

Press Release for 2018 Annual General Shareholders' Meeting of Far Eastern Department Stores Ltd.

Elevate Shopping Experiences Fulfill Conversions in Consumer Behaviors

FEDS (2903) Annual General Shareholders' Meeting was held

Date: 9:00 am, Thursday, June 21, 2018

Venue: Auditorium in the Taipei Hero House

2017 marked another remarkable year for Far Eastern Retail Group with outstanding performance and continuous growth in sales. In addition to excellent result recorded by the Far Eastern Department Stores ("FEDS"), Far Eastern SOGO Department Stores, Far Eastern A. Mart, and Far Eastern City Super also demonstrated growth momentum with diversified operations and investment strategies, ranking as the most unique, comprehensive and the largest retail group in China and Taiwan which operates 50 stores in total across the Strait.

■ **Financial Results: 2017 consolidated profit was NT\$1.85 billion, up more than 20%**

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\$117.3 billion in 2017. Consolidated net profit was NT\$1.85 billion, up 24% year on year; earnings per share were NT\$1.09, grew 35% year on year; cash dividend payout for 2017 was NT\$1.0, making a surplus distribution ratio of 92%. Among which, parent company FEDS again delivered record high annual sales of NT\$43.79 billion and operating profit of NT\$1.88 billion, respectively; whilst the new generation stores Mega City Banqiao and Top City Taichung both have been reporting growth for six consecutive years. Far Eastern SOGO Department Stores, Far Eastern A. Mart, and Far Eastern City Super also performed well, in particular sales of Far Eastern SOGO Department Stores and City Super grew continuously. After reviewing operating sites and adjusting operations, Far Eastern A. Mart improved profit and is expected to open new site in 2018, Taichung Shuinan Store is scheduled to open in December this year.

■ **Business Strategy: Elevate shopping experiences, fulfill conversions in consumer behaviors**

In line with the developments of big data, IoT (Internet of Things), and social media, consumers have become accustomed to enjoy "anytime, anywhere" and "convenient speedy" shopping services. FEDS is committed to embracing digital technologies, creating omni-channel retailing, and providing 24/7 online/offline shopping experience. In October 2017, the brand-new FEDS website was launched to offer customers enhanced digital experiences connected with refreshing visuals and useful functions. Average daily browsing exceeded 160,000 users. Furthermore, FEDS online shopping website was officially started in April 2018 to strengthen the integration of virtual and physical channels. The FEDS APP will also be added later this year to include new function of redeeming coupons online so as to upgrade consumers' shopping experience, enabling shopping to be more convenient with more fun. In addition, the Company has engaged in the Management Innovation Plan for three years with excellent result to lower annual fixed operating costs by 20%, and thus surging operating profit significantly. We have also established 25 sets of digitized data systems to prepare for future data analytics.

■ Expansion Plan: Fifth generation stores to open in 2019, 30% growth in total sales space

Being Taiwan's chain department store with the longest history, FEDS has continued to transform and maintain high growth momentum. In addition to continuously fortifying steady growth of the existing stores, the Company will also strive to develop new market and expand market scale. Taipei Hsinayi FEDS A13 is scheduled to open in 2019, followed by the opening of Chubei Shopping Mall next year, amounting to a total of 12 stores island wide, and a significant 30% growth in sales space. As to cross-strait deployments, in responding to market environment, FEDS will strengthen scale of existing stores and timely adjust operating goals, also will carefully select appropriate locations to continue to expand, merge, purchase land, or push for cross-industries alliances. These are all possible options.

■ CSR Efforts & Initiatives: Share your good times, sustain for a good life

In 2017, FEDS achieved remarkable performance in CSR efforts and received 14 major awards both at home and abroad. In terms of corporate governance, the Company has ranked for four consecutive years among the top 20% excellent listed companies in corporate governance evaluation, and is two times winner of "Growth through Innovation Award." In terms of sustainable environment, FEDS adopts the practice of manufacturing industry in accessing the power efficiency of service industries. After three years of energy conservation programs, in 2017 the Company saved 14 million kilowatts of electricity, equivalent to NT\$134 million, an outstanding result; it also introduced ISO 50001 Energy Management System, and continued to optimize its energy efficiency. As to social philanthropies, FEDS sponsored 3,500 environment-friendly and charity events in 2017, averaged to one activity per store per day. We have also been sponsoring "Light up a lamp for disadvantaged school children" for a decade, which looks after children in remote areas benefiting over 1,500 children. Far Eastern Department Stores provides services with heart, cares with love, shares your good times, and sustains for a good life.