. Trade receivables

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
At amortized cost		
Gross carrying amount	\$ 1,474,826	\$ 852,642
Less: Allowance for impairment loss	<u>(126,532)</u>	<u>(127,662)</u>
	<u>\$ 1,348,294</u>	<u>\$ 724,980</u>

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

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

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

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

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

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.1200%	5.0800%	10.4300%	18.88%-100%	
Gross carrying amount	\$ 1,342,023	\$ 5,445	\$ 763	\$ 92	\$ 126,503	\$ 1,474,826
Loss allowance (Lifetime ECLs)	-	(5)	(19)	(9)	(126,499)	(126,532)
Amortized cost	<u>\$ 1,342,023</u>	<u>\$ 5,440</u>	<u>\$ 744</u>	<u>\$ 83</u>	<u>\$ 4</u>	<u>\$ 1,348,294</u>

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	2.0800%	6.6200%	7.7600%	100%	
Gross carrying amount	\$ 721,706	\$ 3,070	\$ 241	\$ -	\$ 127,625	\$ 852,642
Loss allowance (Lifetime ECLs)	-	(21)	(16)	-	(127,625)	(127,662)
Amortized cost	<u>\$ 721,706</u>	<u>\$ 3,049</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 724,980</u>

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

	2021	2020
Balance at January 1	\$ 127,662	\$ 128,628
Add: Impairment losses recognized	146	-
Less: Impairment losses reversed	-	(966)
Less: Amounts written off	<u>(1,276)</u>	<u>-</u>
Balance at December 31	<u>\$ 126,532</u>	<u>\$ 127,662</u>

c. Other receivables

	For the Year Ended December 31	
	2021	2020
<u>At amortized cost</u>		
Gross carrying amount		
Others	\$ 1,185,625	\$ 1,289,489
Less: Allowance for impairment loss	<u>(281,053)</u>	<u>(281,805)</u>
	<u>\$ 904,572</u>	<u>\$ 1,007,684</u>

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

December 31, 2021

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	0.0000%	0.0000%	100%	
Gross carrying amount	\$ 904,379	\$ 157	\$ 36	\$ -	\$ 281,053	\$ 1,185,625
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(281,053)</u>	<u>(281,053)</u>
Amortized cost	<u>\$ 904,379</u>	<u>\$ 157</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 904,572</u>

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.0000%	0.0000%	4.4000%	6.2100%	100%	
Gross carrying amount	\$ 1,007,527	\$ 132	\$ 26	\$ -	\$ 281,804	\$ 1,289,489
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(281,804)</u>	<u>(281,805)</u>
Amortized cost	<u>\$ 1,007,527</u>	<u>\$ 132</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,007,684</u>

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

	2021	2020
Balance at January 1	\$ 281,805	\$ 283,829
Add: Impairment losses recognized	221	-
Less: Impairment losses reversed	-	(4,173)
Less: Amounts written off	-	(1,553)
Foreign exchange gains and losses	<u>(973)</u>	<u>3,702</u>
Balance at December 31	<u>\$ 281,053</u>	<u>\$ 281,805</u>

11. INVENTORIES

	<u>December 31</u>	
	2021	2020
Merchandise	<u>\$ 2,441,255</u>	<u>\$ 2,374,459</u>
Allowance for inventory write-down	<u>\$ 69,945</u>	<u>\$ 71,159</u>
Allowance for losses on physical inventory	<u>\$ 21,760</u>	<u>\$ 23,009</u>
Allowance for unrealized purchase discounts	<u>\$ 3,216</u>	<u>\$ 2,827</u>

The cost of goods sold includes:

	<u>For the Year Ended December 31</u>	
	2021	2020
Cost of goods sold	\$ 17,537,926	\$ 18,216,356
Reversed unrealized loss on physical inventory and slow-moving inventory	2,463	32
(Recognized) reversed unrealized purchase discounts	<u>(389)</u>	<u>210</u>
	<u>\$ 17,540,000</u>	<u>\$ 18,216,598</u>

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Main Businesses	<u>Proportion of Ownership (%)</u>		Remark
			2021	2020	
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	
	Bai Yang Investment Co., Ltd.	Investment	100	100	
	Bai Ding Investment Co., Ltd.	Investment	67	67	
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	
	FEDS Development Ltd.	Investment	54	54	
	Ya Tung Department Stores, Ltd.	Department store	100	100	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	
	Asians Merchandise Company	Trading	100	100	

(Continued)

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			2021	2020	
Bai Yang Investment Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	FEDS Asia Pacific Development Co., Ltd.	Shopping mall	70	70	
	Bai Ding Investment Co., Ltd.	Investment	33	33	
	FEDS New Century Development Co., Ltd.	Shopping mall	100	100	1)
	FEDS Development Ltd.	Investment	46	46	
Bai Ding Investment Co., Ltd.	Pacific China Holdings (HK) Limited	Investment	40	40	
	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	40	40	
	Pacific Liu Tong Investment Co., Ltd.	Investment	13	13	
	Pacific Sogo Department Stores Co., Ltd.	Department store	1	1	
Yu Ming Advertising Agency Co., Ltd.	Far Eastern Hon Li Do Co., Ltd.	Building rental	44	44	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	-	-	
FEDS Development Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
	Pacific Liu Tong Investment Co., Ltd.	Investment	-	-	
Ya Tung Department Stores, Ltd.	Shanghai Bai Ding Consultant & Management Co., Ltd.	Consulting service	100	100	
	Chongqing FEDS Co., Ltd.	Department store	100	100	
	Pacific Liu Tong Investment Co., Ltd.	Investment	1	1	
	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
	Pacific Liu Tong Investment Co., Ltd.	Investment	2	2	
FEDS New Century Development Co., Ltd.	Chubei New Century Shopping Mall Co., Ltd.	Department store	100	100	1)
	Pacific Liu Tong Investment Co., Ltd.	Investment	79	79	
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Department store	60	60	
	Pacific China Holdings (HK) Limited	Investment	60	60	
Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	Department store	60	60	
	Pacific China Holdings Ltd. (B.V.I.)	Investment	100	100	
Pacific China Holdings (HK) Limited	Shanghai Pacific Department Stores Co., Ltd.	Department store	73	73	
	Shanghai Pacific Department Stores Co., Ltd.	Department store	100	100	2)
Pacific China Holdings Ltd. (B.V.I.)	Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	100	100	
	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	100	100	
Pacific (China) Investment Co., Ltd.	Chongqing Pacific Consultant & Management Co., Ltd.	Consulting service	100	100	
	Bai Fa China Holdings (HK) Ltd.	Investment	100	100	3)
	Pacific (China) Investment Co., Ltd.	Investment	100	100	
	Chengdu FEDS Co., Ltd.	Department store	100	100	4)
Pacific (China) Investment Co., Ltd.	Dalian Pacific Department Store Co., Ltd.	Department store	100	100	

(Concluded)

- 1) As of December 31, 2021, they were still in the startup period.
- 2) The board of directors resolved to discontinue operations starting from April 2019 and the entity was liquidated on December 29, 2020.
- 3) As there was no further business planning for the entity, the operation was suspended in June 2017.
- 4) Due to an oversupply of department stores in the market, Chengdu FEDS Co., Ltd. (hereinafter referred to as “Chengdu FEDS”) decided to reconstruct the operational plan and transform the business management to improve the overall effectiveness. As such, the operation was discontinued since December 23, 2017.

b. Subsidiaries excluded from the consolidated financial statements

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			2021	2020	
Pacific Sogo Department Stores Co., Ltd.	Lian Ching Investment Co., Ltd.	Investment	50	50	

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Associates that are not individually material	<u>\$ 10,151,421</u>	<u>\$ 10,164,724</u>
Aggregate information of associates that are not individually material:		
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
The Group's share of:		
(Loss) profit from continuing operations	\$ (27,562)	\$ 39,868
Other comprehensive income	<u>72,353</u>	<u>56,808</u>
Total comprehensive income for the year	<u>\$ 44,791</u>	<u>\$ 96,676</u>

July 2021 and October 2020, Yuan Hsin Digital Payment Co., Ltd. undertook a capital reduction to offset the deficit, which resulted in a decrease of the Group's shareholding in Yuan Hsin Digital Payment Co., Ltd. that corresponded to the existing ownership percentage by 4,110 thousand shares and 6,850 thousand shares, respectively.

Yuan Hsin Digital Payment Co., Ltd. had a cash capital increase arranged in August 2021. The Group had shares subscribed proportionally to the shareholding ratio with a resulting investment amount of NT\$42,358 thousand and a shareholding ratio of 35.3%.

Chongqing Pacific Consultant & Management Co., Ltd. (CPCM) invested its equity of RMB75,000 thousand and acquired 33% shareholding in Chengdu Baiyang Industry Co., Ltd. (CDBI). To secure a stable and long-term cooperation, CPCM entered into a contract with Chengdu Department Emporium Group Co., Ltd. (CDEG, a joint venture partner in Mainland China), whereby CPCM agreed to provide funding to CDBI of RMB425,000 thousand. The earnings distribution shall be conducted as per the percentage provided in the cooperation contract and not as per their respective percentages of ownership. The contract further states that where CDBI is not under liquidation or CPCM decides to transfer its shareholding, the aforementioned funding of RMB425,000 thousand shall be capitalized in stages and become the equity of CDBI. As such, the funding is recognized as a long-term investment prepayment. However, if CDEG requires an earnings distribution percentage that exceeds the contractual agreement, CPCM may simultaneously request to recover 50% of the earnings distribution exceeding the agreement and the aforementioned security deposit. As of December 31, 2021, CDBI had paid back a total amount of RMB108,308 thousand to CPCM.

The 2021 "profit and loss" and "other comprehensive profit and loss" of the affiliated companies under the equity method other than Yuan Hsin Digital Payment Co., Ltd., were recognized according to the financial reports of each affiliated company for the same period that were not audited by independent auditors. However, the Company's management believes that the aforementioned financial reports of the invested companies that were not audited by independent auditors have no significant impact. The profit and loss and other comprehensive profit and loss of affiliated companies under the equity method in 2020 were recognized in accordance with the financial reports for the same period of each affiliated company that were audited by independent auditors.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Buildings and Facilities	Decorative Facilities	Plant, Transportation and Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	\$ 13,720,139	\$ 21,491,814	\$ 10,868,726	\$ 12,976,520	\$ 3,214,048	\$ 691,696	\$ 62,962,943
Additions (deductions)	-	-	364,589	412,643	118,609	1,113,405	2,009,246
Disposals	-	(663)	(63,702)	(279,160)	(124,996)	-	(468,521)
Reclassification	-	-	32,550	30,857	11,190	(16,432)	58,165
Effect of exchange differences	-	(5,586)	-	(6,466)	(310)	-	(12,362)
Balance at December 31, 2021	<u>\$ 13,720,139</u>	<u>\$ 21,485,565</u>	<u>\$ 11,202,163</u>	<u>\$ 13,134,394</u>	<u>\$ 3,218,541</u>	<u>\$ 1,788,669</u>	<u>\$ 64,549,471</u>
Accumulated depreciation and impairment							
Balance at January 1, 2021	\$ -	\$ (8,428,013)	\$ (7,730,837)	\$ (10,562,737)	\$ (2,295,790)	\$ -	\$ (29,017,377)
Disposals	-	201	51,865	275,236	123,722	-	451,024
Impairment losses	-	(252,499)	-	-	-	-	(252,499)
Depreciation expense	-	(445,612)	(620,962)	(672,878)	(219,824)	-	(1,959,276)
Effect of exchange differences	-	5,259	-	6,006	260	-	11,525
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ (9,120,664)</u>	<u>\$ (8,299,934)</u>	<u>\$ (10,954,373)</u>	<u>\$ (2,391,632)</u>	<u>\$ -</u>	<u>\$ (30,766,603)</u>
Carrying amount at December 31, 2021	<u>\$ 13,720,139</u>	<u>\$ 12,364,901</u>	<u>\$ 2,902,229</u>	<u>\$ 2,180,021</u>	<u>\$ 826,909</u>	<u>\$ 1,788,669</u>	<u>\$ 33,782,868</u>
Cost							
Balance at January 1, 2020	\$ 13,720,139	\$ 21,470,677	\$ 10,615,174	\$ 12,983,625	\$ 3,106,658	\$ 116,434	\$ 62,012,707
Additions (deductions)	-	-	287,526	637,932	199,200	604,351	1,729,009
Disposals	-	-	(61,795)	(712,733)	(108,127)	-	(882,655)
Reclassification	-	-	27,821	44,974	15,178	(29,087)	58,886
Effect of exchange differences	-	21,137	-	22,722	1,139	(2)	44,996
Balance at December 31, 2020	<u>\$ 13,720,139</u>	<u>\$ 21,491,814</u>	<u>\$ 10,868,726</u>	<u>\$ 12,976,520</u>	<u>\$ 3,214,048</u>	<u>\$ 691,696</u>	<u>\$ 62,962,943</u>
Accumulated depreciation and impairment							
Balance at January 1, 2020	\$ -	\$ (7,962,389)	\$ (7,108,824)	\$ (10,450,016)	\$ (2,168,221)	\$ -	\$ (27,689,450)
Disposals	-	-	55,771	703,808	104,388	-	863,967
Impairment losses	-	-	-	(15,958)	(895)	-	(16,853)
Depreciation expense	-	(445,627)	(677,784)	(779,277)	(230,084)	-	(2,132,772)
Effect of exchange differences	-	(19,997)	-	(21,294)	(978)	-	(42,269)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ (8,428,013)</u>	<u>\$ (7,730,837)</u>	<u>\$ (10,562,737)</u>	<u>\$ (2,295,790)</u>	<u>\$ -</u>	<u>\$ (29,017,377)</u>
Carrying amount at December 31, 2020	<u>\$ 13,720,139</u>	<u>\$ 13,063,801</u>	<u>\$ 3,137,889</u>	<u>\$ 2,413,783</u>	<u>\$ 918,258</u>	<u>\$ 691,696</u>	<u>\$ 33,945,566</u>

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

Buildings	17-56 years
Buildings and facilities	5-20 years
Equipment under finance leases	2-20 years
Plant, transportation, and miscellaneous equipment	3-12 years

The Group's recoverable amount was less than the book amount according to the evaluation of profitability; therefore, impairment losses were recognized for an amount of NT\$252,499 thousand and NT\$16,853 thousand for the period from January 1 to December 31, 2021 and 2020, respectively. The said impairment losses were included in the "other profit and loss" account of the consolidated comprehensive income statement.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Land	\$ 10,495,280	\$ 10,961,544
Buildings	29,048,046	31,744,713
Plant, transportation, and miscellaneous equipment	<u>7,970</u>	<u>6,380</u>
	<u>\$ 39,551,296</u>	<u>\$ 42,712,637</u>
	For the Year Ended December 31	
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 673,727</u>	<u>\$ 2,494,328</u>
Depreciation charge for right-of-use assets		
Land	\$ 466,064	\$ 466,005
Buildings	2,954,864	3,360,186
Plant, transportation, and miscellaneous equipment	<u>2,114</u>	<u>1,488</u>
	<u>\$ 3,423,042</u>	<u>\$ 3,827,679</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Current	<u>\$ 3,189,336</u>	<u>\$ 3,473,928</u>
Non-current	<u>\$ 21,763,708</u>	<u>\$ 24,335,088</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Land	1.09%-1.75%	1.09%-1.75%
Buildings	0.86%-4.35%	0.86%-4.35%
Plant, transportation, and miscellaneous equipment	0.86%-1.09%	0.88%-1.09%

After assessing the future profitability, the Group found that the recoverable amount was lower than the carrying value. As such, from January 1 to December 31, 2021 and 2020, an impairment loss of \$231,371 thousand and \$613,770 thousand was recognized. The Group adopts value in use as the recoverable amount, and the discount rates were 5.88% and 6.0%-9.3%. The impairment loss was recognized under other gains and losses in the consolidated statements of comprehensive income.

