

28 January 2010

Dear Investors,

During the preceding one week, the local press in Taiwan has been repeatedly publishing articles in regard to the Company's acquisition of SOGO Department Stores (SOGO) with sensational wordings. Similar incidents have occurred from time to time since the acquisition was completed in year 2002. In order to clear investors' concerns and protect shareholders' interests, we believe we should make further clarification, in hopes that investors will be able to tell the differences between facts and the commentaries based on unsubstantiated information in the local press.

**FACT ONE: The acquisition process is legal and, in our opinion, should not be reversed. The company's ownership in SOGO should be unquestioned.** The Taipei District Court had reached a conclusion and ruled that the Company's acquisition shall be considered as a normal business conduct. Afterwards, based on the ownership records legally registered at the Ministry of Economic Affairs (MoEA), the Company and its affiliates had injected capital and provided financial assistance to SOGO of more than NTD28.5 billion, plus Far Eastern Group's good will, which is perceived as invaluable. Such efforts and capital injections, made in a good faith from the Company, to rescue SOGO from the verge of bankruptcy and bring it back to normal operations, should be protected.

**FACT TWO: The controlling interest of the company in SOGO is unchanged, and in our view, will not be affected.** Most of litigations, brought up in past several years to question the Company's controlling interest, had been ruled in our favour, and, therefore, dismissed by the court and relevant government authorities. Capital injections hitherto made by the company were completed via several tranches, complying by all legal procedures required. The only single tranche, still subject to some debate and appealed in the court, is the initial capital increase, which, in fact, was approved by the MoEA. A partial verdict, instead of a totally completed one, does not justify a judgment, nor should it be considered as the case, until the full verdict being completed. Before the verdict being announced, we believe no one has the right, ethical or legal, to mislead the investing public, by making use of local media and press. We protested this view in most of the local newspapers and relevant government agencies, and they are all sympathetic.

**FACT THREE:** This case is complicated; several other parties are involved as well. Please be advised, as we had stated several times already, that not every issue is completely resolved. Meanwhile, we reiterate that **many of such issues, being under review by the court at the moment, are neither relevant to us nor relevant to the Company's controlling interest in SOGO.** We sincerely ask for your kind understanding, and wish these issues confuse none of our investors.

The abnormal trading patterns of the Company's shares, compounded by the increasing volatility at the overall equity market around the world recently, must have troubled you. We hope these lines can provide you with some comfort, and assist you in your investment strategy. We are moving aggressively on our previously announced store expansion plan. Every member in our IR team will be always happy to serve you when needed. Please feel free to contact me or any of the following persons directly should there be any enquiry.

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Sincerely Yours,

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