

Press Release
for
2012 Annual General Shareholders' Meeting of
Far Eastern Department Stores LTD.

Initiating a new era in retail business

Date: 9:00 am, Thursday, 21st June, 2012

Venue: Auditorium in the Taipei Hero House

All in all, the year of 2011 marked a year that Far Eastern Department Stores (FEDS) initiated a new era in retail business. Guided by the Chairman and the President of the Company, the performance of the management team was even better than that of 2010. Besides, three new generation stores have been opened in succession since December in 2011. The Company's year-end anniversary sales and consolidated assets have broken record highs, and the number of stores has reached fifty.

Financial Results: Consolidated revenue in 2011 amounted to NT\$114.7 billion, advancing 6.1% compared to 2010.

FEDS reported 2011 consolidated revenue of NT\$114.7 billion, advancing 6.1% from 2010. On a stand-alone basis, the parent company, FEDS, performed strongly to post sales of NT\$27.6 billion, up 12.3% YoY, and posted better growth rates compared with the average rate of 7.6% in the department store business in Taiwan. FEDS's net income reached NT\$2.14 billion and earnings per share was NT\$1.64. Total dividend payout was NT\$1.4 per share, which included NT\$1.0 in cash and NT\$0.4 in stock dividends from capital surplus. In addition, its subsidiaries had an exuberant year, too. Revenue of SOGO Department Store (SOGO) hiked 4.7% YoY. Revenue of Far Eastern A-Mart (A-Mart) exceeded a benchmark of NT\$20 billion and also grew by 9.5% from 2010. Its net profit in 2011 amounted to NT\$131 million and already surpassed that of the whole year of 2010. Moreover, revenue and profit of FEDS China and Pacific China have been increasing stably.

Operation Results: Recruiting global leading brands of boutique, improving marketing effect, and establishing a new generation model in the retail business.

- Business aspect : FEDS and SOGO will carry over the strong momentum of last year's history high performance to continuously seek the first goal of "The customer is always

first". Since December in 2011, three newly heavy-weight large chain department stores and shopping malls have been opened successfully. It upgrades our positioning in retail business and further upgrades and transforms Taiwan's retail business. On the other hand, the management team of the A-Mart not only focuses on performance of existing stores and breakeven of new stores in the first full operating year, but also adjusts the merchandise mix to raise gross profit margin.

- Administration aspect : For both department stores and hypermarkets, the management team is provided with specific training courses to get prepared and bring the firm more in line with the international standards according to the IFRS. We also strive to understand and analyze customers' behaviors to improve marketing effect.

Business Prospects: Capitalizing on the fast-growing economy, increasing market share, and aspiring to become the leading retailer across the strait.

Taiwan market : Guided by the new generation stores, existing stores add their characteristic of theme and enhance their merchandise mix.

Looking ahead, the FEDS group will keep the business philosophy of *deeply rooted in Taiwan while aiming at Greater China market* to increase its market share across the strait. We are highly confident the Taiwan retail market is moving toward a bright future and our confidence is based on facts of the Taiwanese government's expenditure in public construction, which can lead the private investment and further stimulate domestic consumption, and speeding up the permission about the individual visit scheme of Mainland residents. Based on this confidence, guided by the new generation stores, existing stores will add their characteristic of theme, and enhance their merchandise mix. They will design theme promotion to attract more customers and increase more revenue. In addition, the FEDS group will expand stores at the appropriate time and places to increase our market share.

China market : 3 win strategies, "expanding stores concentrating on a region, increasing the investment in property, and reproducing a new generation model".

In Mainland China, to capitalize on the Western Development Strategy in the Twelfth Five-Year Plan, we will incorporate the government's steps of regional development and move forward to the following 3 win strategies, "expanding stores concentrating on a region, increasing the investment in property, and reproducing a new generation model". The FEDS group hopes to continuously open new stores both in Taiwan and Mainland China to increase our market share, achieve the goal of the proportion of 1 to 1 in Taiwan and Mainland revenue as soon as possible, and stride forward to become the leading retailer of the Greater China.