Apart from the aforementioned additions, depreciation and impairment charges, the right-of-use assets of the Group from January 1 to December 31, 2021 and 2020 had not been subleased to a third party.

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

c. Material lease-in activities and terms

The Group had the lease agreement negotiated with some lessors due to the severe impact of the COVID-19 pandemic in 2021 and 2020. The lessor agreed to have provided a rent concession for the period from January 1 to December 31, 2021 and 2020.

The Group recognized the effect of the aforementioned rent concession for an amount of \$227,979 thousand and \$280,698 thousand, respectively (as a deduction in operating expenses).

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

In 2020, the Group entered into a lease agreement with Far Eastern Construction Co., Ltd. The property is used for operation of hypermarket, retails and other businesses. In September 2020, the Branch Far Eastern Ai Mai Co., Ltd. was established in Shuinan, Taichung.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 40,916	\$ 52,166
Expenses relating to low-value asset leases	\$ 64,839	\$ 64,626
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ (86,857)	\$ (143,427)
Total cash outflow for leases	<u>\$ (4,148,023)</u>	<u>\$ (4,224,076)</u>

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

16. INVESTMENT PROPERTIES

	Land	Buildings and Facilities	Investment Properties under Construction	Right-of-use Assets	Total
Balance at January 1, 2021	\$ 5,756,795	\$ 2,792,754	\$ 14,254	\$ 457,804	\$ 9,021,607
Additions	-	803	-	-	803
Gain (loss) on changes in the fair value of investment properties	<u>(603,037)</u>	<u>597,811</u>	<u>-</u>	<u>(39,051)</u>	<u>(44,277)</u>
Balance at December 31, 2021	<u>\$ 5,153,758</u>	<u>\$ 3,391,368</u>	<u>\$ 14,254</u>	<u>\$ 418,753</u>	<u>\$ 8,978,133</u>
Balance at January 1, 2020	\$ 5,720,778	\$ 2,866,154	\$ 10,124	\$ 489,585	\$ 9,086,641
Additions	-	2,453	4,130	-	6,583
Gain (loss) on changes in the fair value of investment properties	<u>36,017</u>	<u>(75,853)</u>	<u>-</u>	<u>(31,781)</u>	<u>(71,617)</u>
Balance at December 31, 2020	<u>\$ 5,756,795</u>	<u>\$ 2,792,754</u>	<u>\$ 14,254</u>	<u>\$ 457,804</u>	<u>\$ 9,021,607</u>

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

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

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

In 2021 and 2020, due to the COVID-19 pandemic that severely affected the global market economy, the Group agreed to reduce the rent from January 1 to December 31, 2021 and 2020.

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

	December 31	
	2021	2020
Year 1	\$ 808,556	\$ 833,396
Year 2	703,610	686,945
Year 3	594,069	623,572
Year 4	573,928	570,700
Year 5	522,935	554,832
Year 6 onwards	<u>3,503,157</u>	<u>4,041,713</u>
	<u>\$ 6,706,255</u>	<u>\$ 7,311,158</u>

The fair values of the investment properties as of December 31, 2021 and 2020 were based on the valuations carried out at those dates, on a recurring basis by independent qualified professional valuers, Hong-Kai Chang, Yi-Chih Chang, Yu-Fen Yeh and Kuang-Ping Tai from Savills Real Estate Appraiser Office, a member of certified ROC real estate appraisers.

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

	December 31	
	2021	2020
Expected future cash inflows	\$ 21,238,122	\$ 20,904,803
Expected future cash outflows	<u>3,246,689</u>	<u>3,011,028</u>
Expected future cash inflows, net	<u>\$ 17,991,433</u>	<u>\$ 17,893,775</u>
Discount rate	3.595%-4.095%	3.595%-4.345%

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

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

The discount rate was determined with reference to the interest rate for two-year time deposits of Chunghwa Post Co., Ltd. plus 0.75% and the risk premium of investment properties of 2%-2.5%.

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

	December 31	
	2021	2020
Estimated total sales price	<u>\$ 1,750,756</u>	<u>\$ 1,647,633</u>
Rate of return	17%-20%	18%-20%
Overall capital interest rate	1.40%-2.68%	1.34%-2.72%

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

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

17. INTANGIBLE ASSETS

	Goodwill	Computer Software	Franchise	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 7,631,973	\$ 532,386	\$ 243,859	\$ 8,408,218
Additions	-	39,617	312,386	352,003
Disposals	-	(17,479)	-	(17,479)
Reclassification	-	11,927	-	11,927
Effect of exchange differences	-	(245)	-	(245)
Balance at December 31, 2021	<u>\$ 7,631,973</u>	<u>\$ 566,206</u>	<u>\$ 556,245</u>	<u>\$ 8,754,424</u> (Continued)

	Goodwill	Computer Software	Franchise	Total
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2021	\$ (5,425,075)	\$ (402,016)	\$ -	\$ (5,827,091)
Impairment losses recognized	(437,462)	-	-	(437,462)
Amortization expense	-	(74,878)	(4,143)	(79,021)
Disposals	-	17,451	-	17,451
Effect of exchange differences	<u>-</u>	<u>233</u>	<u>-</u>	<u>233</u>
Balance at December 31, 2021	<u>\$ (5,862,537)</u>	<u>\$ (459,210)</u>	<u>\$ (4,143)</u>	<u>\$ (6,325,890)</u>
Carrying amount at December 31, 2021	<u>\$ 1,769,436</u>	<u>\$ 106,996</u>	<u>\$ 552,102</u>	<u>\$ 2,428,534</u>
<u>Cost</u>				
Balance at January 1, 2020	\$ 7,631,973	\$ 432,020	\$ 153,832	\$ 8,217,825
Additions	-	59,789	90,027	149,816
Disposals	-	(4,125)	-	(4,125)
Reclassification	-	43,819	-	43,819
Effect of exchange differences	<u>-</u>	<u>883</u>	<u>-</u>	<u>883</u>
Balance at December 31, 2020	<u>\$ 7,631,973</u>	<u>\$ 532,386</u>	<u>\$ 243,859</u>	<u>\$ 8,408,218</u>
<u>Accumulated amortization and impairment</u>				
Balance at January 1, 2020	\$ (5,425,075)	\$ (314,935)	\$ -	\$ (5,740,010)
Impairment losses recognized	-	(6,384)	-	(6,384)
Amortization expense	-	(83,971)	-	(83,971)
Disposals	-	4,125	-	4,125
Effect of exchange differences	<u>-</u>	<u>(851)</u>	<u>-</u>	<u>(851)</u>
Balance at December 31, 2020	<u>\$ (5,425,075)</u>	<u>\$ (402,016)</u>	<u>\$ -</u>	<u>\$ (5,827,091)</u>
Carrying amount at December 31, 2020	<u>\$ 2,206,898</u>	<u>\$ 130,370</u>	<u>\$ 243,859</u>	<u>\$ 2,581,127</u>

(Concluded)

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

The Group had evaluated the recoverable amount of goodwill in 2021 with goodwill impairment related to the Far Eastern Ai Mai Co., Ltd. recognized for an amount of \$437,462 thousand. The root cause of impairments was that the profits generated in Far Eastern Ai Mai Co., Ltd. did not meet the expectation.

The Group had evaluated the recoverable amount of goodwill for any possible impairment at the end of the reporting period and based the calculation of the recoverable amount on the value in use. The value in use is calculated according to the cash flow from each cash-generating unit's financial budget. It was calculated according to the estimated annual discount rate of 9.30% in 2021. The Group after having the recoverable amount of goodwill evaluated had recognized goodwill impairment loss related to the Far Eastern Ai Mai Co., Ltd. for an amount of \$437,462 thousand. The Group did not recognize any goodwill impairment loss in 2020.

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

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

Computer software	1-10 years
Franchise	45 years

18. PRE-PAYMENTS FOR LEASES

	December 31	
	2021	2020
	<u>\$ 1,844,391</u>	<u>\$ 1,517,865</u>

On July 8, 2015, Chubei New Century Shopping Mall Co., Ltd. signed with Hsinchu County Government the "Build-Operate-Transfer Agreement for Tingba Carpark of Hsinchu County" with Hsinchu County Government. As of December 31, 2021, the carpark is not yet open for operation. However, the lease payments and construction expenditure incurred had amounted to \$1,844,391 thousand. Pursuant to the agreement, the lease period starting from the transfer of superficies includes the construction and operation period and lasts for 50 years.

Chubei New Century Shopping Mall Co., Ltd. of the Group has had the trial operation on January 14, 2022; therefore, the related long-term prepaid rent is booked in the "right-of-use assets" account with amortization appropriated in accordance with the straight-line method over the lease period.

For long-term prepayment for lease pledged as collateral of loans, please see Note 34.

19. OTHER ASSETS

	December 31	
	2021	2020
Refundable deposits	\$ 1,309,188	\$ 1,358,481
Lease incentives	403,681	376,067
Others	<u>170,201</u>	<u>272,115</u>
	<u>\$ 1,883,070</u>	<u>\$ 2,006,663</u>
Current	\$ 60,485	\$ 103,887
Non-current	<u>1,822,585</u>	<u>1,902,776</u>
	<u>\$ 1,883,070</u>	<u>\$ 2,006,663</u>

20. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Credit loans	\$ 8,211,228	\$ 7,973,651
Secured loans (Note 33)	<u>1,657,571</u>	<u>1,072,095</u>
	<u>\$ 9,868,799</u>	<u>\$ 9,045,746</u>
Interest rate intervals are as follows:		
Credit loans	0.7500%-4.5675 %	0.8100%-3.9500 %
Secured loans	0.8300%-3.9900 %	0.8600%-3.9900 %

b. Short-term bills payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial papers	\$ 3,192,000	\$ 3,730,000
Less: Unamortized discount on short-term bills payable	<u>1,294</u>	<u>997</u>
	<u>\$ 3,190,706</u>	<u>\$ 3,729,003</u>

Outstanding short-term bills payable are as follows:

December 31, 2021

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
Mega Bills Finance	\$ 1,212,000	\$ 488	\$ 1,211,512	0.562%-0.600%	Shares	\$ 705,333
China Bills Finance	932,000	86	931,914	0.230%-0.300%	Shares	110,750
Grand Finance	448,000	346	447,654	0.420%-0.510%	-	-
International Bills Finance	350,000	267	349,733	0.500%-0.590%	Shares	119,610
Taiwan Cooperative Bills Finance	200,000	91	199,909	0.680%	-	-
Ta Ching Bill Finance	<u>50,000</u>	<u>16</u>	<u>49,984</u>	0.670%	-	<u>-</u>
	<u>\$ 3,192,000</u>	<u>\$ 1,294</u>	<u>\$ 3,190,706</u>			<u>\$ 935,693</u>

December 31, 2020

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
Mega Bills Finance	\$ 1,050,000	\$ 249	\$ 1,049,751	0.602%-0.620%	Shares	\$ 677,678
China Bills Finance	900,000	258	899,742	0.250%	Shares	108,000
Shanghai Bank	500,000	196	499,804	0.332%	-	-
Grand Finance	400,000	48	399,952	0.650%-0.682%	-	-
Ta Ching Bill Finance	280,000	68	279,932	0.610%-0.710%	-	-
International Bills Finance	200,000	65	199,935	0.510%	-	-
Taiwan Bills Finance	200,000	99	199,901	0.600%	-	-
Taiwan Cooperative Bills Finance	<u>200,000</u>	<u>14</u>	<u>199,986</u>	0.700%	-	<u>-</u>
	<u>\$ 3,730,000</u>	<u>\$ 997</u>	<u>\$ 3,729,003</u>			<u>\$ 785,678</u>

c. Long-term borrowings

	December 31	
	2021	2020
Secured loans	\$ 9,500,000	\$ 10,400,000
Credit loans	4,630,000	3,510,000
Syndicated loan (1)	1,960,000	630,000
Revolving commercial papers	<u>1,499,721</u>	<u>899,761</u>
Subtotal	17,589,721	15,439,761
Less: Listed as part due within 1 year	<u>-</u>	<u>299,933</u>
	<u>\$ 17,589,721</u>	<u>\$ 15,139,828</u>

The outstanding long-term bills payable are as follows:

December 31, 2021

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
<u>Commercial papers</u>						
KGI Commercial Bank	<u>\$ 1,500,000</u>	<u>\$ 279</u>	<u>\$ 1,499,721</u>	0.302	-	<u>\$ -</u>

Loan expiry date and interest rate intervals are as follows:

	December 31	
	2021	2020
loan maturity	January 2022 to January 2024	September 2021 to November 2023
Interest rate intervals	0.302%-1.895%	0.281%-1.895%

- 1) To support the development costs required for the “Build–Operate–Transfer Agreement for Tingba Carpark of Hsinchu County” (hereinafter referred to as the “Project”) in February 2016, Chubei New Century Shopping Mall Co., Ltd. entered into a medium-term syndicated loan agreement with Hua Nan Bank (lead bank), Taipei Fubon Bank, Chang Hwa Bank (three arrangers) and seven other banks for a loan of \$3,700,000 thousand. The Company serves as the joint guarantor.

