

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

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

FAR EASTERN DEPARTMENT STORES, LTD.

By

DOUGLAS HSU
Chairman

March 1, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Far Eastern Department Stores, Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Assessment of Impairment of Property, Plant and Equipment and Right-of-use Assets

The department store and hypermarket industries in which the Group is engaged in are highly competitive. Due to the rising threat from external competition, some of our cash-generating units have been in the red in recent years. Management estimates and makes judgments about the expected future economic benefits and recoverable amounts of the assets of the cash-generating units in accordance with IAS 36, "Impairment of Assets," in order to assess whether they are impaired. The assessment of impairment of the Group's property, plant and equipment and right-of-use assets is considered to be a key audit matter for the current year because of the high percentage of property, plant and equipment and right-of-use assets in the total assets of the cash-generating units, which is material to the consolidated financial statements as a whole. Please refer to Notes 4 (m), 5, 14, and 15 to the consolidated financial statements for the accounting policies and important descriptions of impairment of property, plant and equipment.

The key audit procedures that we performed in respect of the impairment loss of property, plant and equipment and right-of-use assets are as follows:

1. We obtained an assessment of impairment of assets for each cash-generating unit as assessed by management.
2. We assessed the reasonableness of the assumptions and methods used in the valuation.

Other Matter

We have also audited the parent company only financial statements of Far Eastern Department Stores, Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chih-Ming Shao and Kuo-Ning Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 1, 2024

Notice to Readers

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 33)	\$ 36,725,103	100	\$ 35,863,910	100
OPERATING COSTS (Notes 11, 25 and 33)	<u>16,180,018</u>	<u>44</u>	<u>16,544,425</u>	<u>46</u>
GROSS PROFIT	<u>20,545,085</u>	<u>56</u>	<u>19,319,485</u>	<u>54</u>
OPERATING EXPENSES (Notes 25 and 33)				
Selling and marketing expenses	863,321	2	896,918	2
General and administrative expenses	14,160,019	39	13,977,027	39
Expected credit loss (gain)	<u>21,133</u>	<u>-</u>	<u>(826)</u>	<u>-</u>
Total operating expenses	<u>15,044,473</u>	<u>41</u>	<u>14,873,119</u>	<u>41</u>
OPERATING PROFIT	<u>5,500,612</u>	<u>15</u>	<u>4,446,366</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	187,036	1	92,888	-
Other income (Note 25)	257,872	1	357,816	1
Other losses (Notes 25 and 33)	67,178	-	(347,821)	(1)
Finance costs (Notes 25 and 33)	(962,332)	(3)	(869,978)	(2)
Share of profit (loss) of associates accounted for using the equity method	<u>123,200</u>	<u>-</u>	<u>(170,711)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(327,046)</u>	<u>(1)</u>	<u>(937,806)</u>	<u>(3)</u>
PROFIT BEFORE INCOME TAX	5,173,566	14	3,508,560	10
INCOME TAX EXPENSE (Note 26)	<u>1,211,035</u>	<u>3</u>	<u>803,394</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>3,962,531</u>	<u>11</u>	<u>2,705,166</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	186,399	1	(105,862)	-
Remeasurement of defined benefit plans	85,271	-	128,947	-

(Continued)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
	Share Capital (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Note 23)			Exchange Differences on Translating the Financial Statements of Foreign Operations	Other Equity (Notes 22, 23 and 26)				Non-controlling Interests (Note 23)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Property Revaluation	Treasury Shares (Note 23)	Total		
BALANCE AT JANUARY 1, 2022	\$ 14,169,406	\$ 3,340,982	\$ 3,611,319	\$ 2,619,569	\$ 2,216,433	\$ 65,935	\$ 2,944,932	\$ 2,177,164	\$ (97,110)	\$ 31,048,630	\$ 8,786,528	\$ 39,835,158
Appropriation of 2021 earnings												
Legal reserve	-	-	117,699	-	(117,699)	-	-	-	-	-	-	-
Special reserve	-	-	-	38,409	(38,409)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,275,247)	-	-	-	-	(1,275,247)	-	(1,275,247)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(561,569)	(561,569)
Subtotal	-	-	117,699	38,409	(1,431,355)	-	-	-	-	(1,275,247)	(561,569)	(1,836,816)
Net profit for the year ended December 31, 2022	-	-	-	-	1,930,174	-	-	-	-	1,930,174	774,992	2,705,166
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	87,848	(10,169)	(241,735)	-	-	(164,056)	7,759	(156,297)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,018,022	(10,169)	(241,735)	-	-	1,766,118	782,751	2,548,869
Adjustments resulting from investments in associates accounted for using the equity method	-	42	-	-	-	-	-	-	-	42	11	53
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	(4,539)	-	4,539	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	14,169,406	3,341,024	3,729,018	2,657,978	2,798,561	55,766	2,707,736	2,177,164	(97,110)	31,539,543	9,007,721	40,547,264
Appropriation of 2022 earnings												
Legal reserve	-	-	201,348	-	(201,348)	-	-	-	-	-	-	-
Special reverse	-	-	-	(9,927)	9,927	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,558,635)	-	-	-	-	(1,558,635)	-	(1,558,635)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(797,574)	(797,574)
Subtotal	-	-	201,348	(9,927)	(1,750,056)	-	-	-	-	(1,558,635)	(797,574)	(2,356,209)
Net profit for the year ended December 31, 2023	-	-	-	-	2,752,303	-	-	-	-	2,752,303	1,210,228	3,962,531
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	75,130	(2,260)	230,374	-	-	303,244	3,173	306,417
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,827,433	(2,260)	230,374	-	-	3,055,547	1,213,401	4,268,948
Adjustments resulting from investments in associates accounted for using the equity method	-	2,571	-	-	2,478	(50)	(2,478)	-	-	2,521	4	2,525
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(490,257)	(490,257)
Difference between acquisition of the subsidiary's equity price and book value	-	-	-	-	(1,815,989)	44,910	54,589	-	-	(1,716,490)	(2,781,973)	(4,498,463)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	23,618	-	(23,618)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 14,169,406	\$ 3,343,595	\$ 3,930,366	\$ 2,648,051	\$ 2,086,045	\$ 98,366	\$ 2,966,603	\$ 2,177,164	\$ (97,110)	\$ 31,322,486	\$ 6,151,322	\$ 37,473,808

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

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FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Impact on assets, liabilities and equity for the prior year

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

e. Foreign currencies

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

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

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

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

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

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

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

f. Inventories

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

g. Investment in associates

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

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

2) Derecognition of intangible assets

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

Concession assets

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

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

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

l. Concession liability

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

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

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

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

b) Impairment of financial assets

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

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

p. Revenue recognition

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

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

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

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

q. Leases

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

1) The Group as lessor

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

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

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

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

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

2) The Group as lessee

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

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

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

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

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

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

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

r. Borrowing costs

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

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

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

s. Government subsidies

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

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

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

t. Retirement benefit costs

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

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

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

u. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation and Uncertainty

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

(Continued)

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

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

a. Notes receivable

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

December 31, 2023

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

December 31, 2022

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

b. Trade receivables (including related parties)

