



Press Release for 2013 Annual General Shareholders' Meeting of Far Eastern Department Stores Ltd.

Building Integrated Virtual and Physical Stores for Future Success

Date: 9:00 am, Thursday, June 20th, 2013

Venue: Auditorium in the Taipei Hero House

All in all, 2012 marked a challenging year for Far Eastern Department Stores (FEDS). Under the leadership of Chairman and President, the Company launched three new 3rd generation department stores in Taiwan to register outstanding performances in revenues, as well as historical highs in “anniversary sales, consolidated revenues and assets” thanks to great efforts of the management team. The number of stores has reached fifty-six.

■ **Financial Results: Consolidated revenues in 2012 amounted to NT\$126.1 billion, advancing 10.1% compared to 2011**

FEDS reported consolidated revenues of NT\$126.1 billion in 2012, advancing 10.1% from 2011. On a stand-alone basis, FEDS, with the openings of Mega City Banqiao and Top City Taichung, performed strongly to post sales of NT\$39.1 billion, up 41.6% YoY. FEDS's net income reached NT\$1.69 billion and earnings per share was NT\$1.24. Total dividend payout was NT\$1.1 per share, which included NT\$0.8 in cash and NT\$0.3 in stock dividends from capital surplus.

■ **Business Prospects: Integrating virtual and physical retail channels and aspiring to become the leading retailer across the straits**

✧ **Department Stores and Shopping Malls: Embracing three new consumer trends, transforming into the mall type of department store in both Taiwan and China**

Given consumers' three major retail preferences on Smart Buy, F&B, and Entertainment, medium and small-sized department stores can no longer satisfy consumer needs in terms of merchandise and space. Therefore, the fresh Mega City Banqiao and Top City Taichung shopping malls opened not only initiated FEDS' transformation, but also made remarkable breakthrough in providing more diversified services through combining the strengths of department stores and shopping centers, in following the modern consumption trend of “one-stop shop of dining, entertaining, and shopping.” As to the Company's expansion plan, FEDS' Chengdu Beicheng Store and Banqiao Mega mall phase 2 are expected to open at the end of 2013 and 1Q 2014. Kaohsiung Mega mall

phase 2 is targeted to join operation during 2018.

To cope with external dynamics, the future strategies shall focus on innovation and differentiation. Aside from strengthening merchandise mix and marketing efforts, we will find the appropriate time and place to continue our expansion plans to not only seek a boom in gross profit, but also enhance cost control and risk management to optimize shareholder value.

❖ **Hypermarkets:** Developing online-shopping and speedy delivery services as A-mart's 20th branch store

With respect to convenience stores and bargain supermarkets, A-mart is achieving its major operational breakthroughs in establishing “online shopping” plus “fast delivery” to enhance the convenience in “geographical accessibility” by taking advantage of its vast merchandise selections; also engaging in ready food market, providing 3C product service experience, and strengthening VIP services. Therefore, ticket per customer is expected to grow 16% in the next three years.

❖ **High-end Supermarket:** Creating top-notch brand image, promoting organic and green products, and expanding market share

CitySuper will offer “high price”, “high quality” products to create top-notch brand image and satisfy consumers' needs for high living standard, and will also promote organic and green products to not only take care of customers' health, but also create green life. Hopefully, CitySuper's market share in high-end supermarket is able to surpass 60% in the next three years.

❖ **Online Shopping Platform:** Converging “merchandise, service and marketing” to increase online shopping and to optimize synergies of integrated channels

With the large amount of e-commerce transactions, the popularity of electronic products and the high internet penetration rate, e-commerce enjoys unlimited growth potential in the future. GoHappy online shopping platform provides more diversified merchandises, and more convenient services in cash flow and logistics. At the same time, through e-marketing strategy, consumers are directed to online shopping and visit physical stores so as to increase e-commerce shopping and optimize synergies of integrated channels.