The credit period lasts for five years starting from the first drawdown of the facility. The first drawdown is deemed to have been made two years after the loan agreement is signed even if there is no actual drawdown. During the credit period, the drawdown of the loan may be made multiple times. However, it shall not be drawn in a revolving basis. When the drawdown period expires, the unused credit facility is terminated automatically and cannot be drawn again.

According to the syndicated loans agreement, Chubei New Century Shopping Mall Co., Ltd. of the Group shall have the buildings and the affiliated facilities of this plan and the buildings of the affiliated enterprises mortgaged with first priority and a line of credit mortgage provided to the managing bank as collateral of the syndicated loans prior to the first-time use. In addition, the Company shall hold more than 50% shareholding of Chubei New Century Shopping Mall Co., Ltd. of the Group throughout the duration of the syndicated loans directly or indirectly and its managerial control.

Chubei New Century Shopping Mall Co., Ltd. of the Group had a loan amount of \$1,960,000 thousand expensed as of December 31, 2021. The loan is for a period from June 5, 2020 to February 26, 2023 with 1.895% per annum, a monthly interest payment, and a lump sum payment for principal on the expiry date.

21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Other payables		
Payables for salaries and bonuses	\$ 862,210	\$ 830,651
Payables for purchases of equipment	634,220	866,484
Payables for rent	51,556	35,581
Others	<u>2,220,892</u>	<u>1,988,614</u>
	<u>\$ 3,768,878</u>	<u>\$ 3,721,330</u>
Other liabilities		
Deposits received	\$ 298,042	\$ 339,379
Franchise liabilities	207,557	-
Others	<u>416,170</u>	<u>400,730</u>
	<u>\$ 921,769</u>	<u>\$ 740,109</u>
Current		
Other payables	<u>\$ 3,768,878</u>	<u>\$ 3,721,330</u>
Other liabilities	<u>\$ 395,085</u>	<u>\$ 373,784</u>
Non-current		
Other liabilities	<u>\$ 526,684</u>	<u>\$ 366,325</u>

22. PROVISIONS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Dismantling obligation	<u>\$ 28,272</u>	<u>\$ 28,047</u>
Current	\$ 3,000	\$ 3,000
Non-current	<u>25,272</u>	<u>25,047</u>
	<u>\$ 28,272</u>	<u>\$ 28,047</u>
		Dismantling Obligation
Balance at January 1, 2021		\$ 28,047
Unwinding of discount		<u>225</u>
Balance at December 31, 2021		<u>\$ 28,272</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

The pension costs of YMAC amounted to \$1,163 thousand and \$13 thousand in 2021 and 2020, respectively, and the accrued pension liabilities on December 31, 2021 and 2020 amounted to \$486 thousand for both years.

FEHLD terminated its trading business on July 1, 2000. Its employees were transferred to AIMAI. The length of services of the employees at FEHLD was carried forward and will serve as the calculation basis of the defined benefit plans at AIMAI. If the employees retire, the calculation of pension costs would include the length of service at FEHLD. The accrued pension liabilities on December 31, 2021 and 2020 amounted to \$201 thousand for both years. These accrued pension liabilities were provisions for the aforementioned pension.

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

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2021</u>				
Present value of defined benefit obligation	\$ 662,495	\$ 256,925	\$ 10,167	\$ 683,197
Fair value of the plan assets	<u>(859,196)</u>	<u>(43,199)</u>	<u>(10,235)</u>	<u>(179,169)</u>
Net defined benefit (assets) liabilities	<u>\$ (196,701)</u>	<u>\$ 213,726</u>	<u>\$ (68)</u>	<u>\$ 504,028</u>

(Continued)

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2020</u>				
Present value of defined benefit obligation	\$ 691,522	\$ 259,741	\$ 10,132	\$ 671,639
Fair value of the plan assets	<u>(897,385)</u>	<u>(31,071)</u>	<u>(9,945)</u>	<u>(163,729)</u>
Net defined benefit (assets) liabilities	<u>\$ (205,863)</u>	<u>\$ 228,670</u>	<u>\$ 187</u>	<u>\$ 507,910</u> (Concluded)

Movements in net defined benefit liabilities are as follows:

	FEDS			AIMAI		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit (Assets) Liabilities	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 691,522	\$ (897,385)	\$ (205,863)	\$ 259,741	\$ (31,071)	\$ 228,670
Service cost						
Current service cost	4,298	-	4,298	897	-	897
Service costs of prior periods	-	-	-	1,299	-	1,299
Net interest expense (income)	3,458	(4,502)	(1,044)	-	(166)	(166)
Recognized in profit or loss	<u>7,756</u>	<u>(4,502)</u>	<u>3,254</u>	<u>2,196</u>	<u>(166)</u>	<u>2,030</u>
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	45,740	45,740	-	(513)	(513)
Actuarial loss						
- changes in demographic assumptions	13,493	-	13,493	6,341	-	6,341
- experience adjustments	<u>(28,955)</u>	<u>-</u>	<u>(28,955)</u>	<u>2,316</u>	<u>-</u>	<u>2,316</u>
Recognized in other comprehensive income	<u>(15,462)</u>	<u>45,740</u>	<u>30,278</u>	<u>8,657</u>	<u>(513)</u>	<u>8,144</u>
Contributions from the employer	-	(24,370)	(24,370)	-	(25,118)	(25,118)
Benefits paid	(21,321)	21,321	-	(13,669)	13,669	-
Payments made from the Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 662,495</u>	<u>\$ (859,196)</u>	<u>\$ (196,701)</u>	<u>\$ 256,925</u>	<u>\$ (43,199)</u>	<u>\$ 213,726</u>
Balance at January 1, 2020	\$ 690,534	\$ (924,569)	\$ (234,035)	\$ 263,309	\$ (29,769)	\$ 233,540
Service cost						
Current service cost	5,044	-	5,044	1,249	-	1,249
Service costs of prior periods	-	-	-	1,975	-	1,975
Net interest expense (income)	5,179	(6,955)	(1,776)	-	(240)	(240)
Recognized in profit or loss	<u>10,223</u>	<u>(6,955)</u>	<u>3,268</u>	<u>3,224</u>	<u>(240)</u>	<u>2,984</u>
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	40,112	40,112	-	(1,106)	(1,106)
Actuarial loss						
- changes in demographic assumptions	2,462	-	2,462	2,043	-	2,043
- changes in financial assumptions	16,849	-	16,849	6,948	-	6,948
- experience adjustments	<u>11,630</u>	<u>-</u>	<u>11,630</u>	<u>334</u>	<u>-</u>	<u>334</u>
Recognized in other comprehensive income	<u>30,941</u>	<u>40,112</u>	<u>71,053</u>	<u>9,325</u>	<u>(1,106)</u>	<u>8,219</u>
Contributions from the employer	-	(46,149)	(46,149)	-	(15,289)	(15,289)
Benefits paid	(40,176)	40,176	-	(15,333)	15,333	-
Company account paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>(784)</u>	<u>-</u>	<u>(784)</u>
Balance at December 31, 2020	<u>\$ 691,522</u>	<u>\$ (897,385)</u>	<u>\$ (205,863)</u>	<u>\$ 259,741</u>	<u>\$ (31,071)</u>	<u>\$ 228,670</u>

	YTDS			SOGO		
	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 10,132	\$ (9,945)	\$ 187	\$ 671,639	\$ (163,729)	\$ 507,910
Service cost						
Current service cost	92	-	92	2,814	-	2,814
Service costs of prior periods	413	-	413	-	-	-
Net interest expense (income)	51	(50)	1	3,358	(868)	2,490
Recognized in profit or loss	556	(50)	506	6,172	(868)	5,304
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(129)	(129)	-	(2,113)	(2,113)
Actuarial loss						
- changes in demographic assumptions	-	-	-	17,942	-	17,942
- changes in financial assumptions	146	-	146	-	-	-
- experience adjustments	(254)	-	(254)	(6,014)	-	(6,014)
Recognized in other comprehensive income	(108)	(129)	(237)	11,928	(2,113)	9,815
Contributions from the employer	-	(111)	(111)	-	(19,001)	(19,001)
Benefits paid	-	-	-	(6,542)	6,542	-
Company account paid	(413)	-	(413)	-	-	-
Balance at December 31, 2021	\$ 10,167	\$ (10,235)	\$ (68)	\$ 683,197	\$ (179,169)	\$ 504,028
Balance at January 1, 2020	\$ 11,215	\$ (10,105)	\$ 1,110	\$ 664,251	\$ (161,435)	\$ 502,816
Service cost						
Current service cost	92	-	92	3,281	-	3,281
Net interest expense (income)	84	(76)	8	4,982	(1,286)	3,696
Recognized in profit or loss	176	(76)	100	8,263	(1,286)	6,977
Remeasurement						
Return on plan assets (excluding amounts included in net interest)	-	(326)	(326)	-	(5,270)	(5,270)
Actuarial loss						
- changes in demographic assumptions	-	-	-	10,988	-	10,988
- changes in financial assumptions	217	-	217	18,491	-	18,491
- experience adjustments	34	-	34	(6,601)	-	(6,601)
Recognized in other comprehensive income	251	(326)	(75)	22,878	(5,270)	17,608
Contributions from the employer	-	(131)	(131)	-	(19,491)	(19,491)
Benefits paid	(693)	693	-	(23,753)	23,753	-
Company account paid	(817)	-	(817)	-	-	-
Balance at December 31, 2020	\$ 10,132	\$ (9,945)	\$ 187	\$ 671,639	\$ (163,729)	\$ 507,910

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

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

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

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2021</u>				
Discount rates	0.500%	0.500%	0.500%	0.500%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.250%
<u>December 31, 2020</u>				
Discount rates	0.500%	0.500%	0.500%	0.500%
Expected rates of salary increase	2.000%	1.000%	2.000%	2.250%

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

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2021</u>				
Discount rate(s)				
0.25% increase	<u>\$ (15,360)</u>	<u>\$ (6,593)</u>	<u>\$ (194)</u>	<u>\$ (17,917)</u>
0.25% decrease	<u>\$ 15,906</u>	<u>\$ 6,847</u>	<u>\$ 201</u>	<u>\$ 18,606</u>
Expected rate(s) of salary increase				
0.25% increase	<u>\$ 15,395</u>	<u>\$ 6,685</u>	<u>\$ 194</u>	<u>\$ 17,966</u>
0.25% decrease	<u>\$ (14,947)</u>	<u>\$ (6,470)</u>	<u>\$ (189)</u>	<u>\$ (17,396)</u>
<u>December 31, 2020</u>				
Discount rate(s)				
0.25% increase	<u>\$ (16,862)</u>	<u>\$ (6,967)</u>	<u>\$ (217)</u>	<u>\$ (18,698)</u>
0.25% decrease	<u>\$ 17,485</u>	<u>\$ 7,247</u>	<u>\$ 225</u>	<u>\$ 19,447</u>
Expected rate(s) of salary increase				
0.25% increase	<u>\$ 16,923</u>	<u>\$ 7,076</u>	<u>\$ 218</u>	<u>\$ 18,780</u>
0.25% decrease	<u>\$ (16,409)</u>	<u>\$ (6,838)</u>	<u>\$ (212)</u>	<u>\$ (18,158)</u>

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

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2021</u>				
The expected contributions to the plans for the next year	<u>\$ 5,109</u>	<u>\$ 4,088</u>	<u>\$ 120</u>	<u>\$ 19,103</u>
The average duration of the defined benefit obligation	9.4 years	10.3 years	7.7 years	10.6 years (Continued)

	FEDS	AIMAI	YTDS	SOGO
<u>December 31, 2020</u>				
The expected contributions to the plans for the next year	<u>\$ 5,356</u>	<u>\$ 4,240</u>	<u>\$ 120</u>	<u>\$ 19,534</u>
The average duration of the defined benefit obligation	9.9 years	10.8 years	8.6 years	11.3 years (Concluded)

24. EQUITY

a. Share capital

Ordinary shares

	<u>December 31</u>	
	2021	2020
Shares authorized (in thousands)	<u>1,750,000</u>	<u>1,750,000</u>
Shares authorized	<u>\$ 17,500,000</u>	<u>\$ 17,500,000</u>
Shares issued and fully paid (in thousands)	<u>1,416,941</u>	<u>1,416,941</u>
Shares issued	<u>\$ 14,169,406</u>	<u>\$ 14,169,406</u>

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

b. Capital surplus

	<u>December 31</u>	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance in excess of ordinary shares	\$ 2,142,074	\$ 2,142,074
Treasury share transactions	1,173,346	1,173,346
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in associates	<u>25,562</u>	<u>23,371</u>
	<u>\$ 3,340,982</u>	<u>\$ 3,338,791</u>

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

c. Retained earnings and dividend policy

According to the Articles of Incorporation, where the Company makes profit in a fiscal year, the profit shall be first utilized to make its business income tax payments and offset deficit. From any remaining profit, out of the profit after tax for the current period plus other profit items adjusted to the current year's undistributed earnings other than profit after tax for the period, 10% will be appropriated as a legal reserve. After appropriating to the special reserve as required by government regulations, the remaining amount, along with any prior years' undistributed earnings, may be utilized for earnings distribution in the form of dividend based on shareholding percentage. However, the Company may retain a certain portion depending on the operating needs. In case of a capital increase during the year, dividend appropriated to new shareholders is subject to the resolution passed in the shareholders' meeting. For policies of compensation of employees and remuneration of directors stipulated by the Articles of Incorporation, please see Note 26(i).