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

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

c. Other receivables

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

11. INVENTORIES

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

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

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

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Investor	Investee	Main Businesses	Proportion of Ownership (%)		Remark
			December 31	December 31	
			2023	2022	
Far Eastern Department Stores, Ltd.	Far Eastern Ai Mai Co., Ltd.	Hypermarket	100	100	
	Bai Yang Investment Co., Ltd.	Investment	100	100	
	Bai Ding Investment Co., Ltd.	Investment	67	67	
	Yu Ming Advertising Agency Co., Ltd.	Advertising and importation of certain merchandise	100	100	
	Far Eastern Hon Li Do Co., Ltd.	Building rental	56	56	
	FEDS Development Ltd.	Investment	54	54	
	Ya Tung Department Stores, Ltd.	Department store	100	100	
	Far Eastern CitySuper Co., Ltd.	Hypermarket	96	96	
	Pacific Liu Tong Investment Co., Ltd.	Investment	35	35	
	Asians Merchandise Company	Trading	100	100	

(Continued)

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

(Concluded)

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

b. Subsidiaries excluded from the consolidated financial statements

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

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

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

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

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

b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

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

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

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

c. Material lease-in activities and terms

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

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

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

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

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

d. Other lease information

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

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17. INTANGIBLE ASSETS

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

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

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

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

Computer software	1-10 years
Franchise	45 years

18. OTHER ASSETS

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

19. BORROWINGS

a. Short-term borrowings

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

b. Short-term bills payable

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

Outstanding short-term bills payable are as follows:

December 31, 2023

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

December 31, 2022

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

c. Long-term borrowings

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

20. OTHER LIABILITIES

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

21. PROVISIONS

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23. EQUITY

a. Share capital

Ordinary shares

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

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

d. Special reserve

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

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

e. Other equity items

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

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

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

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

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

f. Non-controlling interests

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

g. Treasury shares

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

December 31, 2023

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

December 31, 2022

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

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

24. REVENUE

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

Note: Gross revenue is presented as follows:

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

Contract Balances

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

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

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

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

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

25. NET PROFIT FOR THE YEAR

Net profit for the year includes the following items:

a. Operating costs

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

b. Interest income

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

c. Other income

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

d. Other gains and losses

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

e. Finance costs

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

f. Depreciation and amortization

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

g. Operating expenses directly related to investment properties

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

h. Employee benefits expenses

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

i. Compensation of employees and remuneration of directors

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

Accrual rate

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

Amount

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

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

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

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

26. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

(Continued)

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

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

Deferred tax liabilities

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

For the year ended December 31, 2022

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

(Continued)

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

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

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

f. Information on unused loss carryforwards

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

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

g. Income tax assessments

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

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net profit for the year

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

Shares

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

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

28. DISPOSITION OF SUBSIDIARIES

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

a. Consideration received from disposals

	Shanghai Pacific Department Stores Co., Ltd.
Other receivables	<u>\$ 114,600</u>

b. Analysis of assets and liabilities on the date control was lost

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

c. Loss on disposals of subsidiaries

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

d. Net cash outflow on disposals of subsidiaries

	Shanghai Pacific Department Stores Co., Ltd.
Consideration received in cash and cash equivalents	\$ -
Less: Cash and cash equivalent balances on disposal date	<u>(405,484)</u>
	<u>\$ 405,484</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

30. CASH FLOW INFORMATION

a. Non-cash transactions

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

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

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	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. 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.

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 83,054	\$ 284,762
Financial assets at amortized cost (1)	25,223,092	23,024,569
FVTOCI		
Equity instruments	5,640,353	5,467,922
<u>Financial liabilities</u>		
Amortized cost (2)	50,935,307	47,716,862

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

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Exchange rate risk

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

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

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

Sensitivity analysis

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

c) Other price risks

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

Sensitivity analysis

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

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

2) Credit risk

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

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

3) Liquidity risk

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

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

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

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

December 31, 2023

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

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

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

December 31, 2022

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

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ 3,351,854	\$ 8,749,758	\$ 6,330,318	\$ 3,410,394	\$ 2,917,077	\$ 3,260,867
Franchise liabilities	<u>6,949</u>	<u>27,796</u>	<u>34,745</u>	<u>34,745</u>	<u>34,745</u>	<u>163,120</u>
	<u>\$ 3,358,803</u>	<u>\$ 8,777,554</u>	<u>\$ 6,365,063</u>	<u>\$ 3,445,139</u>	<u>\$ 2,951,822</u>	<u>\$ 3,423,987</u>

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

b) Financing facilities

Unit: Thousand

	<u>December 31</u>	
	2023	2022
<u>Unsecured bank overdraft facilities</u>		
NTD		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 50,000</u>
RMB		
Amount used	\$ -	\$ -
Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 100,000</u>
<u>Secured bank overdraft facilities</u>		
NTD		
Amount used	\$ -	\$ -
Amount unused	<u>50,000</u>	<u>-</u>
	<u>\$ 50,000</u>	<u>\$ -</u>

(Continued)

	December 31	
	2023	2022
<u>Secured bank loan facilities</u>		
NTD		
Amount used	\$ 16,477,000	\$ 11,580,000
Amount unused	<u>3,723,000</u>	<u>8,420,000</u>
	<u>\$ 20,200,000</u>	<u>\$ 20,000,000</u>
USD		
Amount used	\$ 146,529	\$ 137,501
Amount unused	<u>252,560</u>	<u>240,148</u>
	<u>\$ 399,089</u>	<u>\$ 377,649</u>
RMB		
Amount used	\$ 76,158	\$ 4,196
Amount unused	<u>163,842</u>	<u>215,804</u>
	<u>\$ 240,000</u>	<u>\$ 220,000</u>
<u>Unsecured bank loan facilities</u>		
NTD		
Amount used	\$ 7,161,000	\$ 10,343,000
Amount unused	<u>26,482,000</u>	<u>26,476,000</u>
	<u>\$ 33,643,000</u>	<u>\$ 36,819,000</u>
USD		
Amount used	\$ -	\$ -
Amount unused	<u>10,000</u>	<u>10,000</u>
	<u>\$ 10,000</u>	<u>\$ 10,000</u>
RMB		
Amount used	\$ -	\$ -
Amount unused	<u>150,000</u>	<u>200,000</u>
	<u>\$ 150,000</u>	<u>\$ 200,000</u>
		(Concluded)

33. TRANSACTIONS WITH RELATED PARTIES

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

a. The Group's related parties and their relationships

Related Party	Relationship with the Group
Ding Ding Integrated Marketing Service Co., Ltd. (DDIM)	Associate
Chengdu Baiyang Industry Co., Ltd. (CDBI)	Associate
Yuan Hsin Digital Payment Co., Ltd. (YHDP) (Note)	Associate
Oriental Securities Corporation (OSC)	Associate
Pacific Department Store Co., Ltd.	Associate
Sogo Department Stores Co., Ltd.	Associate
Far Eastern International Leasing Corp. (FEIL)	Associate
Yuan Ding Enterprise (Shanghai) Limited. (YDEL (Shanghai))	Associate
Yuan Shi Digital Technology Co., Ltd. (YSDT)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far EasTone Telecommunications Co., Ltd. (FET)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Electronic Toll Collection Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Fetc International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
New Century InfoComm Tech Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Ding Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Ding Ding Hotel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far East Resources Development Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Ding Integrated Information Service (Shanghai) Inc.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Construction Co., Ltd. (FECC)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Apparel Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
YDT Technology International Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern General Contractor Inc. (FEG)	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Cing Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Prime EcoPower Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Arcoa Communication Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Oriental Green Materials Limited	Associate of investor with significant influence over the Group (the subsidiary of FENC)

(Continued)

