

# The Record of FEDS' 2010 Annual General Shareholders' Meeting

## The Speech of Chairman Douglas Hsu

1. The number of FEDS' shareholders now amounts to 73,000, increasing by 9,600 from last year. We appreciate your support. We have made slides for this shareholders' meeting to present you the company's 2009 business results.
2. In 2009, Taiwan economic growth rate was down to -1.91% affected by the global financial tsunami. However, the growth of revenue of FEDS, Pacific SOGO Department Stores(SOGO), and Far Eastern A-mart (A-mart) surpassed Taiwan economic growth rate quite substantially. On the consolidated basis, the revenue was NT\$98.8 billion, up by 10.3% YoY. On the stand-alone basis, the parent company, FEDS, increased its revenue by 5.6% YoY to NT\$22.2 billion. Revenues of SOGO and A-mart rose by 7.4% and 6.2%, respectively, compared to 2008. In regard to the profit, FEDS's net income was NT\$1.93 billion. Especially, the net loss occurred at A-mart in 2009 was reduced dramatically by 50%, or NT\$200 million, versus 2008, and this subsidiary successfully turned its bottom line into the positive territory in 1Q10. Such outstanding performance of FEDS, SOGO and A-mart was quite praiseworthy.
3. In Taiwan, many new stores were open in succession, including Far Eastern Hualien Store, SOGO Tienmu Store, BELLAVITA Shopping Mall, and Q Square in 2009, and Mitsukoshi Zuoying store in 2010. It further points out that the Taiwan retail market is moving toward a bright future.
4. In regard to the case of investing in Windance Shopping Mall (Windance), after being deliberately evaluated by our management teams in numerous meetings within the past three years, they decided to invest NTD\$5.889 billion on the basis of being a bright future on the retail market of Hsinchu area and an acceptable floor bidding price.
5. In regard to the business in Taiwan, FEDS Chung-Ben Shopping Mall in Banchiao, FE21 Mega Shopping Mall in Taichung, and SOGO Windance Shopping Mall in Hsinchu will be open over next two years. When completed, these new stores will increase the total Operating Floor Area (OFA) by approximately 528,000 square feet. A-mart will be invited to open an outlet in SOGO Windance Shopping Mall, and also continue to open other stores, in hope of achieving totally 20 stores in Taiwan, a scale of economy for a hyper-market to earn a satisfactory return. In regard to the business in China, since last year we have added two stores in Beijing and Wuxi, respectively. Next year, a new store in Chengdu will be open.
6. With respect to the SOGO litigation cases, under the corporate governance and the law, FEDS rescued SOGO from the verge of bankruptcy in order to prevent the right and interest of SOGO's employees, suppliers and consumers from being impaired at the time thereupon. Due to the fact that relevant cases are complicated, even though they are under review by the court at the moment, I still hope that the Taiwanese administration can establish a professional Commercial Court to make the truth revealed soon, and wish these issues

confuse none of my investors.

### **The content of presentation slides**

1. The year of 2009 marked an exuberant year for FEDS
2. The analysis of Far Eastern Retail Group's performance in Taiwan
3. The analysis of Far Eastern Retail Group's performance in China
4. The cross-strait operating strategies and outlook

### **The content of discussion**

FEDS important resolutions of the Year 2010 shareholders' meeting:

#### I. Matters to be reported

- (1) Messages to Shareholders (Acknowledged by all attending shareholders)
- (2) 2009 financial statements (Acknowledged by all attending shareholders)
- (3) Supervisors' audit report on 2009 business report and financial statements (Acknowledged by all attending shareholders)

Shareholder # 0212298 Mr. Liu Tai Ann made suggestions to the company's overall operation.

Shareholder # 0208563 Securities and Futures Investors Protection center raised questions with respect to issues (1) the recognition of investment income from Pacific Liu Tong Investment Co. Ltd., (2) the restatement of financial statements, and (3) the legislation progress of SOGO litigation cases.

The questions were answered by the personnel designated by Chairman.

#### II. Matters to be approved

- (1) To accept the 2009 financial statements

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the 2009 business report and financial statements be and hereby were accepted as submitted.

- (2) To approve the proposal for the distribution of 2009 surplus earning

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the proposal to approve distribution of 2009 surplus earning be and hereby were accepted as submitted.

### III. Discussion

- (1) Proposal to amend certain provisions of the Company's "Articles of Incorporation".

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the proposal to amend certain provisions of the Company's "Articles of Incorporation" be and hereby were accepted as submitted.

- (2) To approve the capitalization of 2009 stock dividends.

Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues in unappropriated earnings contributed from Pacific Sogo Department Stores.

The questions were answered by the personnel designated by Chairman.

Upon solicitation of comments by the Chairman, there was no objection voiced and the resolution was adopted unanimously by the shareholders present:

RESOLVED, that the proposal to approve the capitalization of 2009 stock dividends be and hereby were accepted as submitted.

- (3) Proposal to amend certain provisions of the Company's "Regulations for Making Endorsements/Guarantees" and Company's "Regulations for Granting Loan to others".

Objection raised by Shareholder # 0212298 Mr. Liu Tai Ann

Upon decision by the Chairman, the proposal was put through to vote.

RESOLVED, that the above proposals be and hereby were approved as proposed.

The number of share vote approval for the proposal was 481,059,676 , which was 56% of votes represented by the shareholders present. The number of share vote against the proposal was 7,748,907, which was 0.905% of votes represented by the shareholders present.

### IV. Extempore motion: No.