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

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

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings on July 27, 2021 and June 24, 2020, respectively, are as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 186,704</u>	<u>\$ 125,920</u>
Special reserve	<u>\$ (89,694)</u>	<u>\$ (156,088)</u>
Cash dividends	<u>\$ (1,558,635)</u>	<u>\$ 1,133,552</u>
Dividends per share (NT\$)	\$ 1.10	\$ 0.80

The appropriation of the earnings for 2021 was proposed by the board of directors on March 4, 2022. The appropriations and dividends per share are as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 117,699</u>
Special reserve	<u>\$ 38,409</u>
Cash dividends	<u>\$ 1,275,247</u>
Dividends per share (NT\$)	\$ 0.9

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held on June 24, 2022.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2021	2020
Beginning at January 1	\$ 2,709,263	\$ 2,865,351
Reversals of special reserve		
Reversal of fair value of investment properties	<u>(89,694)</u>	<u>(156,088)</u>
Balance at December 31	<u>\$ 2,619,569</u>	<u>\$ 2,709,263</u>

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

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 68,550	\$ 65,325
Exchange differences on translating the financial statements of foreign operations	3,765	(16,845)
Share from associates accounted for using the equity method	<u>(6,380)</u>	<u>20,070</u>
Balance, at December 31	<u>\$ 65,935</u>	<u>\$ 68,550</u>

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

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 2,714,351	\$ 3,058,874
Recognized for the year		
Unrealized gain (loss) - equity instruments	163,696	(386,877)
Share from associates accounted for using the equity method	<u>63,093</u>	<u>41,318</u>
Other comprehensive income recognized for the year	2,941,140	2,713,315
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>3,792</u>	<u>1,036</u>
Balance at December 31	<u>\$ 2,944,932</u>	<u>\$ 2,714,351</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 8,594,368	\$ 8,113,401
Share in profit for the year	697,216	605,758
Other comprehensive income (loss) during the year		
Cash dividends distributed by subsidiaries	(510,016)	(117,859)
Exchange differences on translating the financial statements of foreign operations	1,094	(8,223)
Unrealized gain on financial assets at FVTOCI	5,703	2,577
Remeasurement of defined benefit plans	(5,373)	(9,638)
Related income tax	1,075	1,928
Share of other comprehensive income of associates accounted for using the equity method	2,706	(3,234)
Adjustments relating to changes in associates accounted for using the equity method	<u>(245)</u>	<u>9,658</u>
Balance, at December 31	<u>\$ 8,786,528</u>	<u>\$ 8,594,368</u>

g. Treasury shares

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

December 31, 2021

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 176,023</u>

December 31, 2020

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
Bai Ding Investment Co., Ltd.	8,207	<u>\$ 97,110</u>	<u>\$ 196,949</u>

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

25. REVENUE

	For the Year Ended December 31	
	2021	2020
Sales of goods (Note)	\$ 22,093,160	\$ 23,070,901
Commissions from concessionaires' sales (Note)	10,301,121	11,023,289
Maintenance and promotion fee income	737,065	794,739
Rental income		
Investment properties (Note 14)		
Other lease payments	242,537	302,214
Other operating leases		
Variable lease payments that do not depend on an index or a rate and contingent rentals	107,795	141,057
Other lease payments	1,084,955	1,170,107
Others	<u>741,831</u>	<u>785,642</u>
	<u>\$ 35,308,464</u>	<u>\$ 37,287,949</u>

Note: Gross revenue is presented as follows:

	For the Year Ended December 31	
	2021	2020
Concessionaires' sales	\$ 86,326,157	\$ 87,374,524
Sale of goods	<u>22,552,623</u>	<u>23,576,576</u>
	<u>\$ 108,878,780</u>	<u>\$ 110,951,100</u>

Contract Balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 10)	<u>\$ 671</u>	<u>\$ 1,864</u>	<u>\$ 1,132</u>
Trade receivables (Note 10)	<u>\$ 1,348,294</u>	<u>\$ 724,980</u>	<u>\$ 906,371</u>
Contract liabilities - current			
Sale of goods	\$ 9,616,687	\$ 8,039,334	\$ 7,669,255
Customer loyalty programs	30,522	76,226	95,772
Others	<u>12,775</u>	<u>6,174</u>	<u>5,801</u>
	<u>\$ 9,659,984</u>	<u>\$ 8,121,734</u>	<u>\$ 7,770,828</u>

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

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

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

	<u>For the Year Ended December 31</u>	
	2021	2020
<u>From contract liabilities at the start of the year</u>		
Sale of goods	\$ 5,337,162	\$ 5,872,964
Customer loyalty programs	<u>68,933</u>	<u>34,768</u>
	<u>\$ 5,406,095</u>	<u>\$ 5,907,732</u>

26. NET PROFIT FOR THE YEAR

Net profit for the year includes the following items:

a. Operating costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Operating costs		
Cost of sales	\$ 17,540,000	\$ 18,216,598
Rental costs	320,677	327,294
Others	<u>37,721</u>	<u>36,779</u>
	<u>\$ 17,898,398</u>	<u>\$ 18,580,671</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest income		
Bank deposits	\$ 52,590	\$ 59,386
Others	<u>5,093</u>	<u>6,858</u>
	<u>\$ 57,683</u>	<u>\$ 66,244</u>

c. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Dividend income		
Investments in equity instruments at FVTOCI	<u>\$ 318,847</u>	<u>\$ 312,581</u>

d. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Loss arising on changes in fair value of investment properties, net	\$ (163)	\$ (11,520)
Loss on change in fair value of investment properties	(44,277)	(71,617)
Foreign exchange (loss) gain, net	(14,922)	2,367
Loss on disposal of property, plant and equipment, net	(5,270)	(17,035)
Gain on disposal of investments	4,330	553
Impairment loss of intangible assets	(437,462)	(6,384)
Impairment loss of property, plant and equipment	(252,499)	(16,853)
Impairment loss of right-of-use assets	(231,371)	(613,770)
Other gains	250,077	172,445
Other losses	<u>(16,802)</u>	<u>(89,481)</u>
	<u>\$ (748,359)</u>	<u>\$ (651,295)</u>

e. Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest on lease liabilities	\$ 448,092	\$ 476,888
Interest on bank loans	359,985	359,531
Other interest expense	<u>23,918</u>	<u>20,639</u>
Total interest expense of financial liabilities not measured at fair value through profit or loss	831,995	857,058
Less: Amounts included in the cost of qualifying assets	<u>(35,360)</u>	<u>(5,691)</u>
	796,635	851,367
Reversal of unwinding of discounts on provisions	<u>225</u>	<u>224</u>
	<u>\$ 796,860</u>	<u>\$ 851,591</u>

Information on capitalized interest is as follows:

	<u>For the Year Ended December 31</u>	
	2021	2020
Capitalized interest amount	\$ 35,360	\$ 5,691
Capitalization rate interval	1.895%	1.895%

f. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 1,959,276	\$ 2,132,772
Right-of-use assets	3,423,042	3,827,679
Less: Adjustments to receipts in advance and depreciation	<u>(151,900)</u>	<u>(170,280)</u>
	5,230,418	5,790,171
Intangible assets (including amortization expense)	<u>79,021</u>	<u>83,971</u>
	<u>\$ 5,309,439</u>	<u>\$ 5,874,142</u>
 An analysis of deprecation by function		
Operating costs	\$ 222,017	\$ 228,913
Operating expenses	<u>5,008,401</u>	<u>5,561,258</u>
	<u>\$ 5,230,418</u>	<u>\$ 5,790,171</u>
 An analysis of amortization by function		
Operating costs	\$ 1,402	\$ 1,391
Operating expenses	<u>77,619</u>	<u>82,580</u>
	<u>\$ 79,021</u>	<u>\$ 83,971</u>

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties generating rental income	\$ 76,114	\$ 77,914
Direct operating expenses from investment properties not generating rental income	<u>31,401</u>	<u>33,312</u>
	<u>\$ 107,515</u>	<u>\$ 111,226</u>

h. Employee benefits expenses

	For the Year Ended December 31	
	2021	2020
Post-employment benefits (Note 20)		
Defined contribution plan	\$ 163,983	\$ 144,908
Defined benefit plan	<u>12,257</u>	<u>13,342</u>
	176,240	158,250
Other employee benefits	<u>3,926,810</u>	<u>3,971,642</u>
Total employee benefits expenses	<u>\$ 4,103,050</u>	<u>\$ 4,129,892</u>
 An analysis of employee benefits expenses by function		
Operating expenses	<u>\$ 4,103,050</u>	<u>\$ 4,129,892</u>

i. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at a rate of 2% to 3.5% and no less than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 4, 2022 and March 23, 2021, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Compensation of employees	3.2%	3.2%
Remuneration of directors	2.4%	2.4%

Amount

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 47,003	\$ 75,603
Remuneration of directors	35,252	56,702

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

There is no difference between the actual compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

27. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
In respect of the current year	\$ 607,324	\$ 644,936
Income tax on unappropriated earnings	1,436	16
Adjustments for the prior years	<u>(11,070)</u>	<u>(257,069)</u>
	<u>597,690</u>	<u>387,883</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year	\$ (61,012)	\$ 66,567
Adjustments to deferred tax attributable to changes in tax rates and laws	(4,543)	(7,147)
Deferred income tax not recognized in previous years is recognized in the current year	<u>(1,056)</u>	<u>8,571</u>
	<u>(66,611)</u>	<u>67,991</u>
Income tax expense recognized in profit or loss	<u>\$ 531,079</u>	<u>\$ 455,874</u>

(Concluded)

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

	For the Year Ended December 31	
	2021	2020
Profit before income tax from continuing operations	<u>\$ 2,436,395</u>	<u>\$ 3,000,771</u>
Income tax expense calculated at the statutory rate	\$ 650,563	\$ 625,591
Nondeductible expenses in determining taxable income	1,101	12,365
Deferred tax effect of earnings of subsidiaries	(68,764)	(20,840)
Tax-exempt income	(172,645)	(102,407)
Income tax on unappropriated earnings	1,436	16
Land value increment tax	4,490	(4,039)
Unrecognized loss carryforwards	222,306	135,301
Unrecognized deductible temporary differences	(120,639)	(6,211)
Adjustments for prior years' income tax	(12,126)	(248,498)
Others	<u>25,357</u>	<u>64,596</u>
Income tax expense recognized in profit or loss	<u>\$ 531,079</u>	<u>\$ 455,874</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plans	<u>\$ 9,648</u>	<u>\$ 19,377</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 991</u>	<u>\$ 1,063</u>
Current tax liabilities		
Income tax payable	<u>\$ 470,027</u>	<u>\$ 485,553</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Right-of-use assets	\$ 77,617	\$ (10,702)	\$ -	\$ (68)	\$ 66,847
Differences of pension in determining taxable income	140,607	(7,357)	3,593	-	136,843
Investments in subsidiaries	10,777	393	-	-	11,170
Others	<u>209,670</u>	<u>76,108</u>	<u>-</u>	<u>(29)</u>	<u>285,749</u>
	438,671	58,442	3,593	(97)	500,609
Loss carryforwards	<u>133,515</u>	<u>(37,120)</u>	<u>-</u>	<u>-</u>	<u>96,395</u>
	<u>\$ 572,186</u>	<u>\$ 21,322</u>	<u>\$ 3,593</u>	<u>\$ (97)</u>	<u>\$ 597,004</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Exchange Differences	Others	Closing Balance
<u>Deferred tax liabilities</u>						
Temporary differences						
Depreciation	\$ 963,175	\$ 28,817	\$ -	\$ -	\$ -	\$ 991,992
Reserve for land revaluation increment tax	508,719	-	-	-	-	508,719
Investment properties	348,194	4,490	-	-	-	352,684
Investments in subsidiaries	236,843	(32,223)	-	(1,001)	-	203,619
Differences of pension in determining taxable income	46,807	-	-	-	-	46,807
Others	<u>244,317</u>	<u>(46,373)</u>	<u>(6,055)</u>	<u>-</u>	<u>-</u>	<u>191,889</u>
	<u>\$ 2,348,055</u>	<u>\$ (45,289)</u>	<u>\$ (6,055)</u>	<u>\$ (1,001)</u>	<u>\$ -</u>	<u>\$ 2,295,710</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Right-of-use assets	\$ 172,450	\$ (95,046)	\$ -	\$ 213	\$ 77,617
Differences of pension in determining taxable income	140,406	(4,965)	5,166	-	140,607
Investments in subsidiaries	1,611	9,166	-	-	10,777
Others	<u>131,784</u>	<u>77,801</u>	<u>-</u>	<u>85</u>	<u>209,670</u>
	446,251	(13,044)	5,166	298	438,671
Loss carryforwards	<u>142,974</u>	<u>(9,459)</u>	<u>-</u>	<u>-</u>	<u>133,515</u>
	<u>\$ 589,225</u>	<u>\$ (22,503)</u>	<u>\$ 5,166</u>	<u>\$ 298</u>	<u>\$ 572,186</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Others	Closing Balance
<u>Deferred tax liabilities</u>						
Temporary differences						
Depreciation	\$ 922,711	\$ 40,464	\$ -	\$ -	\$ -	\$ 963,175
Reserve for land revaluation increment tax	508,719	-	-	-	-	508,719
Investment properties	352,232	(4,038)	-	-	-	348,194
Investments in subsidiaries	233,970	(951)	-	3,824	-	236,843
Differences of pension in determining taxable income	46,807	-	-	-	-	46,807
Others	<u>248,515</u>	<u>10,013</u>	<u>(14,211)</u>	<u>-</u>	<u>-</u>	<u>244,317</u>
	<u>\$ 2,312,954</u>	<u>\$ 45,488</u>	<u>\$ (14,211)</u>	<u>\$ 3,824</u>	<u>\$ -</u>	<u>\$ 2,348,055</u>

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Loss carryforwards		
Expiry in 2031	\$ 950,349	\$ -
Expiry in 2030	365,159	482,780
Expiry in 2029	609,155	644,357
Expiry in 2028	1,001,991	989,901
Expiry in 2027	1,900,830	2,014,173
Expiry in 2026	636,276	1,171,097
Expiry in 2025	89,688	82,078
Expiry in 2024	83,290	83,290
Expiry in 2023	104,168	120,897
Expiry in 2022	165,230	186,093
Expiry in 2021	<u>-</u>	<u>157,297</u>
	<u>\$ 5,906,136</u>	<u>\$ 5,931,963</u>
Deductible temporary differences	<u>\$ 1,745,081</u>	<u>\$ 1,385,443</u>

- f. Information on unused loss carryforwards

As of December 31, 2021, information on loss carryforwards is as follows:

Remaining Creditable Amount	Expiry Year
\$ 950,349	2031
400,879	2030
773,952	2029
1,225,195	2028
1,904,026	2027
636,276	2026
89,688	2025
83,290	2024
129,169	2023
<u>195,289</u>	2022
<u>\$ 6,388,113</u>	

g. Income tax assessments

Income tax returns of the entities in the Group in the ROC through 2019 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 0.86</u>	<u>\$ 1.38</u>
Diluted earnings per share	<u>\$ 0.86</u>	<u>\$ 1.37</u>

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

Net profit for the year

	For the Year Ended December 31	
	2021	2020
Profit for the year attributable to owners of the Company	\$ 1,208,100	\$ 1,939,139
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 1,208,100</u>	<u>\$ 1,939,139</u>

Shares

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	1,408,734	1,408,734
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u> 3,237</u>	<u> 4,499</u>
Weighted average number of ordinary shares outstanding used in the computation of dilutive earnings per share	<u>1,411,971</u>	<u>1,413,233</u>

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

29. GOVERNMENT SUBSIDIES

In 2021, the Group received a nonrecurring business allowance for an amount of \$117,000 thousand in accordance with Article 5-1 of the “Financial Relief for Industries and Businesses Affected by the COVID-19 Pandemic by the MOEA” in 2021; also, the allowance for an amount of \$44 thousand (RMB10 thousand) from Chongqing City Chamber of Commerce during the outbreak of the COVID-19 pandemic, which were debited to the “operating expenses” and booked in “non-operating income and expense,” respectively.