Related Party	Relationship with the Group
Yuan Ding Investment Corporation	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Yuan Tone Investment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Din Yuang Investment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Kai Yuang Investment Corp.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
An Ho Garment Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Far Eastern Technical Consultants Co., Ltd.	Associate of investor with significant influence over the Group (the subsidiary of FENC)
Asia Cement Corporation (ACC)	Associate of investor with significant influence over the Group (the associate of FENC)
Everest Textile Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Ta Chu Chemical Fiber Co., Ltd.	Associate of investor with significant influence over the Group (the associate of FENC)
Far Eastern New Century Corporation (FENC)	Investor with significant influence over the Group (the investor of FEDS accounted for using the equity method)
Yuan Ze University	Other related party (the same chairman)
Oriental University of Science and Technology	Other related party (the same chairman)
Mr. Xu Yuanzhi Memorial Foundation Far Eastern Memorial Hospital (FEMH)	Other related party (the same chairman)
Oriental Union Chemical Corp.	Other related party (the same chairman)
U-Ming Marine Transport Corp.	Other related party (the same chairman)
Mr. Xuyuan Zhi Memorial Foundation	Other related party (related party in substance)
Hong-Tong Developing Co., Ltd.	Other related party (related party in substance)
Sogo New Life Foundation	Other related party (related party in substance)
Pacific Sogo Social Welfare Foundation	Other related party (related party in substance)
Ding&Ding Management Consultants Co., Ltd.	Other related party (related party in substance)
DWS Far Eastern Investments Limited	Other related party (related party in substance)
Far Eastern International Bank (FEIB)	Other related party (the chairman of the Company is its vice chairman)
CitySuper (Hong Kong) Ltd.	Other related party (related party in substance of subsidiary, Far Eastern CitySuper Co., Ltd.)
CitySuper (Japan) Ltd.	Other related party (related party in substance of subsidiary, Far Eastern CitySuper Co., Ltd.)
CitySuper (Labuan) Ltd.	Other related party (investor accounting for subsidiary, Far Eastern CitySuper Co., Ltd. using equity method)
CitySuper Ltd.	Other related party (parent company of CitySuper (Labuan) Ltd.)
Yuanbo Asset Management Company	Other related party (subsidiary of Far Eastern International Leasing Corporation)
Chengdu Tai Bai Consultant and Management Co., Ltd.	Other related party (collaborative enterprise in mainland China)
Shanghai Xujiahui Centre (Group) Co., Ltd.	Other related party (collaborative enterprise in mainland China)
Far Eastern Apparel (Suzhou) Co., Ltd.	Other related party (collaborative enterprise in mainland China)

(Continued)

Related Party	Relationship with the Group
Ya Tung Ready Mixed Concrete Co., Ltd.	Other related party (the subsidiary of ACC)
Fu Ming Transport Corporation	Other related party (the subsidiary of ACC)
U-Ming Marine Transport (Hong Kong) Limited	Other related party (the subsidiary of U-Ming Marine Transport Corporation)
U-Ming Marine Transport (Singapore) Limited	Other related party (the subsidiary of U-Ming Marine Transport Corporation)
	(Concluded)

Note: Yuan Hsin Digital Payment Co., Ltd. has completed its dissolution and liquidation on July 12, 2023.

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Sales of goods (Note)	Associates of investor with significant influence over the Group	\$ 51,895	\$ 51,101
	Other related parties	13,756	4,189
	Investor with significant influence over the Group	<u>813</u>	<u>521</u>
		<u>\$ 66,464</u>	<u>\$ 55,811</u>
Other operating revenue	Other related parties	\$ 60,218	\$ 58,158
	Associates of investor with significant influence over the Group	33,247	29,948
	Investor with significant influence over the Group	25,388	13,154
	Associates	<u>354</u>	<u>381</u>
		<u>\$ 119,207</u>	<u>\$ 101,641</u>

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

c. Purchases

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating costs (Note)	Associates of investor with significant influence over the Group	\$ 293,924	\$ 217,550
	Other related parties	16,655	23,377
	Investor with significant influence over the Group	<u>-</u>	<u>6</u>
		<u>\$ 310,579</u>	<u>\$ 240,933</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade receivables	Other related parties	\$ 52,430	\$ 80,625
	Associates of investor with significant influence over the Group	41,296	45,411
	Associates (Note 1)	20,135	22,026
	Investor with significant influence over the Group	<u>4,918</u>	<u>4,549</u>
		<u>\$ 118,779</u>	<u>\$ 152,611</u>
Other receivables	Associates	\$ 22,341	\$ 9,496
	Other related parties (Note 2)	12,060	208,878
	Associates of investor with significant influence over the Group	10,507	10,280
	Investor with significant influence over the Group	<u>802</u>	<u>298</u>
		<u>\$ 45,710</u>	<u>\$ 228,952</u>

Note 1: As of December 31, 2023 and 2022, provision for loss allowance amounted to \$117,810 thousand and \$118,517 thousand, respectively.

Note 2: As of December 31, 2022, provision for loss allowance amounted to \$16,181 thousand.

e. Prepayments

Related Party Category/Name	December 31	
	2023	2022
Other related parties	\$ 1,232	\$ 2,888
Associates of investor with significant influence over the Group	156	140
Associates	<u>148</u>	<u>-</u>
	<u>\$ 1,536</u>	<u>\$ 3,028</u>

f. Other current assets

Line Item	Related Party Category/Name	December 31	
		2023	2022
Guarantee deposits paid	Associates	<u>\$ 207</u>	<u>\$ -</u>
Others	Other related parties	<u>\$ 330</u>	<u>\$ -</u>

g. Other non-current assets

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease incentives	Associates of investor with significant influence over the Group	\$ 5,588	\$ 10,720
	Other related parties	<u>23</u>	<u>303</u>
		<u>\$ 5,611</u>	<u>\$ 11,023</u>
Refundable deposits	Associates	\$ 134,738	\$ 133,940
	Associates of investor with significant influence over the Group	<u>58,045</u>	<u>58,045</u>
		<u>\$ 192,783</u>	<u>\$ 191,985</u>

h. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Trade payables	Associates of investor with significant influence over the Group	\$ 87,123	\$ 101,299
	Other related parties	<u>16,099</u>	<u>15,560</u>
		<u>\$ 103,222</u>	<u>\$ 116,859</u>
Other payables	Associates of investor with significant influence over the Group	\$ 186,319	\$ 335,058
	Associates	144,620	146,846
	Other related parties	105,331	70,864
	Investor with significant influence over the Group	<u>64,292</u>	<u>55,161</u>
		<u>\$ 500,562</u>	<u>\$ 607,929</u>

i. Other current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Advance receipts	Other related parties	\$ 5,128	\$ 2,301
	Associates of investor with significant influence over the Group	1,817	2,059
	Associates	<u>929</u>	<u>575</u>
		<u>\$ 7,874</u>	<u>\$ 4,935</u>
Others	Other related parties	\$ 522	\$ 414
	Associates	<u>-</u>	<u>1,931</u>
		<u>\$ 522</u>	<u>\$ 2,345</u>

j. Other non-current liabilities

Line Item	Related Party Category/Name	December 31	
		2023	2022
Deposits received	Associates of investor with significant influence over the Group		
	Yuan Ding Co., Ltd.	\$ 63,083	\$ 61,701
	Others	<u>633</u>	<u>633</u>
		63,716	62,334
	Other related parties	1,032	1,032
	Associates	<u>111</u>	<u>-</u>
		<u>\$ 64,859</u>	<u>\$ 63,366</u>
Others	Other related parties		
	Yuanbo Asset Management Company	<u>\$ 28,238</u>	<u>\$ 28,490</u>

k. Lease arrangements - the Company as lessee

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Associates	\$ 4,145	\$ -
Associates of investor with significant influence over the Group	<u>3,543</u>	<u>583,939</u>
	<u>\$ 7,688</u>	<u>\$ 583,939</u>

The lease agreement between the Group's Ya Tung Department Stores, Ltd. and its related party, Yuan Ding Co., Ltd for the shopping arcade expired on December 31, 2021. The original lease agreement specified that terms of the lease renewal should be negotiated before expiration. However, due to the impact of the COVID-19 pandemic, the Group's Ya Tung Department Stores, Ltd. was affected, and the rental amount of the lease agreement with Yuan Ding Co., Ltd. was still under negotiation as of December 31, 2023. Therefore, the Group's Ya Tung Department Stores, Ltd. simply estimated the right-of-use assets and lease liabilities amounted to \$402,575 thousand based on the rental amount paid in the past. After the rental amount of the lease is confirmed, shall re-measure the lease liabilities and then make an announcement in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.

