

The Record of FEDS' 2022 Annual General Shareholders' Meeting

The Speech of Chairman Douglas Hsu

1. Despite challenges of the pandemic, Far Eastern Retail Group (FERG) strives to overcome them and continues to deliver outstanding performance in 2021. The latest 5th Generation store, Far Eastern Department Stores (FEDS) Zhubei Store launched its successful soft opening in January 2022. Featured new retailing experience with aesthetic landscape design to attract the foot traffic, over one million customers have visited the Store since its successful soft opening. In adopting to the sustainability trend both at home and abroad, aside from generating the steady profit stream, the FERG also commits to instilling positive impact, promoting ESG (Environmental, Social, Governance), and paving solid foundation for the Company's continuous growth and sustainable management.
2. The Far Eastern Retail Group (including Far Eastern Department Stores, Far Eastern SOGO Department Stores, Far Eastern A.Mart, and City'Super) registered consolidated sales of NT\$112.3 billion in 2021. Consolidated net profit was NT\$1.91 billion, earnings per share were NT\$0.86, and cash dividend was NT\$0.9 with payout ratio of 105%. Among which, FEDS successfully completed the expansion of Zhubei Store amounting to 12 operating stores to contribute significantly to future revenues. Far Eastern SOGO Department Stores, A.Mart Hypermarket, and City'Super also performed well. Far Eastern SOGO delivered outstanding revenues and reported profit, A.Mart Hypermarket expanded its online shopping and delivery businesses, creating more convenient services to boost revenues. City'Super opened its 8th branch store within FEDS Zhubei Store to expand its market share.
3. Under the wave of digital economies, more and more consumers believe that new technologies will bring more convenience to shopping at physical stores. Therefore, FEDS adopts two major strategies of digital marketing by creating offline experiences to both virtual and physical environments for consumers. Furthermore, customer groups of FEDS are getting younger and this segment of consumers enjoy posting and sharing frequently via social media and APPs. Thus, FEDS is expediting its digital transformation and digital innovation. Through creative, fun video content to manage social media and engage communication channels with new generation segment, FEDS can enhance the average viewer of social media to grow by 50%, and interactive sharing rate to increase by 40%. With new upgrade and revision of FEDS APP, the new function aims at consumer needs and preferences, daily entries grew remarkably at 763%. According to 2021 e-commerce consumer behavior survey by Institute for Information

Industry, the FEDS APP is ranked at the second most frequently used among department stores APPs.

4. Committed to diversified operations, department stores, hypermarkets, and premium supermarkets of FEDS not only continue to adjust their operating models to keep up with consumer demands, but also seek new investment opportunities. Following the successful opening of Zhubei Store, FEDS never ceases its pace to grow, currently has launched the rebuilding of the first generation Baoching Store, will refurbish the urban landscape of western district of Taipei City, to build a sustainable new city. The Company already invited world renowned architect to proceed with the design to build a high-end new generation green department store, and will again become the new landmark of Ximending. As to expansions in mainland China, FEDS will continue to increase investments, seek development opportunities in different cities, among which Chongqing Shopping Mall is expected to have its grand opening next year with 80,000 square meters of sale space, and will increase operating area by 60% in China to build a new landmark for mid- and high-end consumption, and double the growth momentum, in mainland China.
5. FEDS has long been promoting ESG initiatives to elevate the competitiveness of its sustainable growth. With regards to social commitment and governance, the Company has sponsored over 2,100 events in the past five years, ranking among the top 20% outstanding enterprises in terms of corporate governance review, striving to create the highest value for its shareholders and the society. In responding to the Government's zero emission target by 2050, FEDS strives to conserve energy and reduce carbon emission. During the past five years, while with sales growth, power consumption has been decreasing, and the power consumption of each dollar generated in sales has diminished by 11%. Meanwhile, it launched a green power plan to establish solar equipment in Taitung and Hualien with installed capacity reaching 1,600 kilowatts, producing green electricity of 1.14 million kilowatts, and achieve 30% carbon emission reduction in next five years. In recognition of its outstanding CSR achievements and digital innovation, FEDS was accredited in 2021 with 30 prestigious awards, won for two consecutive years the "Green Leadership" award by Asia Responsible Enterprise Awards, has been recipient for six consecutive years of "Innovation Growth Leadership" by Taiwan Corporate Sustainability Awards, and won the Corporate Citizen Award in the Large Enterprise Group Top 50 by Common Wealth Magazine.

The content of presentation slides

1. FEDS Retail Group
2. Consolidated Financial Performance
3. Create a New Retail Experience
4. ESG Sustainable Development
5. Business Prospect
6. Sustaining Growth Momentum

The content of discussion

FEDS' important resolutions of the Year 2022 shareholders' meeting:

I. REPORTED MATTERS

- (1) 2021 Business Report (please refer to P.3-P.10 of handbook for 2022 AGM).
- (2) Financial report of 2021 (please refer to P.11-P.33 of handbook for 2022 AGM).
- (3) Audit Committee's review report on 2021 business report and financial statements (please refer to P.34 of handbook for 2022 AGM).
- (4) Report of 2021 employees' compensation and directors' remuneration (please refer to P.35 of handbook for 2022 AGM).
- (5) REPORT OF THE AMENDMENT TO THE PROVISIONS OF "SUSTAINABILITY PRINCIPLES" (please refer to P.36~45 of handbook for 2022 AGM).

II. ACKNOWLEDGED MATTERS

- (1) To accept 2021 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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,143,048,044	98.2
Disapproval	94,345	-
Invalid	0	-
Abstention votes/No votes	20,965,648	1.8

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

- (2) To approve the proposal for the distribution of 2021 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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,144,340,523	98.3
Disapproval	96,839	-
Invalid	0	-
Abstention votes/No votes	19,670,675	1.7

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

III. MATTERS FOR DISCUSSION

- (1) PROPOSAL TO AMEND THE PROVISIONS IN THE “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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,139,903,566	97.9
Disapproval	4,522,281	0.4
Invalid	0	-
Abstention votes/No votes	19,682,190	1.7

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

- (2) PROPOSAL TO AMEND THE PROVISIONS OF THE “RULES OF PROCEDURE OF STOCKHOLDERS MEETING”.

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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,144,132,159	98.3
Disapproval	293,288	-
Invalid	0	-
Abstention votes/No votes	19,682,590	1.7

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

- (3) PROPOSAL TO AMEND THE PROVISIONS OF THE “ELECTION PROCEDURES OF DIRECTORS”.

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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,144,162,481	98.3
Disapproval	262,049	-
Invalid	0	-
Abstention votes/No votes	19,683,507	1.7

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

- (4) PROPOSAL TO AMEND THE PROVISIONS OF THE COMPANY’S “PROCEDURES FOR ACQUISITION OR 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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,144,168,069	98.3
Disapproval	256,499	-
Invalid	0	-
Abstention votes/No votes	19,683,469	1.7

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

- (5) PROPOSAL TO AMEND THE PROVISIONS OF THE COMPANY’S “PROCEDURES FOR LENDING CAPITAL TO OTHERS “, AND “PROCEDURES FOR ENDORSEMENTS AND GUARANTEES”.

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 and virtual method) was 1,164,108,037.

Number of votes (including e-voting and virtual method)		% of votes represented by the shareholders present
Approval	1,144,168,545	98.3
Disapproval	257,419	-
Invalid	0	-
Abstention votes/No votes	19,682,073	1.7

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

IV. Extemporary Motion

None.

V. Adjournment