In 2020, the Group received a subsidy for salaries and working capital totaling \$88,693 thousand in accordance with Article 5 of “Relief Measures from Ministry of Economic Affairs for Severely Affected Industries due to COVID-19”, a wage subsidy of \$3,902 thousand (RMB911 thousand) from the Human Resources and Social Security Bureau of Chongqing City, a loan interest expense subsidy for SME businesses of \$2,570 thousand (RMB600 thousand) from the Commerce Committee of Chongqing City, a production subsidy for SME businesses of \$472 thousand (RMB110 thousand) from the district government of Zhongshan, Dalian, and a capital subsidy of \$300 thousand (RMB70 thousand) from Yuzhong district’s special project of Chongqing Municipal People’s Government, all of which are classified either as a deduction of operating expenses or as non-operating income and expenses.

30. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

For the years ended December 31, 2021 and 2020, the prepayment for equipment reclassified to property, plant and equipment amounted to \$58,165 thousand and \$58,886 thousand, respectively (please see Note 14).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change in Exchange Rate	Others	
Short-term borrowings	\$ 9,045,746	\$ 844,033	\$ -	\$ (20,980)	\$ -	\$ 9,868,799
Short-term bills payable	3,729,003	(538,297)	-	-	-	3,190,706
Long-term borrowings (including current portion)	15,439,761	2,149,960	-	-	-	17,589,721
Lease liabilities	27,809,016	(2,990,437)	352,397	(2,371)	(215,561)	24,953,044
Other non-current liabilities	366,325	(42,940)	-	-	203,299	526,684
	<u>\$ 56,389,851</u>	<u>\$ (577,681)</u>	<u>\$ 352,397</u>	<u>\$ (23,351)</u>	<u>\$ (12,262)</u>	<u>\$ 56,128,954</u>

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			New Leases	Change in Exchange Rate	Others	
Short-term borrowings	\$ 9,630,896	\$ (644,722)	\$ -	\$ 59,572	\$ -	\$ 9,045,746
Short-term bills payable	3,622,993	106,010	-	-	-	3,729,003
Long-term borrowings (including current portion)	17,539,757	(2,099,996)	-	-	-	15,439,761
Lease liabilities	28,787,522	(2,957,964)	2,274,812	22,601	(317,955)	27,809,016
Other non-current liabilities	457,159	(90,834)	-	-	-	366,325
	<u>\$ 60,038,327</u>	<u>\$ (5,687,506)</u>	<u>\$ 2,274,812</u>	<u>\$ 82,173</u>	<u>\$ (317,955)</u>	<u>\$ 56,389,851</u>

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificates	\$ 347,960	\$ -	\$ -	\$ 347,960
Domestic listed ordinary shares	<u>86,690</u>	<u>-</u>	<u>-</u>	<u>86,690</u>
	<u>\$ 434,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,650</u>
<u>Financial assets at FVTOCI</u>				
Domestic listed ordinary shares	\$ 4,431,551	\$ -	\$ -	\$ 4,431,551
Unlisted shares	<u>-</u>	<u>-</u>	<u>646,753</u>	<u>646,753</u>
	<u>\$ 4,431,551</u>	<u>\$ -</u>	<u>\$ 646,753</u>	<u>\$ 5,078,304</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Beneficiary certificates	\$ 336,200	\$ -	\$ -	\$ 336,200
Domestic listed ordinary shares	<u>113,846</u>	<u>-</u>	<u>-</u>	<u>113,846</u>
	<u>\$ 450,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,046</u>
<u>Financial assets at FVTOCI</u>				
Domestic listed ordinary shares	\$ 4,352,973	\$ -	\$ -	\$ 4,352,973
Unlisted shares	<u>-</u>	<u>-</u>	<u>584,868</u>	<u>584,868</u>
	<u>\$ 4,352,973</u>	<u>\$ -</u>	<u>\$ 584,868</u>	<u>\$ 4,937,841</u>

There were no transfers between Level 1 and 2 in both 2021 and 2020.

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

For the year ended December 31, 2021

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2021	\$ 584,868
Recognized in profit or loss (included in other gains and losses)	(235)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>62,120</u>
Balance at December 31, 2021	<u>\$ 646,753</u>

For the year ended December 31, 2020

Financial Assets	Investment in Equity Instruments at FVTOCI
Balance at January 1, 2020	\$ 591,283
Recognized in profit or loss (included in other gains and losses)	(441)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	<u>(5,974)</u>
Balance at December 31, 2020	<u>\$ 584,868</u>

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 434,650	\$ 450,046
Financial assets at amortized cost (1)	24,393,325	19,065,317
FVTOCI		
Equity instruments	5,078,304	4,937,841
<u>Financial liabilities</u>		
Amortized cost (2)	51,625,177	48,194,418

1) The balances included the carrying amount of cash and cash equivalents, notes receivable and trade receivables (including related parties), other receivables and refundable deposits, which are measured at amortized cost.

2) The balances included the carrying amount of short-term borrowings, short-term bills payable, notes payable and trade payables (including related parties), other payables, long-term borrowings including the current portion and deposits received, which are measured at amortized cost.

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Exchange rate risk

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

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

	In Thousands of U.S. Dollars	
	December 31	
	2021	2020
<u>Assets</u>		
USD	<u>\$ 21,643</u>	<u>\$ 5,218</u>
<u>Liabilities</u>		
USD	<u>\$ 13,999</u>	<u>\$ 13,772</u>

Sensitivity analysis

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

If exchange rates increase/decrease by 1% and all variables remained unchanged, the profit before tax for the years ended December 31, 2021 and 2020 would decrease/increase by \$2,116 thousand and \$2,436 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 12,864,674	\$ 9,490,963
Financial liabilities	26,345,448	28,361,111
Cash flow interest rate risk		
Financial assets	5,595,167	4,701,632
Financial liabilities	29,464,379	27,662,415

Sensitivity analysis

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

If interest rates increase/decrease by 100 basis points, all variables remained unchanged, the profit before tax for the years ended December 31, 2021 and 2020 would decrease/increase by \$238,692 thousand and \$229,608 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

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

If equity prices increase/decrease by 5%, the profit before tax for the years ended December 31, 2021 and 2020 would increase/decrease by \$21,733 thousand and \$22,502 thousand, respectively due to the change in fair value of financial assets measured at fair value through profit or loss. The pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would increase/decrease by \$253,915 thousand and \$246,892 thousand, respectively due to the change in fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

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

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

3) Liquidity risk

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

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

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

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

December 31, 2021

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
<u>Non-derivative financial liabilities</u>							
Short-term borrowings	\$ 9,868,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,868,799
Short-term bills payable	3,190,706	-	-	-	-	-	3,190,706
Notes payable	5,830	-	-	-	-	-	5,830
Trade payables	16,806,804	-	-	-	-	-	16,806,804
Trade payables to related parties	96,397	-	-	-	-	-	96,397
Other payables	3,768,878	-	-	-	-	-	3,768,878
Lease liabilities	3,305,642	3,112,082	2,475,248	2,193,901	1,696,074	15,964,399	28,747,346
Franchise liabilities	5,614	6,903	6,903	6,903	6,903	272,531	305,757
Long-term borrowings (including current portion)	-	17,189,721	400,000	-	-	-	17,589,721
Deposits received	90,053	164,024	7,791	21,154	2,260	12,760	298,042

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 3,305,642	\$ 9,477,305	\$ 6,587,193	\$ 3,590,620	\$ 2,918,461	\$ 2,868,125
Franchise liabilities	<u>5,614</u>	<u>27,612</u>	<u>34,514</u>	<u>34,514</u>	<u>34,514</u>	<u>168,989</u>
	<u>\$ 3,311,256</u>	<u>\$ 9,504,917</u>	<u>\$ 6,621,707</u>	<u>\$ 3,625,134</u>	<u>\$ 2,952,975</u>	<u>\$ 3,037,114</u>

December 31, 2020

	On Demand or Not Later than 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Later than 5 Years	Total
<u>Non-derivative financial liabilities</u>							
Short-term borrowings	\$ 9,045,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,045,746
Short-term bills payable	3,729,003	-	-	-	-	-	3,729,003
Notes payable	6,626	-	-	-	-	-	6,626
Trade payables	15,844,472	-	-	-	-	-	15,844,472
Trade payables to related parties	68,101	-	-	-	-	-	68,101
Other payables	3,721,330	-	-	-	-	-	3,721,330
Lease liabilities	3,621,829	3,299,652	3,058,594	2,457,945	2,215,733	16,965,339	31,619,092
Long-term borrowings (including current portion)	299,933	11,069,828	4,070,000	-	-	-	15,439,761
Deposits received	76,637	215,788	6,099	7,248	19,200	14,407	339,379

Additional information on the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 3,621,829</u>	<u>\$ 11,031,924</u>	<u>\$ 7,378,711</u>	<u>\$ 4,003,498</u>	<u>\$ 2,934,742</u>	<u>\$ 2,648,388</u>

The amounts of variable interest rate instruments for both non-derivative financial liabilities mentioned above are subject to change if the changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	Unit: Thousand	
	December 31	
	2021	2020
<u>Unsecured bank overdraft facilities</u>		
NTD		
Amount used	\$ -	\$ -
Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
RMB		
Amount used	\$ 35,951	\$ -
Amount unused	<u>64,049</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<u>Secured bank loan facilities</u>		
NTD		
Amount used	\$ 13,982,000	\$ 12,830,000
Amount unused	<u>9,778,000</u>	<u>8,950,000</u>
	<u>\$ 23,760,000</u>	<u>\$ 21,780,000</u>
USD		
Amount used	\$ 10,013	\$ 10,000
Amount unused	<u>-</u>	<u>5,000</u>
	<u>\$ 10,013</u>	<u>\$ 15,000</u>
RMB		
Amount used	\$ 30,000	\$ 20,000
Amount unused	<u>5,000</u>	<u>78,000</u>
	<u>\$ 35,000</u>	<u>\$ 98,000</u>
<u>Unsecured bank loan facilities</u>		
NTD		
Amount used	\$ 12,123,000	\$ 11,548,000
Amount unused	<u>23,367,000</u>	<u>20,922,000</u>
	<u>\$ 35,490,000</u>	<u>\$ 32,470,000</u>

(Continued)

	December 31	
	2021	2020
USD		
Amount used	\$ 132,079	\$ 121,688
Amount unused	<u>210,791</u>	<u>158,312</u>
	<u>\$ 342,870</u>	<u>\$ 280,000</u>
RMB		
Amount used	\$ 75,000	\$ -
Amount unused	<u>30,000</u>	<u>255,000</u>
	<u>\$ 105,000</u>	<u>\$ 255,000</u>

(Concluded)

33. TRANSACTIONS WITH RELATED PARTIES

In addition to disclosure in other notes, the transactions between the Company and related parties are summarized as follows.

a. The Group's related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Ding Ding Integrated Marketing Service Co., Ltd. (DDIM)	Associate
Chengdu Baiyang Industry Co., Ltd. (CDBI)	Associate
Yuan Hsin Digital Payment Co., Ltd. (YHDP)	Associate
Oriental Securities Corporation (OSC)	Associate
Pacific Department Store Co., Ltd.	Associate
Sogo Department Stores Co., Ltd.	Associate
Far Eastern International Leasing Corp. (FEIL)	Associate
Yuan Ding Enterprise (Shanghai) Limited. (YDEL (Shanghai))	Associate
Yuan Shi Digital Technology Co., Ltd. (YSDT)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far EasTone Telecommunications Co., Ltd. (FET)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Electronic Toll Collection Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Fetc International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
New Century InfoComm Tech Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Ding Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Ding Ding Hotel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far East Resources Development Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)

(Continued)

Related Party	Relationship with the Group
Yuan Ding Integrated Information Service (Shanghai) Inc.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Construction Co., Ltd. (FECC)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Apparel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
YDT Technology International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern General Contractor Inc. (FEG)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Cing Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Prime EcoPower Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Arcoa Communication Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Asia Cement Corporation (ACC)	Associate of investor with significant influence over the Group (the associate of FENC)
Far Eastern Technical Consultants Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Yadong Ready Mixed Concrete Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Everest Textile Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Far Eastern New Century Corporation (FENC)	Investor with significant influence over the Group (the investor of FEDS accounted for using the equity method)
Yuan-Ze University	Other related party (the same chairman)
Far Eastern Memorial Hospital (FEMH)	Other related party (the same chairman)
Oriental Union Chemical Corp.	Other related party (the same chairman)
U-Ming Marine Transport Corp.	Other related party (the same chairman)
Mr. Xuyuan Zhi Memorial Foundation	Other related party (related party in substance)
Hong-Tong Developing Co., Ltd.	Other related party (related party in substance)
Sogo New Life Foundation	Other related party (related party in substance)
Pacific Sogo Social Welfare Foundation	Other related party (related party in substance)
Ding&Ding Management Consultants Co., Ltd.	Other related party (related party in substance)
Far Eastern International Bank (FEIB)	Other related party (the chairman of the Company is its vice chairman)
CitySuper (Hong Kong) Ltd.	Other related party (related party in substance of subsidiary, Far Eastern CitySuper Co., Ltd.)
CitySuper (Labuan) Ltd.	Other related party (investor accounting for subsidiary, Far Eastern CitySuper Co., Ltd. using equity method)
CitySuper Ltd.	Other related party (parent company of CitySuper (Labuan) Ltd.)
Yuanbo Asset Management Company	Other related party (subsidiary of Far Eastern International Leasing Corporation)
Chengdu Tai Bai Consultant and Management Co., Ltd.	Other related party (collaborative enterprise in mainland China)
Shanghai Xujiahui Centre Group	Other related party (collaborative enterprise in mainland China)
Fu Ming Transport Corporation	Other related party (the subsidiary of ACC)

