

Press Release
for
2017 Annual General Shareholders' Meeting of
Far Eastern Department Stores Ltd.

Marching toward E-tailing Transforming to New Generation Stores

FEDS (2903) Annual General Shareholders' Meeting was held

Date: 9:00 am, Tuesday, June 20, 2017

Venue: Auditorium in the Taipei Hero House

2016 marked another remarkable year for Far Eastern Retail Group with outstanding performance and continuous growth in revenues. In addition to excellent result recorded by the Far Eastern Department Stores, Pacific SOGO Department Stores, Far Eastern city'super, and Far Eastern Amart 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 51 stores in total across the Strait.

■ **Financial Results: 2016 consolidated profit was NT\$1.49 billion**

The Far Eastern Retail Group (including Far Eastern Department Stores, Pacific SOGO Department Stores, Far Eastern Amart, and Far Eastern city'super) registered consolidated sales of NT\$121.5 billion in 2016. Consolidated net profit was NT\$1.49 billion, earnings per share were NT\$0.81 and cash dividend payout for 2016 was NT\$0.7, making a surplus distribution ratio of 86%. Among which, parent company Far Eastern Department Stores (FEDS) continued to deliver outstanding performance to record annual revenues of NT\$43.39 billion, in particular the new generation stores Mega City Banqiao and Top City Taichung both showed close to 5% growth year on year. Pacific SOGO Department Stores, Far Eastern Amart and Far Eastern city'super also performed well, in particular revenues of top-end supermarket city'super grew 3% YoY thanks to the expansion of an operating site (opening of Taoyuan Store in October 2016) and the introduction of sub-brand LOG-ON, its 2017 revenues are expected to exceed NT\$3 billion.

■ **Business Strategy: Marching toward E-tailing, transforming to new generation stores**

In line with the rapid development of big data and IoT (Internet of Things) triggering the birth of new retailing, FEDS is committed to embracing new technology and marching toward high tech retailing, as well as creating convenient shopping experiences for the consumers. Through the exclusive APP of FEDS, customers can enjoy personalized services including discount push messages, in-store navigation, purchase guide, etc. In July 2016, Mega City Banqiao launched Taiwan's first restaurant APP to relieve customers' stress of waiting in line, integrated the Far Eastern Group resources to offer diversified, more convenient payment methods, and introduced AI robot Pepper to perform morning welcome greetings. With thoughtfulness, interesting and convenient service design, FEDS is creating E-tailing into a new experience. Furthermore, FEDS is dedicated to managing social media, doing so through direct broadcasting or timely amusement events to enhance interactions with customers. Fans in social media have accumulated up to 5 million, which translates to a surge of 70%.

■ Expansion Plan: Increase to 12 Stores in Taiwan, a substantial growth of 30% in total sales space

As Taiwan's chain department store leader with the longest history, FEDS has strived to maintain high growth momentum. In the future, aside from continuous steady growth of existing stores, the Company will also continue to open new stores and expand market scale. Taipei Hsinyi A13 and Chubei Shopping Mall are expected to open within the next three years, making a total of 12 stores and a substantial growth of 30% in total sales space. As to cross-strait deployment, in compliance with market environment, FEDS will adjust operations of the existing stores, and carefully select appropriate timing and locations to expand new branches, either through merging, self-owned land to construct, or cross-industry cooperation, all are possible options.

■ CSR Efforts & Initiatives: Propel EPS and EGS Double E engines Sustainable Corporate Social Responsibility

In 2016, FEDS has outperformed others in various CSR perspectives and has received domestic as well as international recognitions in more than 11 categories. Each awarded category represents "Innovation Spirit" and "Long Term Involvement" qualities. In corporate governance, FEDS has long been the only representing member of IGDS from Taiwan. During the forum hosted last year, twenty-one department stores leaders from eleven countries were invited to jointly discuss the future of retail. In the environmental protection area, FEDS served as the role model by reducing carbon emissions. Last year, 5.87 million kilowatts of electricity were saved, which translates to a total carbon combustion that is equivalent to twelve Daan parks per annum. In the social contribution area, FEDS has sponsored 256 charitable events with more than 1,280 participating employees. This is the 50th anniversary for FEDS. It will continue to grow EPS through operational strategies and innovative management in order to create a sustainable 'good life' for the society as a whole in terms of environment, corporate governance, and society (EGS).