Line Item	Related Party Category/Name	December 31	
		2023	2022
Lease liabilities (Note)	Associates of investor with significant influence over the Group		
	Far Eastern Construction Co., Ltd.	\$ 4,723,039	\$ 4,853,470
	Far Eastern Resources Development Co., Ltd.	832,910	907,354
	Asia Cement Corporation	703,767	885,414
	Others	<u>134,681</u>	<u>278,283</u>
		6,394,397	6,924,521
	Associates	7,422	5,492
	Other related parties	<u>5,635</u>	<u>6,985</u>
		<u>\$ 6,407,454</u>	<u>\$ 6,936,998</u>

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

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Associates of investor with significant influence over the Group		
Far Eastern Construction Co., Ltd.	\$ 106,887	\$ 109,608
Others	<u>22,060</u>	<u>21,388</u>
	128,947	130,996
Other related parties	107	130
Associates	<u>69</u>	<u>55</u>
	<u>\$ 129,123</u>	<u>\$ 131,181</u>

1. Acquisition of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Underlying Assets	Purchase Price
Associates of investor with significant influence over the Group	Financial assets at fair value through other comprehensive income - non-current	177	Common shares	<u>\$ 1,768</u>

For the year ended December 31, 2022

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Underlying Assets	Purchase Price
Other related parties	Financial assets at fair value through other comprehensive income - current	50,936	Common shares	<u>\$ 490,000</u>

m. Disposal of financial assets

For the year ended December 31, 2023

Related Party Category/Name	Line Item	Number of Shares Traded (In Thousands)	Disposition Price	Purchase Price	Disposal (Loss) and Profit
Other related parties	Financial assets at fair value through profit or loss - current	17,273	funds	<u>\$ 206,737</u>	<u>\$ 1,471</u>

n. Acquisition of other assets

Related Party Category/Name	Line Item	Purchase Price	
		For the Year Ended December 31 2023	2022
Other related parties	Intangible assets	<u>\$ 9,586</u>	<u>\$ 13,848</u>

o. Construction projects

The construction projects of the Group were as follows:

	For the Year Ended December 31	
	2023	2022
Associates of investor with significant influence over the Group	<u>\$ 37,312</u>	<u>\$ 169,533</u>

p. Loans to related parties (booked as other receivables)

Related Party Category/Name	December 31	
	2023	2022
Shanghai Xujiashui Centre (Group) Co., Ltd.	<u>\$ -</u>	<u>\$ 203,233</u>

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

q. Loans from related parties

Related Party Category/Name	December 31	
	2023	2022
Far Eastern International Bank Ltd.	\$ 750,000	\$ 980,000

Interest expense

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Far Eastern International Bank Ltd.	\$ 3,939	\$ 4,876

r. Transactions with other related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Operating expenses (Note)	Other related parties	\$ 345,035	\$ 326,001
	Associates of investor with significant influence over the Group	249,714	207,595
	Associates	208,526	188,711
	Investor with significant influence over the Group	<u>144,209</u>	<u>152,690</u>
		<u>\$ 947,484</u>	<u>\$ 874,997</u>
Other gains and losses - gains	Associates of investor with significant influence over the Group		
	Asia Cement Corporation	\$ 20,000	\$ 20,000
	Others	<u>3,620</u>	<u>2,828</u>
		23,620	22,828
	Other related parties		
	Far Eastern International Bank Ltd.	19,803	18,799
Other gains and losses - losses	Associates	<u>3,472</u>	<u>3,634</u>
		<u>\$ 46,895</u>	<u>\$ 45,261</u>
	Associates	\$ 6,986	\$ 6,991
	Other related parties	3,187	9
	Investor with significant influence over the Group	19	21
	Associates of investor with significant influence over the Group	<u>-</u>	<u>1</u>
		<u>\$ 10,192</u>	<u>\$ 7,022</u>

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

s. Others

In the year of 2023, the Group made claims to the affiliates of the significant investor, Yuan Ding Investment Corporation, Ta Chu Chemical Fiber Co., Ltd., Kai Yuang Investment Corp., Ding Yuang International Co., Ltd., Yuan Tong Investment Co., Ltd., and An Ho Garment Co., Ltd., for acquisition of the shares of subsidiary Pacific Liu Tong Investment Co., Ltd. in a total amount of \$4,498,463 thousand. Please refer to Note 29.

t. Compensation of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 210,887	\$ 134,760
Post-employment benefits	<u>603</u>	<u>395</u>
	<u>\$ 211,490</u>	<u>\$ 135,155</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for long/short-term borrowings, short-term bills payable and trust deposit of goods (services) gift certificate.

	December 31	
	2023	2022
Financial assets at amortized cost	\$ 166,808	\$ 216,800
Investments accounted for using the equity method	2,762,634	3,428,246
Financial assets at FVTOCI	2,134,290	2,126,700
Property, plant and equipment	13,942,284	18,601,701
Investment properties	696,800	658,859
Right-of-use assets	-	3,005,016
Other financial assets	6,037	18,709
Intangible assets	-	541,677
Guarantee deposits paid	<u>495</u>	<u>495</u>
	<u>\$ 19,709,348</u>	<u>\$ 28,598,203</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group as of December 31, 2023 and 2022 are as follows:

Significant Unrecognized Commitments

The amount of unrecognized commitments are as follows:

	December 31	
	2023	2022
Construction of property, plant and equipment	<u>\$ 612,732</u>	<u>\$ 223,810</u>

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,003	30.7050 (USD:NTD)	\$ 153,624
USD	310	7.0827 (USD:RMB)	9,506
RMB	70,296	4.3352 (RMB:NTD)	<u>304,749</u>
			<u>\$ 467,879</u>
Non-monetary items			
Associates accounted for using the equity method			
RMB	661,067	4.3352 (RMB:NTD)	\$ 2,865,858
Financial assets at FVTPL			
USD	294	30.7050 (USD:NTD)	<u>9,029</u>
			<u>\$ 2,874,887</u>
<u>Financial liabilities</u>			
Monetary items			
USD	364	30.7050 (USD:NTD)	\$ 11,175
USD	10,142	7.0827 (USD:RMB)	311,406
RMB	281	4.3352 (RMB:NTD)	<u>1,220</u>
			<u>\$ 323,801</u>

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,034	30.7100 (USD:NTD)	\$ 123,879
USD	13,693	6.9646 (USD:RMB)	420,521
RMB	82,607	4.4094 (RMB:NTD)	<u>364,247</u>
			<u>\$ 908,647</u>

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
Associates accounted for using the equity method			
RMB	\$ 702,094	4.4094 (RMB:NTD)	\$ 3,095,813
Financial assets at FVTPL			
USD	294	30.7100 (USD:NTD)	<u>9,031</u>
			<u>\$ 3,104,844</u>