(Concluded)

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Sales of goods (Note)	Associates of investor with significant influence over the Group	\$ 48,943	\$ 51,764
	Other related parties	7,220	5,498
	Investor with significant influence over the Group	1,074	1,043
	Associates	<u>-</u>	<u>8</u>
		<u>\$ 57,237</u>	<u>\$ 58,313</u>
Other operating revenue	Other related parties	\$ 61,861	\$ 64,984
	Associates of investor with significant influence over the Group	27,959	29,118
	Associates	<u>95</u>	<u>1,322</u>
		<u>\$ 89,915</u>	<u>\$ 95,424</u>

Note: Sales to related parties and unrelated parties were made under normal terms.

c. Purchases

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Operating costs (Note)	Associates of investor with significant influence over the Group	\$ 47,813	\$ 55,945
	Other related parties	14,750	12,428
	Investor with significant influence over the Group	<u>6</u>	<u>45</u>
		<u>\$ 62,569</u>	<u>\$ 68,418</u>

Note: Purchases from related parties and unrelated parties were made under normal terms.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade receivables	Other related parties	\$ 81,659	\$ 41,387
	Associates of investor with significant influence over the Group	47,424	54,098
	Associates (Note 1)	37,412	21,373
	Investor with significant influence over the Group	<u>3,148</u>	<u>7,880</u>
		<u>\$ 169,643</u>	<u>\$ 124,738</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Other receivables	Associates (Note 4)	\$ 105,671	\$ 106,375
	Associates of investor with significant influence over the Group	11,650	12,666
	Other related parties		
	Shanghai Xujiahui Commercial Co., Ltd. (Note 2)	-	189,778
	Others (Note 3)	10,300	7,127
		<u>10,300</u>	<u>196,905</u>
	Investor with significant influence over the Group	<u>378</u>	<u>1,354</u>
	<u>\$ 127,999</u>	<u>\$ 317,300</u>	

(Concluded)

Note 1: As of December 31, 2021, and 2020, provision for loss allowance amounted to \$119,483 thousand and \$121,952 thousand, respectively.

Note 2: As of December 31, 2020, other receivables from Shanghai Xujiahui Commercial Co., Ltd. included a loan to related party of \$187,250 thousand.

Note 3: As of December 31, 2021, and 2020, provision for loss allowance amounted to \$16,181 thousand for both years.

Note 4: As of December 31, 2020, the dividend receivable for an amount of NT\$26,625 thousand was reported.

e. Other current assets

Line Item	Related Party Category/Name	December 31	
		2021	2020
Prepayments	Other related parties	\$ 3,118	\$ 4,255
	Associates of investor with significant influence over the Group	49	309
	Associates	-	60
		<u>\$ 3,167</u>	<u>\$ 4,624</u>
Others	Associates	<u>\$ 570</u>	<u>\$ 570</u>

f. Other non-current assets

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease incentives	Associates of investor with significant influence over the Group	\$ 16,147	\$ 18,741
	Other related parties	<u>583</u>	<u>863</u>
		<u>\$ 16,730</u>	<u>\$ 19,604</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2021	2020
Refundable deposits	Associates	\$ 133,176	\$ 131,941
	Associates of investor with significant influence over the Group	<u>44,815</u>	<u>44,816</u>
		<u>\$ 177,991</u>	<u>\$ 176,757</u> (Concluded)

g. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Trade payables	Associates of investor with significant influence over the Group	\$ 82,671	\$ 63,634
	Other related parties	13,726	4,461
	Investor with significant influence over the Group	<u>-</u>	<u>6</u>
		<u>\$ 96,397</u>	<u>\$ 68,101</u>
Other payables	Associates of investor with significant influence over the Group	\$ 403,653	\$ 422,029
	Associates	183,831	133,055
	Investor with significant influence over the Group	60,006	54,385
	Other related parties	<u>44,877</u>	<u>28,667</u>
	<u>\$ 692,367</u>	<u>\$ 638,136</u>	

h. Contract liabilities

Related Party Category/Name	December 31	
	2021	2020
Associates of investor with significant influence over the Group	<u>\$ -</u>	<u>\$ 484</u>

i. Other current liabilities

Line Item	Related Party Category/Name	December 31	
		2021	2020
Advance receipts	Other related parties	\$ 2,413	\$ 6,134
	Associates of investor with significant influence over the Group	1,272	2,868
	Associates	<u>41</u>	<u>399</u>
	<u>\$ 3,726</u>	<u>\$ 9,401</u>	
Others	Associates	\$ 1,078	\$ 1,356
	Other related parties	100	135
	Associates of investor with significant influence over the Group	<u>-</u>	<u>56</u>
		<u>\$ 1,178</u>	<u>\$ 1,547</u>

j. Other non-current liabilities

Line Item	Related Party Category/Name	December 31	
		2021	2020
Deposits received	Associates of investor with significant influence over the Group		
	Yuan Ding Co., Ltd.	\$ 61,166	\$ 57,880
	Others	<u>632</u>	<u>613</u>
		61,798	58,493
	Other related parties	<u>1,032</u>	<u>1,032</u>
		<u>\$ 62,830</u>	<u>\$ 59,525</u>
Others	Other related parties		
	Yuanbo Asset Management Company	<u>\$ 28,744</u>	<u>\$ 28,997</u>

k. Lease arrangements - the Company as lessee

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Acquisition of right-of-use assets</u>		
Associates of investor with significant influence over the Group	\$ 212,926	\$ 1,362,677
Associates	<u>3,460</u>	<u>5,337</u>
	<u>\$ 216,386</u>	<u>\$ 1,368,014</u>

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease liabilities (Note)	Associates of investor with significant influence over the Group		
	Far Eastern Construction Co., Ltd.	\$ 5,002,263	\$ 4,873,162
	Asia Cement Corporation	978,775	1,064,567
	Far Eastern Resources Development Co., Ltd.	964,080	1,049,386
	Others	<u>22,149</u>	<u>167,935</u>
		6,967,267	7,155,050
	Other related parties	8,311	9,615
	Associates	<u>7,274</u>	<u>4,988</u>
	<u>\$ 6,982,852</u>	<u>\$ 7,169,653</u>	

Note: The rental pertaining to related parties is based on agreement and is received or paid monthly or yearly.

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Interest expense</u>		
Associates of investor with significant influence over the Group		
Far Eastern Construction Co., Ltd.	\$ 110,934	\$ 81,387
Others	<u>23,416</u>	<u>26,692</u>
	134,350	108,079
Other related parties	153	175
Associates	<u>53</u>	<u>15</u>
	<u>\$ 134,556</u>	<u>\$ 108,269</u>

l. Acquisition of other assets

Related Party Category/Name	Line Item	Acquisition Price	
		2021	2020
Other related parties	Intangible assets	<u>\$ 18,477</u>	<u>\$ 17,744</u>

m. Construction projects

The construction projects of the Group were as follows:

	For the Year Ended December 31	
	2021	2020
Associates of investor with significant influence over the Group	<u>\$ 241,447</u>	<u>\$ 175,656</u>

n. Loans to related parties

Related Party Category/Name	December 31	
	2021	2020
Shanghai Xujiahui Commercial Co., Ltd.	<u>\$ -</u>	<u>\$ 187,250</u>

Interest income

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Shanghai Xujiahui Commercial Co., Ltd.	<u>\$ -</u>	<u>\$ 2,480</u>

The loan to other related party by the Group is secured with promissory notes. The interest is computed using the agreed upon interest rate. The loan is expected to be settled within one year. There were no expected credit losses after assessment.

o. Transactions with other related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Operating expenses (Note)	Other related parties	\$ 242,456	\$ 226,529
	Associates of investor with significant influence over the Group	182,607	220,427
	Associates	160,982	159,633
	Investor with significant influence over the Group	<u>140,146</u>	<u>132,347</u>
		<u>\$ 726,191</u>	<u>\$ 738,936</u>
Other gains and losses - gains	Associates of investor with significant influence over the Group		
	Asia Cement Corporation	\$ 20,000	\$ 22,000
	Others	<u>3,630</u>	<u>5,818</u>
		23,630	27,818
	Other related parties		
	Far Eastern International Bank Ltd.	17,943	19,500
	Others	<u>19</u>	<u>65</u>
		17,962	19,565
	Associates	1,456	2,645
	Investor with significant influence over the Group	<u>-</u>	<u>100</u>
	<u>\$ 43,048</u>	<u>\$ 50,128</u>	
Other gains and losses - losses	Associates		
	Oriental Securities Corporation	\$ 7,029	\$ 7,054
	Investor with significant influence over the Group	73	6
	Associates of investor with significant influence over the Group	<u>-</u>	<u>7</u>
		<u>\$ 7,102</u>	<u>\$ 7,067</u>

Note: The rental pertaining to related parties is based on agreement and is received or paid monthly or yearly.

p. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 130,506	\$ 132,080
Post-employment benefits	<u>471</u>	<u>22,635</u>
	<u>\$ 130,977</u>	<u>\$ 154,715</u>

The remuneration of directors and other key management personnel was determined by the compensation committee in accordance with the individual performance and the market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for goods purchases, long/short-term borrowings, short-term bills payable and administrative proceedings:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at amortized cost	\$ 211,508	\$ 212,424
Investments accounted for using the equity method	3,687,521	3,582,976
Financial assets at FVTOCI	2,220,360	2,170,890
Property, plant and equipment	16,587,988	17,027,200
Investment properties	621,252	623,925
Prepayments for leases	38,416	31,968
Intangible assets	<u>7,112</u>	<u>7,046</u>
	<u>\$ 23,374,157</u>	<u>\$ 23,656,429</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2021 and 2020 are as follows:

Significant Unrecognized Commitments

The amount of unrecognized commitments are as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Construction of property, plant and equipment	<u>\$ 1,280,296</u>	<u>\$ 1,594,635</u>

36. OTHER MATTERS

The Group's operating income decreased due to the traffic flow control at the business premises during the outbreak of COVID-19 pandemic. The Group has applied to the government successively for the COVID-19 financial support and rent concession due to the impact of the pandemic. The Group expects to resume regular business operation along with the recession of the pandemic.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 21,591	27.6800 (USD:NTD)	\$ 597,625
USD	52	6.3674 (USD:RMB)	1,442
RMB	18,802	4.3471 (RMB:NTD)	<u>81,736</u>
			<u>\$ 680,803</u>
Non-monetary items			
Associates accounted for using the equity method			
RMB	709,003	4,3471 (RMB:NTD)	\$ 3,082,109
Financial assets at FVTPL			
USD	294	27.6800 (USD:NTD)	<u>8,140</u>
			<u>\$ 3,090,249</u>
<u>Financial liabilities</u>			
Monetary items			
USD	328	27.6800 (USD:NTD)	\$ 9,090
USD	13,671	6.3674 (USD:RMB)	378,418
RMB	401	4.3471 (RMB:NTD)	<u>1,745</u>
			<u>\$ 389,253</u>

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,056	28.4800 (USD:NTD)	\$ 143,992
USD	162	6.5249 (USD:RMB)	4,614
RMB	1,335	4.3648 (RMB:NTD)	<u>5,825</u>
			<u>\$ 154,431</u>
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Associates accounted for using the equity method			
RMB	715,903	4.3648 (RMB:NTD)	\$ 3,124,773
Financial assets at FVTPL			
USD	294	28.4800 (USD:NTD)	<u>8,375</u>
			<u>\$ 3,133,148</u>
<u>Financial liabilities</u>			
Monetary items			
USD	114	28.4800 (USD:NTD)	\$ 3,255
USD	13,658	6.5249 (USD:RMB)	388,991
RMB	401	4.3648 (RMB:NTD)	<u>1,752</u>
			<u>\$ 393,998</u>
			(Concluded)

The Group is mainly exposed to RMB. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency are disclosed. The significant realized and unrealized foreign exchange gains are as follows:

Functional Currency	For the Year Ended December 31			
	2021		2020	
	Exchange Rate	Net Foreign Exchange (Losses) Gains	Exchange Rate	Net Foreign Exchange (Losses) Gains
NTD	1.0000 (NTD:NTD)	\$ (24,161)	1.0000 (NTD:NTD)	\$ (31,641)
RMB	4.3417 (RMB:NTD)	<u>9,239</u>	4.2827 (RMB:NTD)	<u>34,008</u>
		<u>\$ (14,922)</u>		<u>\$ 2,367</u>

38. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 5)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 7)
- b. Information on investees: Table 8.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 3)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 2)
 - f) Other transactions that have a material effect on the profit or loss or the financial position for the year, such as the rendering of services or receipt of payments (None)
- d. Major shareholders: For names, number of shares held and shareholding percentage of shareholders with a stake of 5% or more (Table 10)

39. SEGMENT INFORMATION

The Group belongs to a single industry of department stores and supermarkets. Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on geographical information as management structure. The Group's reportable segments under IFRS 8 "Operating Segments" includes ROC and China.

a. Segment revenue and results

	Segment Revenue		Segment Profit	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
ROC	\$ 33,368,333	\$ 35,165,390	\$ 3,655,255	\$ 4,336,183
China	1,940,131	2,122,559	(22,609)	(251,219)
Total for continuing operations	<u>\$ 35,308,464</u>	<u>\$ 37,287,949</u>	3,632,646	4,084,964
Interest income			57,683	66,244
Dividend income			318,847	312,581
Foreign exchange (loss) gain, net			(14,922)	2,367
Loss arising on financial assets mandatorily classified as at FVTPL			(163)	(11,520)
Loss on disposal of property, plant and equipment, net			(5,270)	(17,035)
Gain on disposal of investment			4,330	553
Loss on changes in fair value of investment properties, net			(44,277)	(71,617)
Finance costs			(796,860)	(851,591)
Share of profits of associates accounted for using the equity method			(27,562)	39,868
Impairment loss on intangible assets			(437,462)	(6,384)
Impairment loss on property, plant and equipment			(252,499)	(16,853)
Impairment loss of right-of-use assets			(231,371)	(613,770)
Other gains			250,077	172,445
Other losses			(16,802)	(89,481)
Profit before income tax			<u>\$ 2,436,395</u>	<u>\$ 3,000,771</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2021 and 2020.

