

# **The Record of FEDS' 2020 Annual General Shareholders' Meeting**

## **The Speech of Chairman Douglas Hsu**

1. In 2019, Taiwan's department store market continued to expand under the trend of diversification, digitization and smart retailing. The Far Eastern Retail Group grew steadily in the dynamic retail market, continuously expanded market, expedited digital transformation, adjusted operating model, and innovated customer experiences. The management team continued to deliver outstanding performances despite challenging environment.
2. The Far Eastern Retail Group (including Far Eastern Department Stores, Far Eastern SOGO Department Stores, Far Eastern A.Mart, and Far Eastern City Super) registered consolidated sales of NT\$114.6 billion in 2019. Consolidated net profit was NT\$2.15 billion, earnings per share were NT\$1.26, up 34% year-on-year, cash dividend payout for 2019 was NT\$0.8. FEDS delivered record breaking revenues and operating profit, highest since its inception 53 years ago despite the challenging retail market. Operating income tripled than a decade ago. Far Eastern SOGO Department Stores, Far Eastern A.Mart, and Far Eastern City Super also performed well, in particular pre-tax net income of Far Eastern SOGO Department Stores grew more than 10% year on year, and operating income of Far Eastern A.Mart also increased significantly thanks to successful cost saving. City Super opened its 7th store in Taiwan at the state-of-the-art FEDS Hsinyi A13, the fifth-generation store, totally elevating customers' shopping experience with brand new store design.
3. To welcome digitized Z generation customers, Far Eastern Department Stores has engaged in promoting digital transformation, developing "digital operation, digital experience, digital management" to become leader of digital retailing. The newly opened FEDS Hsinyi A13 Store, with comprehensive application of digital technologies, has enabled consumers to enjoy convenient and customized services throughout the shopping journey. In the future, FEDS will focus on the five major growth engines including "Continuous Expansion, Strengthened Experience, Innovative Management, Technological Applications, Online Shopping Development" to continue to create maximum benefit for its shareholders
4. FEDS persevered its diversified retailing strategy to develop new market, and satisfy customers' comprehensive shopping needs. After the opening of Hsinyi A13 Store, the Company kept on exploring northern Hsinchu to construct FEDS Zhubei Shopping Mall, beam raising ceremony of which was held in March 2020, scheduled to open in 2021 as the first shopping center in Hsinchu County. Far Eastern A.Mart and City Super will also open new stores in Taichung and Zhubei. Far Eastern Retail Group is increasing its investments in Taiwan to open three more stores.
5. In 2019, FEDS maintained its outstanding performance in CSR efforts and received

nearly 30 awards both domestically and abroad. Moreover, the Company was awarded “Best Effort in Social Responsibility” by Federation of Asia-Pacific Retailers Association as Taiwan’s first department store recipient in the past 40 years. As for sustainable environment, the Company is the first to adopt the standard of the manufacturing industry to review its energy conservation efficiency, and continues to introduce ISO energy management system to lower fixed operating cost. To fulfill social commitment, in 2019 FEDS sponsored 348 non-profit events in five major categories to care for women, children, and under-privileged families. Our analysis and evaluation of the “Social Return on Investment” (SROI) indicated that FEDS’s outperforming positive social impact. Going forward, FEDS will continue to commit to its CSR endeavors and collaborate with the general public to raise social awareness around environmental sustainability, charity, health, and sustainable life styles.

### **The content of presentation slides**

1. FEDS Retail Group
2. Consolidated Financial Performance
3. Digital FEDS Enrich Your Experience
4. Business Prospect
5. Corporate Social Responsibility

### **The content of discussion**

FEDS’ important resolutions of the Year 2020hareholders’ meeting:

- I. Matters to be reported
  - (1) 2019 Business Report (please refer to P.2-P.9 of handbook for 2020 AGM)
  - (2) Financial report of 2019 (please refer to P.10-P.32 of handbook for 2020 AGM)
  - (3) Audit Committee’s review report on 2019 business report and financial statements (please refer to P.33 of handbook for 2020 AGM).
  - (4) Report of directors’ and employees’ compensation (please refer to P.34 of handbook for 2020 AGM).
  - (5) Report of the amendment of certain provisions of “Best Practice Principles of Ethical Corporate Management” (please refer to P.35- P.38 of handbook for 2020 AGM).

**RESOLVED, that the above proposals were approved for reference.**

## II. Matters to be approved

- (1) To accept 2019 usiness report and financial statements.

**Resolution: the result of voting is as follows:**

**The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,171,873,305.**

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,141,732,201	97.4
Disapproval	73,161	-
Invalid	0	-
Abstention votes/No votes	30,067,943	2.6

RESOLVED, that the above proposal be and hereby was approved as proposed.

- (2) To approve the proposal for the distribution of 2019surplus earning.

**Resolution: the result of voting is as follows:**

**The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,171,873,305.**

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,144,414,703	97.7
Disapproval	140,349	-
Invalid	0	-
Abstention votes/No votes	27,318,253	2.3

RESOLVED, that the above proposal be and hereby was approved as proposed.

## III. Discussion and Election

- (1) Proposal To Amend The Certain Provisions Of The Company' s "Articles of Incorporation".

**Resolution: the result of voting is as follows:**

**The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,171,873,305.**

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	958,149,392	81.8
Disapproval	186,299,848	15.9
Invalid	0	-
Abstention votes/No votes	27,424,065	2.3

RESOLVED, that the above proposal be and hereby was approved as proposed.

- (2) Proposal to amend the certain provisions of the Company's "Rules of Procedure of Stockholders Meeting".

**Resolution: the result of voting is as follows:**

**The number of shares represented by the shareholders present at the time of voting (including e-voting) was 1,171,873,305.**

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	1,144,367,392	97.7
Disapproval	78,848	-
Invalid	-	-
Abstention votes/No votes	27,427,065	2.3

RESOLVED, that the above proposal be and hereby was approved as proposed.

- (3) Proposal to hold a by-election to fill the vacancy of one independent director.

**Please elect: the result of voting is as follows:**

**Election result:**

Title	Shareholder Number/ID	Name	Votes Received
Independent Director	F12094****	Dong, Ding Yu	935,951,118

IV. Extempore motion

**None.**

V. Motion to Adjourn