Financial liabilities

Monetary items			
USD	364	30.7100 (USD:NTD)	\$ 11,175
USD	13,847	6.9646 (USD:RMB)	425,230
RMB	401	4.4094 (RMB:NTD)	<u>1,770</u>
			<u>\$ 438,175</u>
			(Concluded)

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

For the Year Ended December 31				
Functional Currency	2023		2022	
	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Gains
NTD	1.0000 (NTD:NTD)	\$ (2,291)	1.0000 (NTD:NTD)	\$ 43,291
RMB	4.4240 (RMB:NTD)	<u>(8,851)</u>	4.4347 (RMB:NTD)	<u>66,663</u>
		<u>\$ (11,142)</u>		<u>\$ 109,954</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)

- 4) Cumulative purchase or sale of one security for an amount exceeding NT\$300 million or 20% of the paid-in capital (Table 5)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 8)
- b. Information on investees: Table 9.
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year (None)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 3)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 2)
 - f) Other transactions that have a material effect on the profit or loss or the financial position for the year, such as the rendering of services or receipt of payments (None)
- d. Major shareholders: For names, number of shares held and shareholding percentage of shareholders with a stake of 5% or more (Table 11)

38. SEGMENT INFORMATION

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

a. Segment revenue and results

	Segment Revenue		Segment Profit	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
ROC	\$ 35,929,404	\$ 34,851,606	\$ 5,954,144	\$ 4,900,077
China	<u>795,699</u>	<u>1,012,304</u>	<u>(453,532)</u>	<u>(453,711)</u>
Total for continuing operations	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>	5,500,612	4,446,366
Interest income			187,036	92,888
Other income			257,872	357,816
Other profits and losses			67,178	(347,821)
Finance costs			(962,332)	(869,978)
Share of profit (loss) of associates accounted for using the equity method			<u>123,200</u>	<u>(170,711)</u>
Profit before income tax			<u>\$ 5,173,566</u>	<u>\$ 3,508,560</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2023 and 2022.

b. Total segment assets and liabilities

	December 31	
	2023	2022
<u>Segment assets</u>		
ROC	\$ 128,501,138	\$ 120,551,537
China	<u>5,329,900</u>	<u>6,391,406</u>
Total consolidated assets	<u>\$ 133,831,038</u>	<u>\$ 126,942,943</u>
<u>Segment liabilities</u>		
ROC	\$ 91,027,330	\$ 80,518,697
China	<u>5,329,900</u>	<u>5,876,982</u>
Total consolidated liabilities	<u>\$ 96,357,230</u>	<u>\$ 86,395,679</u>

c. Revenue from major products

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

	For the Year Ended December 31	
	2023	2022
Retail sales revenue	\$ 33,599,040	\$ 32,801,817
Other operating revenue	<u>3,126,063</u>	<u>3,062,093</u>
	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>

d. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
ROC	\$ 35,929,404	\$ 34,851,606	\$ 90,618,549	\$ 84,528,674
China	<u>795,699</u>	<u>1,012,304</u>	<u>418,849</u>	<u>310,209</u>
	<u>\$ 36,725,103</u>	<u>\$ 35,863,910</u>	<u>\$ 91,037,398</u>	<u>\$ 84,838,883</u>

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

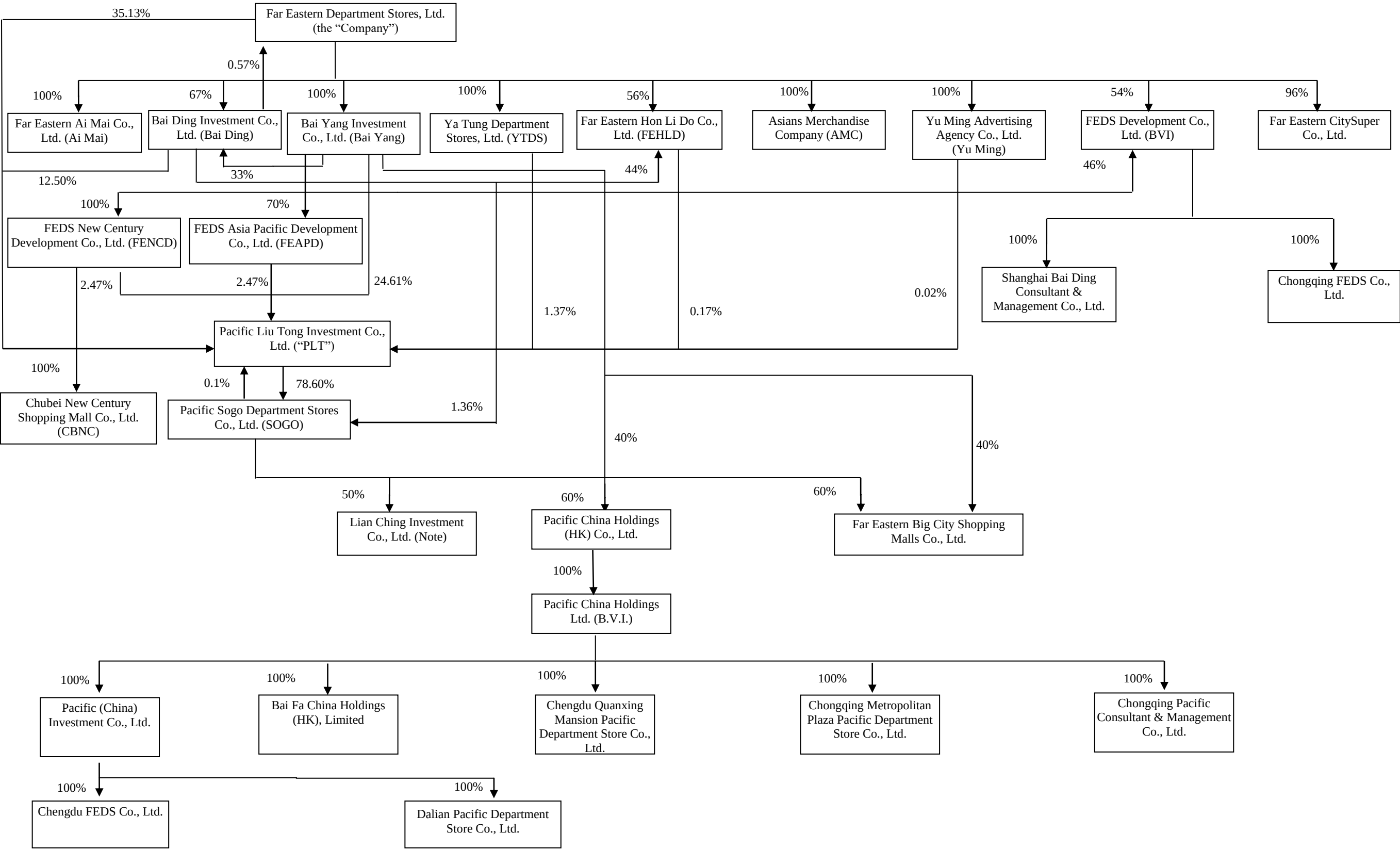
e. Information on major customers

There was no revenue from any single customer comprising 10% or more of the Group's gross revenue for 2023 and 2022.

