

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Dec. 31, 2019 and Dec. 31, 2018

(In thousands of New Taiwan Dollars, Except Par Value)

| Code | Assets | 2019/12/31 | | 2018/12/31 | |
|------|---|-----------------------|------------|-----------------------|------------|
| | | Amount | % | Amount | % |
| | CURRENT ASSETS | | | | |
| 1100 | Cash and cash equivalents | \$ 13,424,223 | 10 | \$ 14,594,847 | 14 |
| 1110 | Financial assets at fair value through profit or loss - current | 457,256 | 1 | 437,747 | - |
| 1120 | Current financial assets at fair value through other comprehensive income | 297,456 | - | 244,785 | - |
| 1136 | Current financial assets at amortized cost | 1,443,974 | 1 | 2,077,919 | 2 |
| 1150 | Notes receivable | 1,132 | - | 2,287 | - |
| 1170 | Accounts receivable | 744,436 | 1 | 1,582,273 | 2 |
| 1180 | Accounts receivable due from related parties | 161,935 | - | 155,942 | - |
| 1200 | Other receivables | 915,309 | 1 | 2,159,355 | 2 |
| 1220 | Current tax assets | 10,812 | - | 5,655 | - |
| 130X | Inventories | 2,780,889 | 2 | 2,729,234 | 3 |
| 1410 | Prepayments | 398,558 | - | 977,014 | 1 |
| 1470 | Other current assets | 110,095 | - | 85,798 | - |
| 11XX | Total current assets | <u>20,746,075</u> | <u>16</u> | <u>25,052,856</u> | <u>24</u> |
| | NONCURRENT ASSETS | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income | 5,030,564 | 4 | 3,960,014 | 4 |
| 1535 | Non-current financial assets at amortized cost | 146,000 | - | 227,400 | - |
| 1550 | Investments accounted for by equity method | 10,107,165 | 8 | 8,678,647 | 8 |
| 1600 | Property, plant and equipment | 34,323,257 | 26 | 43,532,941 | 42 |
| 1755 | Right-of-use assets | 44,764,810 | 34 | - | - |
| 1760 | Investment properties | 9,086,641 | 7 | 8,690,640 | 8 |
| 1780 | Intangible assets | 2,477,815 | 2 | 3,449,258 | 3 |
| 1840 | Deferred tax assets | 589,225 | - | 772,100 | 1 |
| 1975 | Net defined benefit asset | 234,035 | - | - | - |
| 1985 | Long-term prepayments for lease | 1,060,658 | 1 | 7,704,464 | 8 |
| 1990 | Other noncurrent assets | 1,944,860 | 2 | 1,678,021 | 2 |
| 15XX | Total noncurrent assets | <u>109,765,030</u> | <u>84</u> | <u>78,693,485</u> | <u>76</u> |
| 1XXX | TOTAL | <u>\$ 130,511,105</u> | <u>100</u> | <u>\$ 103,746,341</u> | <u>100</u> |
| | LIABILITIES AND EQUITY | | | | |
| | CURRENT LIABILITIES | | | | |
| 2100 | Short-term debts | \$ 9,630,896 | 7 | \$ 12,957,612 | 13 |
| 2110 | Short-term notes and bills payable | 3,622,993 | 3 | 3,480,365 | 3 |
| 2130 | Contract liabilities-Current | 7,770,828 | 6 | 7,525,468 | 7 |
| 2150 | Notes payable | 3,184 | - | 3,683 | - |
| 2170 | Accounts payable | 15,120,910 | 11 | 17,579,453 | 17 |
| 2180 | Notes and accounts payable to related parties | 93,455 | - | 104,999 | - |
| 2200 | Other payables | 3,971,660 | 3 | 3,687,578 | 4 |
| 2230 | Current tax liabilities | 772,780 | 1 | 609,796 | 1 |
| 2250 | Provision-current | 3,000 | - | 6,592 | - |
| 2280 | Current lease liabilities | 3,381,049 | 3 | - | - |
| 2310 | Advance receipts | 440,970 | - | 354,277 | - |
| 2320 | Long-term bonds payable - current portion | - | - | - | - |
| 2322 | Long-term borrowings - current portion | 2,540,000 | 2 | - | - |
| 2399 | Other current liabilities | 315,976 | - | 320,947 | - |
| 21XX | Total current liabilities | <u>47,667,701</u> | <u>36</u> | <u>46,630,770</u> | <u>45</u> |
| | NONCURRENT LIABILITIES | | | | |
| 2540 | Long-term borrowings | 14,999,757 | 12 | 15,090,000 | 15 |
| 2550 | Provision-noncurrent | 24,823 | - | 24,909 | - |
| 2570 | Deferred tax liabilities | 2,312,954 | 2 | 2,114,362 | 2 |
| 2580 | Lease liabilities - non-current | 25,406,473 | 19 | - | - |
| 2640 | Net defined benefit liability, non-current | 738,431 | 1 | 808,480 | 1 |
| 2670 | Other noncurrent liabilities | 457,159 | - | 1,387,430 | 1 |
| 25XX | Total noncurrent liabilities | <u>43,939,597</u> | <u>34</u> | <u>19,425,181</u> | <u>19</u> |
| 2XXX | Total liabilities | <u>91,607,298</u> | <u>70</u> | <u>66,055,951</u> | <u>64</u> |
| | EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | | |
| | Share Capital | | | | |
| 3110 | Ordinary share | 14,169,406 | 11 | 14,169,406 | 14 |
| 3200 | Capital surplus | 3,327,466 | 3 | 3,315,420 | 3 |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 3,298,695 | 3 | 3,166,880 | 3 |
| 3320 | Special reserve | 2,865,351 | 2 | 2,656,286 | 2 |
| 3350 | Unappropriated earnings | 1,931,429 | 1 | 2,081,772 | 2 |
| 3300 | Total retained earnings | 8,095,475 | 6 | 7,904,938 | 7 |
| 3400 | Other equity | 5,295,169 | 4 | 4,231,252 | 4 |
| 3500 | Treasury stock | (97,110) | - | (97,110) | - |
| 31XX | Total equity attributable to owners of the Company | 30,790,406 | 24 | 29,523,906 | 28 |
| 36XX | NON-CONTROLLING INTERESTS | 8,113,401 | 6 | 8,166,484 | 8 |
| 3XXX | Total equity | <u>38,903,807</u> | <u>30</u> | <u>37,690,390</u> | <u>36</u> |
| | TOTAL | <u>\$ 130,511,105</u> | <u>100</u> | <u>\$ 103,746,341</u> | <u>100</u> |