b. Total segment assets and liabilities

	December 31	
	2021	2020
<u>Segment assets</u>		
ROC	\$ 124,766,690	\$ 122,111,142
China	<u>5,960,621</u>	<u>6,312,627</u>
Total consolidated assets	<u>\$ 130,727,311</u>	<u>\$ 128,423,769</u>
<u>Segment liabilities</u>		
ROC	\$ 85,462,358	\$ 82,807,749
China	<u>5,429,795</u>	<u>5,827,732</u>
Total consolidated liabilities	<u>\$ 90,892,153</u>	<u>\$ 88,635,481</u>

c. Revenue from major products

The Group's revenue from its major products and services are as follows:

	For the Year Ended December 31	
	2021	2020
Retail sales revenue	\$ 32,394,281	\$ 34,094,190
Other operating revenue	<u>2,914,183</u>	<u>3,193,759</u>
	<u>\$ 35,308,464</u>	<u>\$ 37,287,949</u>

d. Geographical information

The Group operates in two principal geographical areas - ROC and China. The Group's revenue from external customers by geographical location and information on its non-current assets by geographical location are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
ROC	\$ 33,368,333	\$ 35,165,390	\$ 86,642,045	\$ 89,632,060
China	<u>1,940,131</u>	<u>2,122,559</u>	<u>457,381</u>	<u>692,859</u>
	<u>\$ 35,308,464</u>	<u>\$ 37,287,949</u>	<u>\$ 87,099,426</u>	<u>\$ 90,324,919</u>

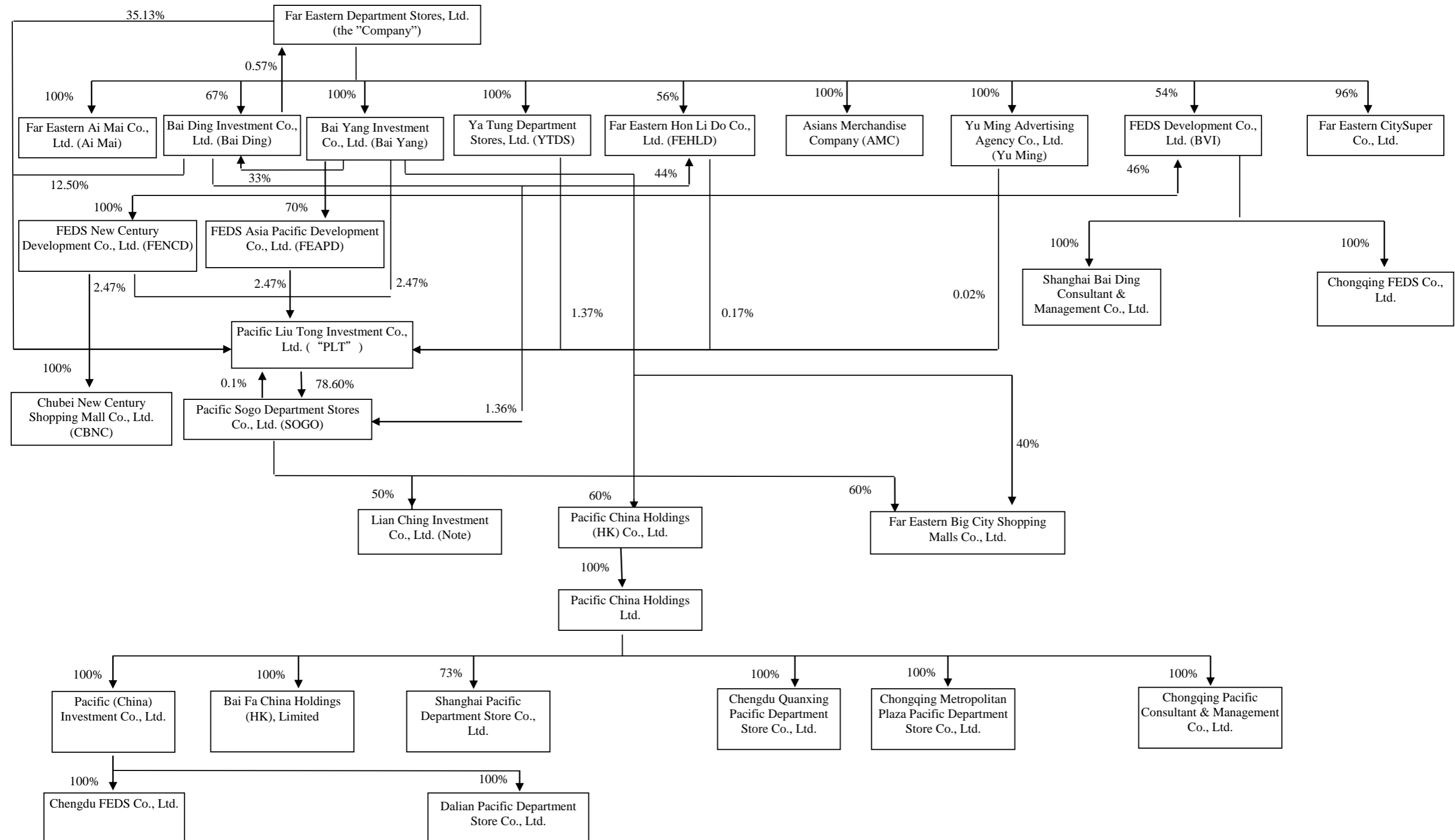
Noncurrent assets do not include available-for-sale noncurrent assets, financial instruments, deferred income tax assets, and net defined benefit assets.

e. Information on major customers

There was no revenue from any single customer comprising 10% or more of the Group's gross revenue for 2021 and 2020.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2021**



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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holding Ltd.	Other receivables	Y	\$ 2,000,000	\$ 2,000,000	\$ -	-	(Note A)	\$ -	Transaction	\$ -	-	\$ -	\$ 4,811,027 (Note B)	\$ 4,811,027 (Note B)
		Pacific (China) Investment Co., Ltd.	Other receivables	Y	614,496 (US\$ 22,200 thousand)	614,496 (US\$ 22,200 thousand)	-	-	(Note A)	-	Transaction	-	-	-	4,811,027 (Note B)	4,811,027 (Note B)
2	Chongqing FEDES Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Other receivables	Y	739,007 (RMB 170,000 thousand)	739,007 (RMB 170,000 thousand)	657,282 (RMB 151,200 thousand)	1.504523% (Note F)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	217,355 (RMB 50,000 thousand)	130,413 (RMB 30,000 thousand)	-	1.504523% (Note G)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Chengdu Quaxing Building Pacific Department Store Co., Ltd.	Other receivables	Y	217,355 (RMB 50,000 thousand)	50,000 (RMB 50,000 thousand)	15,711 (RMB 3,614 thousand)	1.504523% (Note H)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Shanghai Bai Ding Consultant & Management Co., Ltd.	Other receivables	Y	43,471 (RMB 10,000 thousand)	43,471 (RMB 10,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Chengdu FEDES Co., Ltd.	Other receivables	Y	652,065 (RMB 150,000 thousand)	434,710 (RMB 100,000 thousand)	173,884 (RMB 40,000 thousand)	1.504523% (Note I)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other receivables	Y	434,710 (RMB 100,000 thousand)	434,710 (RMB 100,000 thousand)	282,562 (RMB 65,000 thousand)	1.504523% (Note J)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDES Co., Ltd.	Other receivables	Y	304,297 (RMB 70,000 thousand)	304,297 (RMB 70,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
4	Pacific China Holdings (HK) Co., Ltd.	Pacific China Holding Ltd.	Other receivables	Y	276,800 (US\$ 10,000 thousand)	276,800 (US\$ 10,000 thousand)	99,648 (US\$ 3,600 thousand)	1.55%-1.81% (Note K)	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
5	Pacific (China) Investment Co., Ltd.	Chongqing FEDES Co., Ltd.	Other receivables	Y	43,471 (RMB 10,000 thousand)	43,471 (RMB 10,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other receivables	Y	1,024,160 (US\$ 37,000 thousand)	1,024,160 (US\$ 37,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,419,452 (Note D)	12,419,452 (Note D)
6	Shanghai Pacific Department Store Co., Ltd.	Shanghai Xujiahui Centre Group Co., Ltd.	Other receivables	Y	186,491 (RMB 42,900 thousand)	-	-	1.35%	(Note A)	-	Transaction	-	-	-	306,658 (Note B)	306,658 (Note B)
7	Bai Yang Investment Co., Ltd.	Pacific (China) Investment Co., Ltd.	Other receivables	Y	409,664 (US\$ 14,800 thousand)	409,664 (US\$ 14,800 thousand)	-	-	(Note A)	-	Transaction	-	-	-	6,209,726 (Note C)	12,419,452 (Note D)

Note A: Short-term financing.

Note B: 40% of the financing company's net assets.

Note C: The amount of the collateral/guarantees is based on 20% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd per its latest financial statements.

Note D: The amount of the collateral/guarantees is based on 40% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd per its latest financial statements.

Note E: As the amount of the investee, Lian Ching Investment Co., Ltd. has been written off to zero and the Company has not undertaken any liabilities, no disclosure pertaining to the investee is made.

Note F: The interest for the period amounted to RMB2,351 thousand.

Note G: The interest for the period amounted to RMB5 thousand.

Note H: The interest for the period amounted to RMB55 thousand.

Note I: The interest for the period amounted to RMB645 thousand.

Note J: The interest for the period amounted to RMB255 thousand.

Note K: The interest for the period amounted to US\$57 thousand.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note F)										
0	Far Eastern Department Stores, Ltd.	Bai Ding Investment Co., Ltd. (Bai Ding)	2	\$ 18,629,178 (Note A)	\$ 1,400,000	\$ 900,000	\$ 627,000	\$ -	3	\$ 31,048,630 (Note B)	Y	-	-
		Chubei New Century Shopping Mall Co., Ltd.	2	18,629,178 (Note A)	3,700,000	3,700,000	1,960,000	-	12	31,048,630 (Note B)	Y	-	-
		FEDS Development Ltd.	2	18,629,178 (Note A)	553,600 (US\$ 20,000 thousand)	276,800 (US\$ 10,000 thousand)	-	-	1	31,048,630 (Note B)	Y	-	-
		Far Eastern CitySuper Co., Ltd.	2	18,629,178 (Note A)	130,000	130,000	1,000	-	-	31,048,630 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	2	18,629,178 (Note A)	5,756,029	5,756,029	5,756,029	-	19	31,048,630 (Note B)	Y	-	-
1	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	3	18,629,178 (Note C)	3,985,454	3,985,454	3,985,454	-	13	31,048,630 (Note D)	-	Y	-
		Pacific China Holding Ltd.	2	18,629,178 (Note C)	9,988,998 (US\$ 318,000 thousand)	9,213,958 (US\$ 290,000 thousand)	3,655,911 (US\$ 841,000 thousand)	-	30	31,048,630 (Note D)	-	-	-
		Dalian Pacific Department Store Co., Ltd.	2	18,629,178 (Note C)	339,074 (RMB 78,000 thousand)	65,207 (RMB 15,000 thousand)	43,471 (RMB 10,000 thousand)	-	-	31,048,630 (Note D)	-	-	Y
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	2	18,629,178 (Note C)	640,542 (US\$ 20,000 thousand)	363,742 (US\$ 10,000 thousand)	363,742 (US\$ 10,000 thousand)	-	1	31,048,630 (Note D)	-	-	Y
2	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	408,109 (Note A)	153,202	153,202	153,202	-	-	680,182 (Note B)	-	-	-

Note A: The amount is 60% of net assets based on the latest financial statements of the endorser/guarantor.

Note B: The amount is 100% of net assets based on the latest financial statements of the endorser/guarantor.

Note C: The amount of the collateral/guarantees is based on 60% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd per its latest financial statements.

Note D: The amount of the collateral/guarantees is based on 100% of the net value of the ultimate parent company, Far Eastern Department Stores Co., Ltd per its latest financial statements.

(Continued)

Note E: As the amount of the investee, Lian Ching Investment Co., Ltd. has been written off to zero and the Company has not undertaken any liabilities, no disclosure pertaining to the investee is made.