TABLE 1

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

DIAGRAM OF INTERCOMPANY RELATIONSHIPS
DECEMBER 31, 2023



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

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
1	Pacific Sogo Department Stores Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	\$ 2,000,000	\$ 2,000,000	\$ -	-	(Note A)	\$ -	Transaction	\$ -	-	\$ -	\$ 5,433,746 (Note B)	\$ 5,433,746 (Note B)
2	Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Other receivables	Y	736,984 (RMB 170,000 thousand)	736,984 (RMB 170,000 thousand)	498,548 (RMB 115,000 thousand)	1.504523% (Note D)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1.504523% (Note E)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Shanghai Bai Ding Consultant & Management Co., Ltd.	Other receivables	Y	43,352 (RMB 10,000 thousand)	43,352 (RMB 10,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Other receivables	Y	433,520 (RMB 100,000 thousand)	433,520 (RMB 100,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
3	Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	303,464 (RMB 70,000 thousand)	303,464 (RMB 70,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	-	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Pacific (China) Investment Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	1% (Note F)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
4	Pacific China Holdings (HK) Co., Ltd.	Pacific China Holding Ltd. (B.V.I.)	Other receivables	Y	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	5.78%-5.85% (Note G)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
5	Pacific (China) Investment Co., Ltd.	Chongqing FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Dalian Pacific Department Store Co., Ltd.	Other receivables	Y	86,704 (RMB 20,000 thousand)	86,704 (RMB 20,000 thousand)	-	1% (Note H)	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu FEDS Co., Ltd.	Other receivables	Y	216,760 (RMB 50,000 thousand)	216,760 (RMB 50,000 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
		Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Other receivables	Y	2,168 (RMB 500 thousand)	2,168 (RMB 500 thousand)	-	-	(Note A)	-	Transaction	-	-	-	12,528,994 (Note C)	12,528,994 (Note C)
6	Shanghai Pacific Department Store Co., Ltd.(Note I)	Shanghai Xujiahui Centre (Group) Co., Ltd.	Other receivables	Y	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 thousand)	199,813 (RMB 46,091 Thousand)	-	(Note A)	-	Transaction	-	-	-	240,997 (Note B)	240,997 (Note B)

Note A: Short-term financing.

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

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

Note D: The interest for the period amounted to RMB1,930 thousand.

Note E: The interest for the period amounted to RMB23 thousand.

Note F: The interest for the period amounted to RMB165 thousand.

Note G: The interest for the period amounted to US\$40 thousand.

Note H: The interest for the period amounted to RMB75 thousand.

Note I: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Group were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

TABLE 3

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amounts Allowable	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by A Subsidiary	Endorsement/ Guarantee Provided to Mainland China
		Name	Nature of Relationship (Note E)										
0	Far Eastern Department Stores, Ltd.	Bai Ding Investment Co., Ltd. (Bai Ding)	2	\$ 18,793,491 (Note A)	\$ 900,000	\$ 900,000	\$ 550,000	\$ -	3	\$ 31,322,486 (Note B)	Y	-	-
		FEDS Development Ltd.	2	18,793,491 (Note A)	307,050 (US\$ 10,000 thousand)	307,050 (US\$ 10,000 thousand)	-	-	1	31,322,486 (Note B)	Y	-	-
		Pacific Sogo Department Stores Co., Ltd.	2	18,793,491 (Note A)	6,137,841	5,680,307	5,680,307	-	18	31,322,486 (Note B)	Y	-	-
1	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Department Stores, Ltd.	3	18,793,491 (Note C)	4,056,266	3,860,223	3,860,223	-	12	31,322,486 (Note D)	-	Y	-
		Pacific China Holding Ltd. (B.V.I.)	2	18,793,491 (Note C)	11,826,378 (US\$ 356,500 thousand) (RMB 203,000 thousand)	11,639,965 (US\$ 356,500 thousand) (RMB 160,000 thousand)	4,192,138 (RMB 967,000 thousand)	-	37	31,322,486 (Note D)	-	-	-
		Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	2	18,793,491 (Note C)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	1,654,548 (US\$ 20,000 thousand) (RMB 240,000 thousand)	637,210 (US\$ 10,000 thousand) (RMB 76,158 thousand)	-	5	31,322,486 (Note D)	-	-	Y
2	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	501,270 (Note A)	187,446	187,446	187,446	-	1	835,451 (Note B)	-	-	-

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

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

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

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

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

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

TABLE 4

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Far Eastern Department Stores, Ltd.	<u>Shares</u> Asia Cement Corporation	4	Financial assets at fair value through other comprehensive income - non-current	50,000	\$ 2,072,521	1	\$ 2,072,521	35,000 thousand shares of Asia Cement Corporation pledged for loans and commercial papers issued of the investor company
	Far Eastern New Century Corporation	3	Financial assets at fair value through other comprehensive income - non-current	19,964	622,888	-	622,888	
	Kaohsiung Rapid Transit Corporation	-	Financial assets at fair value through other comprehensive income - non-current	6,286	33,756	2	33,756	
	Yuan Ding Leasing Corp.	-	Financial assets at fair value through other comprehensive income - non-current	7,309	72,848	9	72,848	
	Yuan Ding Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	3	10	-	10	
	Yuan Shi Digital Technology Co., Ltd.	4	Financial assets at fair value through other comprehensive income - non-current	208	2,339	-	2,339	
Bai Ding Investment Co., Ltd.	<u>Shares</u> Far Eastern Department Stores, Ltd.	2	Financial assets at fair value through other comprehensive income - current	8,207	203,123	1	203,123	5,200 thousand shares of Asia Cement Corporation pledged for commercial papers issued of the investor company 15,000 thousand shares of Far Eastern New Century Corporation pledged for loans of the investor company
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	14,814	614,057	-	614,057	
	Far Eastern New Century Corporation	6	Financial assets at fair value through other comprehensive income - non-current	15,812	493,320	-	493,320	
	Chung-Nan Textile Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,984	114,000	5	114,000	
	Ding Ding Management Consultants Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	647	9,981	5	9,981	
	Yue Ding Industry Co., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	3,133	50,667	2	50,667	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
	Ding Sheng Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	40,329	351,262	18	351,262	
Bai Yang Investment Co., Ltd.	<u>Shares</u> Far Eastern International Bank Ltd.	8	Financial assets at fair value through other comprehensive income - current	75,068	949,611	2	949,611	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	3,849	159,561	-	159,561	
	U-Ming Marine Transport Corporation	8	Financial assets at fair value through other comprehensive income - non-current	200	10,420	-	10,420	
	Oriental Securities Investment Advisory Co., Ltd.	8	Financial assets at fair value through other comprehensive income - non-current	1	10	-	10	
Yu Ming Advertising Agency Co., Ltd.	<u>Shares</u> Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - non-current	1,506	62,406	-	62,406	

(Continued)

Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	December 31, 2023				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
FEDS Development Ltd.	<u>Shares</u> Kowloon Cement Corp., Ltd.	7	Financial assets at fair value through other comprehensive income - non-current	46	\$ 18,849	-	\$ 18,849	
Pacific Sogo Department Stores Co., Ltd.	<u>Shares</u> CMC Magnetics Corp.	-	Financial assets at fair value through profit or loss - current	188	2,159	-	2,159	
	Pacific Construction Co., Ltd.	-	Financial assets at fair value through profit or loss - current	7,931	80,895	2	80,895	
	Oriental Union Chemical Corp.	8	Financial assets at fair value through other comprehensive income - current	50	1,008	-	1,008	
	Pacific Liu Tong Investment Co., Ltd.	1	Financial assets at fair value through other comprehensive income - non-current	800	4,019	-	4,019	
	Asia Cement Corporation	7	Financial assets at fair value through other comprehensive income - current	20	829	-	829	
	E-Shou Hi-tech Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	18,300	-	15	-	
	Tian Yuan Investment Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	98,000	-	20	-	
	PURETEK Corp.	-	Financial assets at fair value through profit or loss - non-current	119	-	-	-	
	Pacific 88 Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	16	-	1	-	
	Yuan Shi Digital Technology Co., Ltd.	7	Financial assets at fair value through profit or loss - non-current	312	-	-	-	
Pacific China Holding Ltd. (B.V.I.)	<u>Shares</u> Overseas Development Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	
	Taiwan Ocean Farming Corp.	-	Financial assets at fair value through profit or loss - non-current	2,250	-	15	-	