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Year ended Dec. 31, 2019 and 2018

(In thousands of New Taiwan Dollars, Except Par Value)

| <u>C o d e</u> | | 2019 | | 2018 | |
|----------------|---|---------------------|-------------|---------------------|-------------|
| | | Year ended Dec. 31 | | Year ended Dec. 31 | |
| | | Amount | % | Amount | % |
| 4000 | REVENUES | \$ 37,896,062 | 100 | \$ 39,242,551 | 100 |
| 5000 | COSTS | <u>18,253,449</u> | <u>48</u> | <u>19,091,584</u> | <u>49</u> |
| 5900 | GROSS PROFIT | <u>19,642,613</u> | <u>52</u> | <u>20,150,967</u> | <u>51</u> |
| | OPERATING EXPENSES | | | | |
| 6100 | Selling | 891,625 | 2 | 923,663 | 2 |
| 6200 | General and administrative | 14,211,781 | 38 | 15,056,030 | 39 |
| 6450 | Expected credit loss (Gain) | <u>556</u> | <u>-</u> | <u>(16,055)</u> | <u>-</u> |
| 6000 | Total operating expenses | <u>15,103,962</u> | <u>40</u> | <u>15,963,638</u> | <u>41</u> |
| 6900 | OPERATING INCOME | <u>4,538,651</u> | <u>12</u> | <u>4,187,329</u> | <u>10</u> |
| | NONOPERATING INCOME AND EXPENSES | | | | |
| 7010 | Other income | 376,748 | 1 | 530,849 | 1 |
| 7020 | Other gains and losses | (1,035,197) | (3) | (1,743,179) | (4) |
| 7050 | Finance costs | (835,329) | (2) | (437,280) | (1) |
| 7060 | Share of profit (loss) of associates accounted for using equity method | <u>58,065</u> | <u>-</u> | <u>11,396</u> | <u>-</u> |
| 7000 | Total Non-operating income and expenses | <u>(1,435,713)</u> | <u>(4)</u> | <u>(1,638,214)</u> | <u>(4)</u> |
| 7900 | INCOME BEFORE INCOME TAX | 3,102,938 | 8 | 2,549,115 | 6 |
| 7950 | INCOME TAX EXPENSE | <u>950,669</u> | <u>2</u> | <u>898,620</u> | <u>2</u> |
| 8200 | NET INCOME | <u>2,152,269</u> | <u>6</u> | <u>1,650,495</u> | <u>4</u> |

