

Press Release for 2016 Annual General Shareholders' Meeting of Far Eastern Department Stores Ltd.

Come to FEDS for Gourmet Delicacies & Fun

FEDS (2903) Annual General Shareholders' Meeting was held

Date: 9:00 am, Friday, June 17, 2016

Venue: Auditorium in the Taipei Hero House

2015 marked another remarkable year for the Far Eastern Retail Group. The Group's new generation City stores, operating for 4 years including Banqiao Mega City, Taichung Top City and Hsinchu Big City continued to register high revenues and reported gains. In particular, Taichung Top City marked the record of "surpassing NT\$10 billion in sales within 3 years". The CAGR (Compound Annual Growth Rate) of FEDS stood at 5.5%, and operating profit grew over 1.9 times year on year. In addition to outstanding performances in department store business, our supermarkets and hypermarkets also showed growth momentum. With diversified operating and investment strategies, FEDS maintains its leading position as the most unique and comprehensive retail group across the Strait with a total of 54 stores.

■ **Financial Results: 2015 consolidated net profit was NT\$2.15 billion, and record high in cash dividend yield**

The Far Eastern Retail Group (including FEDS, SOGO, A-mart and Far Eastern city'super) registered consolidated sales of NT\$125.7 billion in 2015, consolidated net profit was NT\$2.15 billion, earnings per share were NT\$1.2, and cash dividend payout for 2015 was NT\$1.0, registering record high in cash dividend yield for the past 5 years. After surpassing NT\$40 billion of annual sales in 2014, FEDS reported sales of NT\$43.35 billion in 2015, a growth of 3% year on year. Pacific SOGO Department Stores, Far Eastern Ai-Mai and Far Eastern city'super also performed well, in particular the Far Eastern city'super focusing on organic, healthy, safety, quality food products grew a remarkable 6% YoY to formulate a successful supermarket channel within the FEDS.

■ **Business Prospects: The new fashionable high-tech shopping experience with smart retailing**

Along with data analysis and technology developments, the retail industry has entered into the new era of Smart Retailing. FEDS has been adjusting its operating strategies to march toward Smart Shopping 4.0, as well as integrating its physical and virtual channels. The Company has developed exclusive APPs to link both physical channels and online shopping platforms, established iBeacon within the stores to distribute sales messages and offer LBS (location based services), provided diversified distribution and multiple payment tools allowing customers enjoy convenient and fun fashionable smart shopping experience. Furthermore, FEDS also operates social media platform to embrace social media fans community, the number of fans reached by nearly 3 million.

■ **Expansion Plan: Through new store openings and mergers to increase overall market share**

After successfully opened three CITY shopping malls in Taiwan, FEDS is expected to open 3 more stores between 2019 and 2020 in Taipei, Zhubei and Kaohsiung, adding sales space of 70,000 pings (231,350 square meters), a growth of 31% to total floor space. Far Eastern city'super is expected to open a new store in Taoyuan during second half of 2016 amounting to 7 stores island-wide, further uplifting the overall market share of the Far Eastern Retail Group in Taiwan.

As to the China market, we will adjust strategy of existing stores in accordance with the local market environment, carefully select appropriate timing and location for further expansion, and look into opportunities of merger, land acquisition/self-constructed store, or cross-industry cooperation as possible options.

■ **CSR Efforts & Initiatives: Retain leadership in Taiwan's listed chain department store that seeks for sustainable growth**

FEDS is Taiwan's only listed chain department stores, and the Far Eastern Retail Group also ranked top in consolidated revenues. In 2015, the Company was granted various major CSR-related awards including "Taiwan Sustainable Enterprise Award", "CSR Award" by CommonWealth Magazine, "Green Enterprise Award" by the Ministry of Economic Affairs, and etc. In terms of "Sustainable Environment", it is worth mentioning that Mega Tower located in Banqiao, the Head Office of FEDS was awarded "Silver Medal" of Green Building. Taichung Top City has been using solar energy and rain recovery systems to implement energy saving and low carbon footprint, making FEDS the landmark role model of recycled energy and energy saving in the retail industry.