Note A:

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

(Concluded)

TABLE 5

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

CUMULATIVE PURCHASE OR SALE OF ONE SECURITY FOR AN AMOUNT EXCEEDING NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Selling and Buying Company	Type and Name of Marketable Securities	Financial Statement Account	Transacting Company	Relationship	January 1, 2023		Buy		Sell				Adjustments (Note A)	December 31, 2023	
					Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Selling Price	Booked Cost	Disposal Profit		Shares (In Thousands)	Amount
Far Eastern Department Stores, Ltd.	<u>Shares</u> Bai Yang Investment Co., Ltd.	Investments accounted for using the equity method	Note B	Subsidiary	1,204,991	\$ 12,213,294	450,000	\$ 4,500,000	-	\$ -	\$ -	\$ -	\$ (1,372,912)	1,654,991	\$ 15,340,382
Bai Yang Investment Co., Ltd.	<u>Shares</u> Pacific Liu Tong Investment Co., Ltd.	Investments accounted for using the equity method	Note C	Associates of investor with significant influence over the Group	19,800	314,351	177,594	4,498,463	-	-	-	-	(1,698,321)	197,394	3,114,493

Note A: The share of comprehensive income recognized using the equity method, and paid cash dividend.

Note B: There was an increase in cash capital.

Note C: There are Yuan Ding Investment Corporation, Ta Chu Chemical Fiber Co., Ltd., Kai Yuang Investment Corp., Din Yuang Investment Co., Ltd., Yuan Tone Investment Co., Ltd. and An Ho Garment Co., Ltd.

TABLE 6

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	Ending Balance	% of Total	
Far Eastern Ai Mai Co., Ltd.	Yuan Shi Digital Technology Co., Ltd.	Other related party	Purchase	\$ 278,930	3	Based on contract	-	-	\$ -	-	\$ (31,064)	(2)	

TABLE 7

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Pacific Sogo Department Stores Co., Ltd.	Sogo Department Store Co., Ltd.	Associate	\$ 117,810	-	\$ 117,810	Collection expedited	\$ 21	\$ 117,810
Chongqing FEDS Co., Ltd.	Chongqing Pacific Consultant and Management Co., Ltd.	Same ultimate parent company	499,194 (Note A)	-	-	-	-	-
FEDS Development Ltd.	Chongqing FEDS Co., Ltd.	Subsidiary	303,464 (Note B)	-	-	-	-	-

Note A: This balance refers to fund lending.

Note B: The cash dividends receivable.

TABLE 8

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Number	Transacting Company	Counter Party	Flow of Transaction (Note A)	Status			
				Account	Amount (Note C)	Condition	Ratio to Consolidated Operating Revenue or Assets (Note B)
0	Far Eastern Department Store Co., Ltd.	Chubei New Century Shopping Mall Co., Ltd.	1	Operating expenses	\$ 405,285	Rent was based on market rates and paid monthly.	1
1	Chubei New Century Shopping Mall Co., Ltd.	Far Eastern Department Store Co., Ltd.	2	Operating revenue	(405,285)	Rent was based on market rates and collected monthly.	1
2	Far Eastern Department Store Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	1	Operating expenses	228,000	Rent was based on market rates and paid monthly.	1
3	FEDS Asia Pacific Development Co., Ltd.	Far Eastern Department Store Co., Ltd.	2	Operating revenue	(228,000)	Rent was based on market rates and collected monthly.	1
4	Pacific Sogo Department Stores Co., Ltd.	Far Eastern Big City Shopping Malls Co., Ltd.	3	Operating revenue	(378,554)	Rent was based on market rates and collected monthly.	1
5	Far Eastern Big City Shopping Malls Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	3	Operating costs and expenses	378,554	Rent was based on market rates and paid monthly.	1

Note A: The flow of transactions is numbered as follows:

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

Note B: The percentage of transaction amount to consolidated total revenue or total assets is calculated as the ending balance to consolidated total assets in the case of assets and liabilities accounts, or as the interim cumulative amount to consolidated total revenue in the case of profit or loss accounts.

Note C: The criteria for disclosure is when the amount of major transactions between the parent company and the subsidiary accounts for more than 1% of the consolidated total revenue or total assets.