Note F: Relationships between the endorsement/guarantee provider and the guaranteed party:

1. Trading partner.
2. The direct and indirect shareholding of the Company amounts to more than 50%.
3. The companies that directly and indirectly hold more than 50% of the Company's voting rights.
4. The Company that directly and indirectly holds more than 90% of the voting shares.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Companies in the same industry provide among themselves joint and several securities for as performance guarantees of sales contracts for pre-construction homes pursuant to the Consumer Protection Act.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Far Eastern Department Stores, Ltd.	<u>Shares</u> Asia Cement Corporation	4	Financial assets at fair value through other comprehensive income - non-current	50,000	\$ 2,215,022	1	\$ 2,215,022	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Financial assets at fair value through other comprehensive income - non-current	19,964	584,956	-	584,956	
	Kaohsiung Rapid Transit Corporation	-	Financial assets at fair value through other comprehensive income - non-current	6,286	31,682	2	31,682	
	Yuan Ding Leasing Corp.	-	Financial assets at fair value through other comprehensive income - non-current	7,309	71,694	9	71,694	
	Yuan Ding Co., Ltd	4	Financial assets at fair value through other comprehensive income - non-current	3	10	-	10	
	Yuan Shi Digital Technology Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	312	571	-	571	
Bai Ding Investment Co., Ltd.	<u>Shares</u> Far Eastern Department Stores, Ltd.	2	Financial assets at fair value through other comprehensive income - current	8,207	176,040	1	176,040	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company 15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	14,814	656,278	-	656,278	
	Far Eastern New Century Corporation	6	Financial assets at fair value through other comprehensive income - non-current	15,812	463,278	-	463,278	
	Chung-Nan Textile Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,984	123,492	5	123,492	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	647	10,825	5	10,825	
	Yue Ding Industry Co., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	2,854	47,535	2	47,535	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
	Ding Sheng Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,329	344,508	18	344,508	
Bai Yang Investment Co., Ltd.	<u>Shares</u> Far Eastern International Bank Ltd.	8	Financial assets at fair value through other comprehensive income - current	23,757	255,390	1	255,390	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	3,849	170,531	-	170,531	
	U-Ming Marine Transport Corporation	8	Financial assets at fair value through other comprehensive income - non-current	200	12,080	-	12,080	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Yu Ming Advertising Agency Co., Ltd.	<u>Beneficiary certificate</u> DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,663	\$ 43,295	-	\$ 43,295	
	<u>Shares</u> Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	1,506	66,697	-	66,697	
FEDS New Century Development Co., Ltd.	<u>Beneficiary certificate</u> DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,503	100,499	-	100,499	
FEDS Development Ltd.	<u>Shares</u> Kowloon Cement Corp., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	46	16,416	-	16,416	
Pacific Sogo Department Stores Co., Ltd.	<u>Shares</u> CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	200	2,287	-	2,287	
	Quanta Computer Inc.	-	Financial assets at fair value through profit or loss - current	1	68	-	68	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	77,247	2	77,247	
	Oriental Union Chemical Corp.	8	Financial assets at fair value through other comprehensive income - current	136	3,046	-	3,046	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets at fair value through other comprehensive income - non-current	800	4,019	-	4,019	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - current	70	3,101	-	3,101	
	Far Eastern New Century Corporation	3	Financial assets at fair value through other comprehensive income - current	40	1,172	-	1,172	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	18,300	-	15	-	
	Tian Yuan Investment Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	98,000	-	20	-	
	PURETEK Corp.	-	Financial assets at fair value through profit or loss - non-current	119	-	-	-	
	Pacific 88 Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	16	-	1	-	
	Yuan Shi Digital Technology Co., Ltd.	7	Financial assets at fair value through profit or loss - non-current	312	-	-	-	
Pacific Liu Tong Investment Co., Ltd.	<u>Beneficiary certificate</u> DWS Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	17,273	204,166	-	204,166	
Far Eastern Big City Shopping Malls Co., Ltd.	<u>Shares</u> Asia Cement Corporation	7	Financial assets at fair value through profit or loss - current	160	7,088	-	7,088	
Pacific China Holding Ltd.	<u>Shares</u> Overseas Development Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	
	Taiwan Ocean Farming Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	

(Continued)

- Note A:
1. Subsidiary of FEDS.
 2. Parent company.
 3. Investor with significant influence over the Company.
 4. Associate of investor with significant influence over the Company.
 5. Other related party.
 6. Investor with significant influence over FEDS.
 7. Associate of investor with significant influence over FEDS.
 8. Other related party of FEDS.

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CUMULATIVE PURCHASE OR SALE OF ONE SECURITY FOR AN AMOUNT EXCEEDING NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Selling and Buying Company	Type and Name of Marketable Securities	Financial Statement Account	Transacting Company	Relationship	January 1, 2021		Buy		Sell				Adjustments (Note B)	December 31, 2021	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling price	Booked cost	Disposal profit		Shares (In Thousands)	Amount
Far Eastern Department Stores, Ltd.	Shares Bai Yang Investment Co., Ltd.	Investments accounted for using the equity method	-	Subsidiary	924,991	\$ 9,108,584	150,000	\$ 1,500,000 (Note A)	-	\$ -	\$ -	\$ -	\$ 202,477	1,074,991	\$ 10,811,061
Bai Yang Investment Co., Ltd.	Shares Far Eastern New Century Corporation	Investments accounted for using the equity method	-	Subsidiary	232,000	2,403,784	150,000	1,500,000 (Note A)	-	-	-	-	(26,497)	382,000	3,877,287
Far Eastern New Century Corporation	Shares Chubei New Century Shopping Mall Co., Ltd. (CBNC)	Investments accounted for using the equity method	-	Subsidiary	200,000	1,991,269	150,000	1,500,000 (Note A)	-	-	-	-	(31,741)	350,000	3,459,528

Note A: It is a cash capital increase.

Note B: It is the comprehensive profit and loss amount recognized in accordance with the equity method.

FAR EASTERN DEPARTMENT STORE CO., LTD. AND THE SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Store Co., Ltd.	Associate	\$ 119,483	-	\$ 119,483	Collection expedited	\$ 84	\$ 119,483
Pacific China Holdings (HK) Limited and Pacific China Holding Ltd.	Pacific China Holdings (B.V.I) Limited and Pacific China Holding Ltd.	Subsidiary	100,058 (Note A)	-	-	-	-	-
Chongqing FEDS Co., Ltd.	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Same ultimate parent company	282,879 (Note A)	-	-	-	-	-
	Chongqing Pacific Consultant and Management Co., Ltd.	Same ultimate parent company	658,133 (Note A)	-	-	-	-	-
	Chengdu FEDS Co., Ltd.	Same ultimate parent company	174,109 (Note A)	-	-	-	-	-

Note A: This balance refers to fund lending.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Number	Transacting Company	Counter party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Assets (Note B)
0	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	3	Operating revenue	\$ (316,630)	Rent was based on market rates and collected monthly.	1
1	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	Operating costs and expenses	316,630	Rent was based on market rates and paid monthly.	1

Note A: Flow of transaction:

1. From the Company to the subsidiary.
2. From the subsidiary to the Company.
3. Between subsidiaries.

Note B: If the account of the intercompany transaction is shown in the balance sheet, the ratio is the percentage of the year-end account balance to the total consolidated assets; if the account of the intercompany transaction is shown in the statement of comprehensive income, the ratio is the percentage of the accumulated amount during the year to the total consolidated operating revenue.

Note C: Only an intercompany transaction amounting to more than 1% of total consolidated operating revenue or total consolidated assets is disclosed in this table.

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Share of (Loss) Profit	Note A
				December 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Far Eastern Department Stores Co., Ltd.	Bai Yang Investment Co., Ltd.	Taiwan	Investment	\$ 10,422,181	\$ 8,922,181	1,074,991	100	\$ 10,811,061	\$ 149,527	\$ 149,558	Subsidiary
	Oriental Securities Corporation	Taiwan	Securities investment	143,652	143,652	141,980	20	2,099,293	294,417	52,191	Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,764,210	1,764,210	281,734	35	4,092,548	904,270	317,662	Subsidiary
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	33,357	33,357	119,981	67	2,419,156	247,589	165,255	Subsidiary
	Far Eastern Ai Mai Co., Ltd.	Taiwan	Retail	1,535,538	1,535,538	87,744	100	338,333	(439,701)	(439,701)	Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,338,430	(163,485)	(87,019)	Subsidiary
	Yu Ming Advertising Agency Co., Ltd.	Taiwan	Advertising and import agent	33,000	33,000	3,500	100	120,180	12,805	12,805	Subsidiary
	Ya Tung Department Stores, Ltd.	Taiwan	Department store	919,292	919,292	41,000	100	84,113	(1,967)	(1,967)	Subsidiary
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	24,616	(12,938)	(1,561)	Associate
	Asians Merchandise Company	US	Trading	5,316	5,316	950	100	4,338	95	95	Subsidiary
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	40,278	40,278	1,571	56	13,597	1,496	948	Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	478,269	478,269	47,827	96	119,606	53,846	51,509	Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	238,292	238,292	6,171	9	47,055	(161,865)	(16,409)	Associate
	Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taiwan	Securities investment	163,563	163,563	98,281	14	1,453,273	294,417	
Pacific Liu Tong Investment Co., Ltd.		Taiwan	Investment	658,129	658,129	100,250	13	1,469,952	904,270		Subsidiary
Far Eastern International Leasing Corporation		Taiwan	Leasing	301,125	301,125	22,203	5	327,682	155,262		Associate
Pacific Sogo Department Stores Co., Ltd.		Taiwan	Department store	33,490	33,490	11,254	1	163,575	1,160,502		Subsidiary
Yue Ming Trading Co., Ltd.		Taiwan	Import and export trading and distribution	21,291	21,291	4,901	47	65,651	5,026		Associate
Far Eastern Hon Li Do Co., Ltd.		Taiwan	Building leasing	28,672	28,672	1,259	44	14,029	1,496		Subsidiary
Far Eastern CitySuper Co., Ltd.		Taiwan	Retail	-	-	2	-	1	53,846		Subsidiary
Yuan Hsin Digital Payment Co., Ltd.		Taiwan	E-ticket	21,179	-	2,118	3	16,148	(161,865)		Associate
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	307,541	904,270		Subsidiary
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	307,541	904,270		Subsidiary
	Chubei New Century Shopping Mall Co., Ltd.	Taiwan	Department store	3,500,000	2,000,000	350,000	100	3,459,528	(31,741)		Subsidiary
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Shopping mall	1,522,761	1,522,761	149,100	70	1,795,700	73,257		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,555,590	1,555,590	132,388	30	1,690,105	155,262		Associate
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	577,457	577,457	60,019	33	1,225,578	247,589		Subsidiary
	FEDS New Century Development Co., Ltd.	Taiwan	Shopping mall	3,745,272	2,245,272	382,000	100	3,877,287	(9,876)		Subsidiary
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	307,541	904,270		Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	723,946	185	46	1,139,683	(163,485)		Subsidiary
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	3,853,976	3,853,976	44,080	40	(1,204,971)	(191,476)		Subsidiary
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	200,000	200,000	20,000	40	300,051	159,675		Subsidiary
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	55,000	55,000	11,000	1	170,596	904,270		Subsidiary
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,200	1,200	200	-	2,908	904,270		Subsidiary
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	8,400	8,400	1,400	-	19,702	904,270		Subsidiary
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	4,469,904	4,469,904	650,817	79	11,045,776	1,160,502		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	62,480	62,480	6,840	3	142,362	112,607		Associate
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	6,117,447	6,117,447	66,120	60	(1,807,457)	(191,476)		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	599,000	599,000	60,296	29	1,045,316	112,607		Associate
	Lian Ching Investment Co., Ltd. (Note C)	Taiwan	Investment	270,641	270,641	26,764	50	-	-		Subsidiary
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		Associate
	Sogo Department Store Co., Ltd.	Taiwan	Credit card business	32,984	32,984	7,120	34	-	-		Associate
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	24,616	(12,938)		Associate
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	300,000	300,000	30,000	60	450,077	159,675		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	358,292	238,292	8,289	12	63,202	(161,865)		Associate
Pacific China Holdings (HK) Limited	Pacific China Holding Ltd.	British Virgin Island	Investment	4,290,400	4,290,400	130,200	100	(3,115,022)	(189,888)		Subsidiary
Pacific China Holding Ltd.	Bai Fa China Holdings (HK) Ltd.	Hong Kong	Investment	46	46	2	100	46	-		Subsidiary

(Continued)

Note A: The foreign-currency investments were translated at the rate of US\$1:NT\$27.68 prevailing on December 31, 2021.

Note B: The amount is the investment accounted for using the equity method to \$2,516,266 thousand deduct the parent company shares reclassification to treasury shares of \$97,110 thousand.

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Method of Investment (Note F)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note A)	Net Income (Loss) of the Investee (Note D)	% Ownership of Direct or Indirect Investment	Share of (Loss) Profit (Note D)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Shanghai Pacific Department Store Co., Ltd.	Department store	\$ 489,936	(2)	\$ 355,204 (Note B)	\$ -	\$ -	\$ 355,204 (Note B)	\$ 101,243	49	\$ 35,866	\$ 158,370	\$ -
Chengdu Quanxing Building Pacific Department Store Co., Ltd.	Department store	608,683	(2)	27,403 (Note B)	-	-	27,403 (Note B)	(727)	67	(488)	(72,845)	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	83,040	(2)	83,040 (Note B)	-	-	83,040 (Note B)	(64,299)	67	(43,182)	(395,308)	-
Chongqing Pacific Consultant and Management Co., Ltd.	Consulting services	2,020,640	(2)	5,536 (Note B)	-	-	5,536 (Note B)	(8,886)	67	(5,968)	748,633	-
Shanghai Pacific Consultant and Management Co., Ltd.	Consulting services	9,688	(2)	4,747 (Note B)	-	-	4,747 (Note B)	233	33	77	6,233	-
Shanghai Bai Ding Consultant and Management Co., Ltd.	Consulting services	2,768	(2)	-	-	-	-	10,876	100	10,876	13,801	-
Pacific (China) Investment Co., Ltd.	Investment	5,978,880	(2)	-	-	-	-	9,770	67	16,726	(28,979)	-
Chongqing FEDS Co., Ltd.	Department store	77,504	(2)	-	-	-	-	12,806	100	12,806	986,708	-
Chengdu Department Emporium Group Co., Ltd.	Department store, logistics and storehouse	978,107	(2)	-	-	-	-	31,229	22	-	1,143,868	-
Dalian Pacific Department Store Co., Ltd.	Department store	69,554	(2)	-	-	-	-	(14,509)	67	(9,744)	(5,256)	-
Chengdu FEDS Co., Ltd.	Department store	3,709,120	(2)	-	-	-	-	12,157	67	8,164	(103,901)	-
Yuan Ding Enterprise (Shanghai) Co., Ltd.	Wholesale of equipment and consulting services	7,665,785	(2)	-	-	-	-	(181,283)	20	(172,834)	1,369,623	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ - (Note C)	\$219,032 (US\$7,913 thousand) (Notes A and C)	\$ - (Note E)

Note A: Translated at the rate of US\$1:NT\$27.68 and RMB1:NT\$4.3471 prevailing on December 31, 2021.

Note B: The payment was made by Pacific Construction Co., Ltd. (the former shareholder).

Note C: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary and the subsidiary's investment amount approved by the Investment Commission.

Note D: The financial report was audited by an international accounting firm with a cooperative working relationship.

Note E: There is no upper limit, as stated in the Principles Governing the Review of Investment or Technical Corporation in Mainland China (No. 11020435420), which was issued by the Industrial Development Bureau, Ministry of Economic Affairs, ROC.

Note F: Three investment types are as follows:

1. The Company made the investment directly.
2. The Company made the investment through companies registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holding Ltd.
3. Others.

(Concluded)

TABLE 10**FAR EASTERN DEPARTMENT STORES, LTD.****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Major Shareholder	Shareholding	
	Share	Percentage
Far Eastern New Century Corporation	241,769,702	17.06
Yuan Ding Investment Corporation	139,785,985	9.86
Asia Cement Corporation	80,052,950	5.64
Yuan Tone Investment Co., Ltd.	77,684,530	5.48

Note: The information on major shareholders above is extracted as of the last business day of the current quarter. The shareholders are holding non-physical ordinary and preference shares (including treasury stocks) of 5% or more. The share capital in the consolidated financial statements of the Company and the actual registration of non-physical shares may differ due to a difference in computation basis.