



Press Release for 2014 Annual General Shareholders' Meeting of Far Eastern Department Stores Ltd.

Integrated Physical and Virtual Stores to Create a Dynamic Future!!

Date: 9:00 am, Thursday, June 20th, 2014

Venue: Auditorium in the Taipei Hero House

In general, 2013 marked a challenging year for Far Eastern Department Stores (FEDS). The new type of City series shopping malls include Banqiao Mega City, Taichung Top City, and Hsinchu Big City have all registered outstanding performances. Under the leadership of Chairman Hsu and President Hsu as well as joint efforts of the management team, the Company continued to report excellent result in “new stores’ sales, anniversary sales, and consolidated net asset value.” The number of stores in both Taiwan and China has reached fifty-six.

■ **Financial Results: Net income in 2013 was NT\$2.17 billion, jumped 34.7% year on year; cash dividend yield and dividend payout ratio both marked high in the past 5 years**

FEDS reported consolidated sales of NT\$125.7 billion in 2013. On stand-alone basis, FEDS performed strongly to post sales of NT\$39.65 billion, up 1.4% YoY with significant contribution by the new store openings of Banqiao Mega City and Taichung Top City, FEDS’s net income was NT\$2.17 billion, up 34.7% from the previous year, and earnings per share was NT\$1.54. Total dividend payout was NT\$1.35 per share, which included NT\$1.15 in cash and NT\$0.2 in stock dividends. Cash dividend yield and dividend payout ratio both marked historical high in the past 5 years. Furthermore, sales and net income of Pacific SOGO Department Store were NT\$40.7 billion and NT\$1.36 billion, up 1.7% and 4.8% from 2012, respectively.

■ **Business Prospects: Integrating physical and virtual stores, creating new shopping experience through mobile commerce**

Far Eastern Retail Group (FERG) will be dedicated to fully integrating both physical and virtual channels to provide customers with more flexible shopping experience and diverse merchandise mix. Additionally, digital marketing, experiential marketing, and mobile payment will be provided to create a whole new mobile shopping experience. Moreover, we will also integrate shopper’s information in FERG’s database, analyze customer behaviors, preplan marketing strategies, elevate customer loyalty, increase revenues and profits, and create maximum benefit for our shareholders.

■ **Business Plan: Add extra 148,500 square meters of floor area in the next 5 years, a growth of 20%, to elevate market share**

In view of steady economic growth and rebound in domestic consumption, Taiwan's retail market is expected to foresee prosperous development. FERG will seize this business opportunity to expand operations, heighten market share, and become the leading brand across the Straits.

- ◆ Banqiao Mega City Phase II: Expected to showcase in 3Q 2014 with a complete merchandise mix in addition to the existing collection from the 1st phase;
- ◆ Hsin yi A13 Mall : Grand opening scheduled in 2016, based on the design concept of City Mall series, encompassing fashion boutiques and focusing on the theme restaurants and entertainment;
- ◆ FE21' Mega Kaohsiung Store Phase II: Expected to join operations in 2018, this Store will introduce international luxury brands; expand restaurant and entertainment space to attract shoppers.

After opening of these new malls, additional 148,500 square meters of floor area was added in total with 20% growth, market share is expected to be elevated. In addition, A-mart's 20th branch Nanya Store in Banqiao is expected to join operations during the 4th quarter this year to boost revenues. As to the market in China, we intend to duplicate our successful mega store model of City Mall series, will choose the right timing and location for future expansions so as to enlarge market share.

Last but not least, FEDS is committed to promoting various charitable activities to fulfill corporate social responsibilities.