(Continued)

| (Continued) | | 2019 | | 2018 | |
|---------------|--|---------------------|----------|---------------------|----------|
| Code | | Year ended Dec. 31 | | Year ended Dec. 31 | |
| | | Amount | % | Amount | % |
| | Other comprehensive income | | | | |
| 8310 | Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 1,118,564 | 3 | 534,199 | 2 |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 230,902 | - | (50,328) | - |
| 8320 | Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income | (61,630) | - | 409,335 | 1 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | (46,260) | - | 23,366 | - |
| | | <u>1,241,576</u> | <u>3</u> | <u>916,572</u> | <u>3</u> |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation | 53,578 | - | (14,562) | - |
| 8370 | Share of other comprehensive income of associates accounted for using equity method | (57,504) | - | 5,267 | - |
| | | <u>(3,926)</u> | <u>-</u> | <u>(9,295)</u> | <u>-</u> |
| 8300 | Total other comprehensive income, net | <u>1,237,650</u> | <u>3</u> | <u>907,277</u> | <u>3</u> |
| 8500 | COMPREHENSIVE INCOME | <u>\$ 3,389,919</u> | <u>9</u> | <u>\$ 2,557,772</u> | <u>7</u> |
| 8600 | NET INCOME ATTRIBUTED TO : | | | | |
| 8610 | Owners of parent | \$ 1,781,843 | 5 | \$ 1,318,150 | 3 |
| 8620 | Non-controlling interests | 370,426 | 1 | 332,345 | 1 |
| | | <u>\$ 2,152,269</u> | <u>6</u> | <u>\$ 1,650,495</u> | <u>4</u> |
| 8700 | COMPREHENSIVE INCOME CONTRIBUTED TO : | | | | |
| 8710 | Owners of parent | \$ 3,044,048 | 8 | \$ 2,029,426 | 5 |
| 8720 | Non-controlling interests | 345,871 | 1 | 528,346 | 2 |
| | COMPREHENSIVE INCOME | <u>\$ 3,389,919</u> | <u>9</u> | <u>\$ 2,557,772</u> | <u>7</u> |
| | NET INCOME ATTRIBUTED TO : | | | | |
| 9750 | Basic | <u>\$ 1.26</u> | | <u>\$ 0.94</u> | |
| 9850 | Diluted | | | | |

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended Dec. 31, 2019 and 2018

(In thousands of New Taiwan Dollars)

| <u>C o d e</u> | | <u>2019</u> <u>Year ended Dec. 31</u> | <u>2018</u> <u>Year ended Dec. 31</u> |
|----------------|--|--|--|
| | CASH FLOWS FROM (USED IN) | | |
| | OPERATING ACTIVITIES | | |
| A00010 | INCOME BEFORE INCOME TAX | \$ 3,102,938 | \$ 2,549,115 |
| A20010 | Adjustments to reconcile profit(loss) | | |
| A20100 | Depreciation expense | 5,555,195 | 2,355,319 |
| A20200 | Amortization expense | 60,149 | 51,903 |
| A20300 | Reversal of expected credit loss (gain) | 556 | (16,055) |
| A20400 | Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (691) | (10,443) |
| A20900 | Finance costs | 835,329 | 437,280 |
| A21200 | Interest income | (90,449) | (128,124) |
| A21300 | Dividend income | (286,299) | (152,720) |
| A22300 | Share of loss (profit) of associates accounted for using equity method | (58,065) | (11,396) |
| A22500 | Loss (gain) on disposal of property, plant and equipment, net | 84,473 | 26,487 |
| A22700 | Loss (gain) on disposal of investment properties | - | 90,621 |
| A22800 | Losses on disposals of intangible assets | 1,435 | - |
| A22900 | Proceeds from disposal of use-of-right assets | (678) | - |
| A23100 | Loss (gain) on disposal of investments | (291) | - |
| A23700 | Impairment loss on intangible assets | 1,095,884 | 1,630,000 |
| A23700 | Impairment loss recognized on property, plant and equipment | - | 38,047 |
| A23800 | Loss for market price decline and obsolete and slow-moving inventories | (9,418) | (18,415) |
| A24600 | Loss (gain) on change in fair value of investment properties | 151,597 | (43,045) |
| A29900 | Amortization of prepayments | 12,544 | 5,582 |
| A29900 | Amortization of prepayments for lease | - | 337,503 |
| A29900 | Reversal unrealized purchase discounts | (400) | 433 |
| A30000 | Net changes in operating assets and liabilities | | |
| A31115 | Decrease (increase) in financial assets at fair value through profit or loss, measured at fair value | (18,527) | 69,151 |
| A31130 | Notes receivable | 1,155 | (1,156) |
| A31150 | Accounts receivable | 836,753 | (465,119) |
| A31160 | Notes and accounts receivable due from related parties | (3,995) | (26,163) |
| A31180 | Other receivable | 8,008 | (319,715) |

