

The Record of FEDS' 2018 Annual General Shareholders' Meeting

The Speech of Chairman Douglas Hsu

1. The number of FEDS' shareholders now more than 80,000 currently. We do appreciate your support. We have made slides for this shareholders' meeting to present you the business results and transformation of the Company in 2017.
2. The Far Eastern Retail Group registered consolidated sales of NT\$117.3 billion in 2017. Consolidated net profit was NT\$1.85 billion, and cash dividend payout for 2017 was NT\$1.0. Among which, parent company FEDS again delivered record high annual sales of NT\$43.79 billion and operating profit of NT\$1.88 billion. 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 be open in December this year.
3. 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.
4. 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 Hsinyi FEDS A13 is scheduled to be 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.
5. 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.

The content of presentation slides

1. The Introduction of Far Eastern Retail Group
2. Consolidated Financial Performance in 2017
3. The Ascent of Customers Prompts Retails to Upgrade
4. Business Prospect
5. The Effort to Fulfill Corporate Social Responsibility

The content of discussion

FEDS' important resolutions of the Year 2018 shareholders' meeting:

I. Matters to be reported

- (1) 2017 Business report (please refer to P.2-P.7 of handbook for 2018 AGM)
- (2) Financial report of 2017 (please refer to P.8-P.29 of handbook for 2018 AGM)
- (3) Audit Committee's review report on 2017 business report and financial statements (please refer to P.30 of handbook for 2018 AGM)
- (4) Report of directors' and employees' compensation (please refer to P.31 of handbook for 2018 AGM)

RESOLVED, that the above proposals were approved for reference.

II. Matters to be approved

- (1) To accept 2017 business 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 959,362,057.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	892,501,310	93.0
Disapproval	275,497	0
Invalid	0	0
Abstention votes/No votes	66,585,250	7.0

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

- (2) To approve the proposal for the distribution of 2017 surplus 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 959,362,057.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	896,328,790	93.4
Disapproval	300,584	0
Invalid	0	0
Abstention votes/No votes	62,732,683	6.6

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 959,362,057.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	896,296,160	93.4
Disapproval	299,511	0
Invalid	0	0
Abstention votes/No votes	62,766,386	6.6

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

- (2) Proposal to amend the certain provisions of the Company's "Procedures for Acquisition and Disposition of Assets".

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 959,362,057.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	896,216,646	93.4
Disapproval	326,475	0
Invalid	0	0
Abstention votes/No votes	62,818,936	6.6

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

(3) Proposal to re-elect the Company's Directors (including independent directors).

Please elect: the result of voting is as follows:

Election result:

Title	Shareholder Number/ID	Name	Votes Received
Director	000008	Douglas Tong Hsu	1,079,226,013
Director	136279	Nancy Hsu, Representative of Ding & Ding Management Consultants Co.	994,719,778
Director	000010	Nicole Hsu, Representative of Far Eastern New Century Corporation	925,790,844
Director	000010	Yvonne Li, Representative of Far Eastern New Century Corporation	847,498,226
Director	005757	Jin Lin Liang, Representative of Asia Cement Corporation	845,433,072
Director	111468	Philby Lee, Representative of Yue Li Investment Corporation	764,541,740
Independent Director	R10006****	CHIEN YOU HSIN	697,077,342
Independent Director	Q10022****	Raymond R. M. Tai	696,616,456
Independent Director	A10214****	EDWARD YUNG DO WAY	693,621,775

- (4) Proposal to lift the restriction on non-competition of the Company's directors as defined in Article 209 of the Company Law.

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 959,362,057.

Number of votes (including e-voting)		% of votes represented by the shareholders present
Approval	893,571,489	93.1
Disapproval	1,494,261	0.2
Invalid	0	0
Abstention votes/No votes	64,296,307	6.7

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

Shareholder # 0359696 raised questions about the operation and finance of company.

The questions were answered by Chairman.

IV. Extempore motion

None.

V. Motion to Adjourn