



## **Whose interests do the temporary administrators of Pacific Liu Tung Investment Company (PLT) care for?**

### **Far Eastern Department Stores (FEDS) Statement**

**April 9, 2012**

The Taipei District Court is currently reviewing the legitimacy of the ruling appointing the administrators of PLT and whether the administrators' offices should be terminated. Nonetheless, the three administrators published a half-page statement today at the aim to influence the judicial review and administrative supervisions over the case, and to shake the investors' confidence. The motive behind such action is suspicious and regrettable. In response, FEDS would like to make the following statements:

1. Administrators of PLT were appointed by the court. However, the three administrators ignored the importance and sensitivity of their offices and then retained Mr. Tian-Yeh Li and other people who are also the legal counsels of Mr. Heng-Long Li for handling relevant matters. The fairness and the independency of the administrators have been materially ruined by such actions.
2. The court so far has not rendered any judgment to determine whether Mr. Heng-Long Li is the legitimate owner of the 600,000 shares in PLT. Nevertheless, the administrators of PLT have already put the personal interest of Mr. Heng-Long Li ahead of the cooperate interest of PLT. It is very intolerable and distressing that the administrators disregard the future of Sogo and interests of tens of thousands of employees, shareholders and business partners.
3. One of the administrators currently serves as the dean of a law department of a public university. Being a public official and an educational personnel, the administrator should not be qualified to act as an administrator of a company, according to the law. However, the administrator failed to abstain from such appointment which has made the case even more disputable.
4. Since 2002, FEDS and other affiliates of Far Eastern Group have contributed more than NT\$ 4,885 million to PTL as the capital contribution for PTL's capital increase, which can be evidenced by PTL's shareholders roster, CPA's verification report over the capital increase and PTL's financial statements. However, the three administrators moved the NT\$ 4,000 million from "capital" item to "debt" item which should be re-paid anytime. Such action is against business practice, indicating that the interest of PTL is not well taken into consideration.
5. In general, administrators appointed by the court should perform their duty in accordance with law and assist the company to develop stably and to return to normal business as soon as possible. However, in the subject case, the administrators of PTL have put disturbance of Sogo management as their first priority after assuming their offices, without considering the corporate interest and the negative social impact arising therefrom. The administrators' actions eventually cannot escape from being scrutinized by the judicial system and the public comment.