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| C o d e | | 2019 Year ended Dec. 31 | 2018 Year ended Dec. 31 |
|--|--|----------------------------|----------------------------|
| A31200 | Inventories | (41,837) | (127,977) |
| A31230 | Prepayments | 90,044 | 36,461 |
| A31240 | Other current assets | (24,297) | (16,730) |
| A32125 | Contract liability-Current | 245,360 | 361,734 |
| A32130 | Notes payable | (499) | 612 |
| A32150 | Accounts payable | (2,458,543) | (705,652) |
| A32160 | Notes and accounts payable to related parties | (11,544) | (22,881) |
| A32180 | Other payables | (519,160) | (718,428) |
| A32200 | Provisions | (4,050) | (2,045) |
| A32210 | Advance receipts | 226,939 | 120,205 |
| A32230 | Other current liabilities | (4,971) | 56,402 |
| A32240 | Net defined benefit liability | (125,339) | (191,239) |
| A33000 | Cash inflow (outflow) generated from operations | 8,649,306 | 5,189,552 |
| A33200 | Dividends received | 317,922 | 290,342 |
| A33300 | Interests paid | (854,447) | (436,417) |
| A33100 | Interests received | 109,832 | 115,480 |
| A33500 | Income tax returned | 2,191 | 194 |
| A33500 | Income taxes paid | (337,318) | (672,202) |
| AAAA | Net cash flows from (used in) operating activities | <u>7,887,486</u> | <u>4,486,949</u> |
| CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES | | | |
| B00010 | Acquisition of financial assets at fair value through other comprehensive income | (4,744) | - |
| B00040 | Acquisition of financial assets at amortized cost | - | (163,931) |
| B00050 | Proceeds from disposal of financial assets at amortised cost | 715,345 | - |
| B01800 | Acquisition of investments accounted for using equity method | (1,605,034) | - |
| B02100 | Decrease in prepayments for long-term investment | 25,383 | 49,288 |
| B02700 | Acquisition of property, plant and equipment | (1,801,799) | (2,257,557) |
| B02800 | Proceeds from disposal of property, plant and equipment | 39,189 | 606 |
| B04200 | Decrease in other receivables | 1,225,948 | - |
| B04500 | Acquisition of intangible assets | (173,406) | (63,726) |
| B04600 | Proceeds from disposal of intangible assets | 139 | - |
| B05400 | Acquisition of investment properties | (8,015) | - |
| B06800 | Increase (decrease) in other non-current assets | (1,924,566) | (82,785) |
| BBBB | Net cash flows from (used in) investing activities | <u>3,511,560</u> | <u>2,518,105</u> |
| Cash flows from (used in) financing activities | | | |
| C00100 | Increase in short-term loans | 139,427,113 | 174,720,516 |
| C00200 | Decrease in short-term loans | (142,602,371) | (174,820,679) |

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| <u>C o d e</u> | | 2019 <u>Year ended Dec. 31</u> | 2018 <u>Year ended Dec. 31</u> |
|----------------|--|-----------------------------------|-----------------------------------|
| C00500 | Increase in short-term notes and bills payable | 36,935,184 | 26,313,358 |
| C00600 | Decrease in short-term notes and bills payable | (36,792,556) | (25,347,693) |
| C01300 | Repayments of bonds | - | (1,000,000) |
| C01600 | Proceeds from long-term debt | 79,279,757 | 75,821,898 |
| C01700 | Repayment of long-term debt | (76,830,000) | (77,490,000) |
| C04020 | Payments of lease liabilities | (3,386,357) | - |
| C04400 | Decrease in other non-current liabilities | (36,410) | (26,346) |
| C04500 | Dividends paid to owners of the Corporation | (1,202,733) | (1,414,847) |
| C05800 | Dividends paid to non-controlling interests | (198,624) | (256,698) |
| CCCC | Net cash flows from (used in) financing activities | (5,406,997) | (3,500,491) |
| DDDD | Effect of exchange rate changes on cash and cash equivalents | (139,553) | 10,010 |
| EEEE | Net increase (decrease) in cash and cash equivalents | (1,170,624) | (1,521,637) |
| E00100 | Cash and cash equivalents at beginning of period | <u>14,594,847</u> | <u>16,116,484</u> |
| E00200 | Cash and cash equivalents at end of period | <u>\$ 13,424,223</u> | <u>\$ 14,594,847</u> |

(Concluded)