

The Record of FEDS' 2011 Annual General Shareholders' Meeting

The Speech of Chairman Douglas Hsu

1. The number of FEDS' shareholders now amounts to 60,000. We appreciate your support. We have made slides for this shareholders' meeting to present you the Company's 2010 business results.
2. In 2010, the global economy recovered gradually. The economic growth rates of Taiwan and Mainland China were over 10%. It resulted in the excellent performance of their retailing business in both areas. On the consolidated basis, the revenue was NT\$108.1 billion, up by 8.2% YoY. On the stand-alone basis, the parent company, FEDS, increased its revenue by 10.8% YoY to NT\$24.6 billion. Revenues of SOGO and A-mart rose by 9% and 8%, respectively, compared to 2009. In regard to the profit, FEDS's net income was NT\$2.57 billion. Especially, A-mart in 2010 swung to profit from loss. Such outstanding performance of FEDS, SOGO and A-mart was quite praiseworthy.
3. Under the joint efforts from our colleagues, FEDS and SOGO recorded year-end anniversary sales year by year. Such performance deserved the acclaim of each shareholder.
4. In Taiwan, Far Eastern Retail Group will plan to open three new stores and one hypermarket. Not only will Panchiao Mega City Shopping Center, Taichung Top City Shopping Center be open in Q4 2011, but also will Hsinchu Big City Shopping Center open to be the largest one in Taiwan in Q4 2011. Besides, a new store of A-Mart will be set up in Hsinchu Big City Shopping Center to serve customers. In Mainland China, FEDS Chengdu will open on 25th June 2011. After five new stores open, the number of Far Eastern Retail Group stores amounts to fifty-two from forty-seven.
5. A-Mart will open other new stores to bring the number of total stores to 20, and continue to enhance the image of A-mart being a "good localized enterprise" to actively promote Taiwan's farming products. A-Mart might set up new stores in Mainland China in the future.
6. After the Individual Visit Scheme of Mainland residents launches in Taiwan, Mainland visitors can boost the revenue of retailing business. Therefore, Far Eastern Retail Group should recruit global leading brands of boutique as well as Taiwanese specialty to provide the best service for them.

The content of presentation slides

1. The year of 2010 marked an exuberant year over the top 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 2011 shareholders' meeting:

I. Matters to be reported

- (1) 2010 Messages to Shareholders (Acknowledged by all attending shareholders)
- (2) Financial report of 2010 (Acknowledged by all attending shareholders)
- (3) Supervisors' audit report on 2010 business report and financial statements (Acknowledged by all attending shareholders)
- (4) Report of the amendment of certain provisions of the Company's " Meeting Rules of Board of Directors" (Acknowledged by all attending shareholders)
- (5) Report on offering of corporate bond (Acknowledged by all attending shareholders)

Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues of the recognition of investment income from Pacific Liu Tong Investment Co. Ltd..

Shareholder # 0147464 Mr. Tao Jia Ju made suggestions to meeting time of the AGM and Supervisors' duties of the Company.

The questions were answered by the personnel designated by Chairman.

RESOLVED, that the above proposals were approved for reference.

II. Matters to be approved

- (1) To approve the 2010 financial statements

Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues of the recognition of investment income from Pacific Liu Tong Investment Co. Ltd..

Shareholder # 0255593 Mr. Wu Sheng Hui raised questions with respect to issues of the recognition of investment income from Pacific Liu Tong Investment Co. Ltd..

Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues of the investment in Pacific Liu Tong Investment Co. Ltd..

Upon decision by the Chairman, the questions were answered by the personnel designated by Chairman and 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 854,835,372, which was 84% of votes represented by the shareholders present. The number of share vote against the proposal was 0.

- (2) To approve the proposal for the distribution of 2010 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 2010 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 2010 stock dividends.

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 "Election Procedures of Directors and Supervisors"

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.

IV. Extempore motion:

Shareholder # 0147464 Mr. Tao Jia Ju made suggestions to meeting time of the AGM and Supervisors' duties of the Company.

Shareholder # 0212298 Mr. Liu Tai Ann raised questions with respect to issues of the investment in Pacific Liu Tong Investment Co. Ltd..

The questions were answered by the personnel designated by Chairman.

V. Motion to Adjourn