TABLE 9

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of (Loss) Profit	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Far Eastern Department Stores Co., Ltd.	Bai Yang Investment Co., Ltd.	Taiwan	Investment	\$ 16,222,181	\$ 11,722,181	1,654,991	100	\$ 15,340,382	\$ 190,566	\$ 190,597	Subsidiary
	Oriental Securities Corporation	Taiwan	Securities investment	83,986	143,652	83,008	20	1,367,311	212,377	42,111	Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,764,210	1,764,210	281,734	35	4,436,702	1,714,863	602,420	Subsidiary
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	33,357	33,357	131,979	67	2,593,164	333,324	222,415	Subsidiary
								(Note B)			
	Far Eastern Ai Mai Co., Ltd.	Taiwan	Retail	1,535,538	1,535,538	87,744	100	(22,750)	(210,572)	(210,572)	Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	125,058	125,058	218	54	1,106,787	(281,480)	(164,459)	Subsidiary
	Yu Ming Advertising Agency Co., Ltd.	Taiwan	Advertising and import agent	33,000	33,000	3,500	100	118,099	12,359	12,359	Subsidiary
	Ya Tung Department Stores, Ltd.	Taiwan	Department store	1,419,292	1,419,292	51,000	100	361,639	(105,960)	(105,705)	Subsidiary
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719	3,336	Associate
	Asians Merchandise Company	US	Trading	5,316	5,316	950	100	4,942	104	104	Subsidiary
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	40,278	40,278	1,571	56	14,607	2,687	1,609	Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	478,269	478,269	47,827	96	172,159	15,486	14,814	Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	238,292	-	-	-	(966)	(89)	Associate
Bai Ding Investment Co., Ltd.	Oriental Securities Corporation	Taiwan	Securities investment	95,627	163,563	57,460	14	946,547	212,377		Associate
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	658,129	658,129	100,250	13	1,592,409	1,714,863		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	301,125	301,125	22,203	5	329,006	150,882		Associate
	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	33,490	33,490	11,254	1	184,747	2,193,039		Subsidiary
	Yue Ming Trading Co., Ltd.	Taiwan	Import and export trading and distribution	21,291	21,291	4,901	15	69,534	4,477		Associate
	Far Eastern Hon Li Do Co., Ltd.	Taiwan	Building leasing	28,672	28,672	1,259	44	14,649	2,687		Subsidiary
	Far Eastern CitySuper Co., Ltd.	Taiwan	Retail	-	-	2	-	1	15,486		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	21,179	-	-	-	(966)		Associate
FEDS Asia Pacific Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
FEDS New Century Development Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	99,000	99,000	19,800	2	331,739	1,714,863		Subsidiary
	Chubei New Century Shopping Mall Co., Ltd.	Taiwan	Department store	5,300,000	5,300,000	530,000	100	5,135,950	(32,711)		Subsidiary
Bai Yang Investment Co., Ltd.	FEDS Asia Pacific Development Co., Ltd.	Taiwan	Shopping mall	1,522,761	1,522,761	149,100	70	1,651,209	163,838		Subsidiary
	Far Eastern International Leasing Corporation	Taiwan	Leasing	1,555,590	1,555,590	132,388	30	1,697,995	150,882		Associate
	Bai Ding Investment Co., Ltd.	Taiwan	Investment	577,457	577,457	66,021	33	1,312,545	333,324		Subsidiary
	FEDS New Century Development Co., Ltd.	Taiwan	Shopping mall	5,445,272	5,445,272	552,000	100	5,522,887	9,130		Subsidiary
	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	4,597,463	99,000	197,394	25	3,114,493	1,714,863		Subsidiary
	FEDS Development Ltd.	British Virgin Island	Investment	723,946	723,946	185	46	942,438	(281,480)		Subsidiary
	Pacific China Holdings (HK) Limited	Hong Kong	Investment	4,559,660	4,559,660	68,880	40	(810,445)	(383,299)		Subsidiary
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	200,000	200,000	20,000	40	377,755	281,871		Subsidiary
Ya Tung Department Stores, Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	55,000	55,000	11,000	1	184,017	1,714,863		Subsidiary
Yu Ming Advertising Agency Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	1,200	1,200	200	-	3,152	1,714,863		Subsidiary
Far Eastern Hon Li Do Co., Ltd.	Pacific Liu Tong Investment Co., Ltd.	Taiwan	Investment	8,400	8,400	1,400	-	21,367	1,714,863		Subsidiary
Pacific Liu Tong Investment Co., Ltd.	Pacific Sogo Department Stores Co., Ltd.	Taiwan	Department store	4,469,904	4,469,904	650,817	79	12,269,437	2,193,039		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	55,735	62,480	6,165	3	138,647	140,373		Associate
Pacific Sogo Department Stores Co., Ltd.	Pacific China Holdings (HK) Limited	Hong Kong	Investment	7,175,973	7,175,973	103,320	60	(1,215,668)	(383,299)		Subsidiary
	Pacific Department Store Co., Ltd.	Taiwan	Department store	539,541	599,000	54,350	29	1,012,564	140,373		Associate
	Lian Ching Investment Co., Ltd. (Note C)	Taiwan	Investment	270,641	270,641	26,764	50	-	-		Subsidiary
	Pacific Venture Investment Ltd.	Hong Kong	Investment	357,050	357,050	100,000	48	-	-		Associate
	Sogo Department Store Co., Ltd.	Taiwan	Credit card business	32,984	32,984	7,120	34	-	-		Associate
	Ding Ding Integrated Marketing Service Co., Ltd.	Taiwan	Marketing	64,500	64,500	3,631	10	21,519	32,719		Associate
	Far Eastern Big City Shopping Malls Co., Ltd.	Taiwan	Department store	300,000	300,000	30,000	60	566,632	281,871		Subsidiary
	Yuan Hsin Digital Payment Co., Ltd.	Taiwan	E-ticket	-	358,292	-	-	-	(966)		Associate
Pacific China Holdings (HK) Limited	Pacific China Holding Ltd. (B.V.I.)	British Virgin Island	Investment	6,662,985	6,662,985	192,200	100	(2,148,628)	(388,884)		Subsidiary
Pacific China Holding Ltd. (B.V.I.)	Bai Fa China Holdings (HK) Limited	Hong Kong	Investment	46	46	2	100	46	-		Subsidiary

(Continued)

Note A: The foreign-currency investments were translated at the rate of US\$1:NT\$30.705 prevailing on December 31, 2023.

Note B: The amount is the investment accounted for using the equity method to \$2,690,274 thousand deduct the parent company shares reclassification to treasury shares of \$97,110 thousand.

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

(Concluded)

TABLE 10

FAR EASTERN DEPARTMENT STORES, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (Note A)	Method of Investment (Note G)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note A)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note A)	Net Income (Loss) of the Investee (Note E)	% Ownership of Direct or Indirect Investment	Share of (Loss) Profit (Note E)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outflow	Inflow						
Shanghai Pacific Department Store Co., Ltd.(Note H)	Department store	\$ 543,479	(2)	\$ 394,022 (Note B)	\$ -	\$ -	\$ 394,022 (Note B)	\$ (28,265)	56	\$ (18,982)	\$ -	\$ -
Chengdu Quanxing Mansion Pacific Department Store Co., Ltd.	Department store	675,203	(2)	675,203 (Note B)	-	-	675,203 (Note B)	82,819	78	55,621	6,505	-
Chongqing Metropolitan Plaza Pacific Department Store Co., Ltd.	Department store	1,688,775	(2)	1,688,775 (Note C)	-	-	1,688,775 (Note C)	(87,809)	78	(58,972)	421,754	-
Chongqing Pacific Consultant and Management Co., Ltd.	Consulting services	2,241,465	(2)	6,141 (Note B)	-	-	6,141 (Note B)	(10,391)	78	(6,979)	734,225	-
Shanghai Pacific Consultant and Management Co., Ltd.	Consulting services	10,747	(2)	5,266 (Note B)	-	-	5,266 (Note B)	53	38	17	4,365	-
Shanghai Bai Ding Consultant and Management Co., Ltd.	Consulting services	3,071	(2)	-	-	-	-	1,044	100	1,044	14,475	-
Chongqing FEDS Co., Ltd.	Department store	85,974	(2)	-	-	-	-	(231,220)	100	(231,220)	384,599	-
Chengdu Department Emporium Group Co., Ltd.	Department store, logistics and storehouse	975,423	(2)	-	-	-	-	116,852	26	-	1,059,206	-
Dalian Pacific Department Store Co., Ltd.	Department store	69,363	(2)	-	-	-	-	(1,149)	78	(771)	4,885	-
Pacific (China) Investment Co., Ltd.	Investment	6,939,330	(2)	-	-	-	-	(34,026)	78	(22,852)	140,766	-
Chengdu FEDS Co., Ltd.	Department store	4,114,470	(2)	-	-	-	-	(17,785)	78	(11,944)	3,642	-
Yuan Ding Enterprise (Shanghai) Co., Ltd.	Wholesale of equipment and consulting services	7,644,800	(2)	-	-	-	-	(273,631)	20	(54,726)	1,282,202	-

(Continued)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ - (Note D)	\$242,969 (US\$7,913 thousand) (Notes A and D)	\$ - (Note F)

Note A: Translated at the rate of US\$1:NT\$30.705 and RMB1:NT\$4.3352 prevailing on December 31, 2023.

Note B: Amount remitted by the former shareholders.

Note C: The amount of \$92,115 thousand was remitted by the former shareholders plus \$1,596,660 thousand from subsidiaries.

Note D: The payment made by the Company and the investment amount approved by the Investment Commission, except for the payment made by subsidiary’s investment amount approved by the Investment Commission. The financial report was audited by an international accounting firm with a cooperative working relationship.

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

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

Note G: Three investment types are as follows:

1. The Company made the investment directly.

2. The Company made the investment through companies registered in a third region. The companies registered in a third region were FEDS Development Ltd. and Pacific China Holding Ltd. (B.V.I.)

3. Others.

Note H: Due to the capital reduction of Shanghai Pacific Department Store Co., Ltd. to make up losses, the shares held by the Group were all extinguished; therefore, Shanghai Pacific Department Store Co., Ltd. was derecognized at the end of the period.

(Concluded)

TABLE 11**FAR EASTERN DEPARTMENT STORES, LTD.****INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Major Shareholder	Shareholding	
	Number of Shares Held	Shareholding Percentage
Far Eastern New Century Corporation	241,769,702	17.06
Yuan Ding Investment Corporation	139,785,985	9.86
Asia Cement Corporation	80,052,950	5.64
Yuan Tone Investment Co., Ltd.	79,699,530	5.62

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