

22 January 2010

Dear Investors,

Please be kindly informed that there was a slight abnormal volatility at the share trading of Far Eastern Department Stores (the Company, TWSE code: 2903) yesterday. We believe such volatility was caused by one sensational magazine reporting unsubstantiated information, and that later being published by local newspapers. The key topics commentated were mainly relevant to the Company's acquisition of the ownership in the SOGO Department Stores (SOGO), which occurred in September 2002. Similar news flow incidents have happened several times before.

This case, being complicated and involved by several other parties, was brought into the litigation process in 2005, and it has been continuously reported by local presses. The Taipei District Court had reached a conclusion and ruled that the Company's acquisition shall be considered as a normal business conduct. Therefore, the Company's ownership of SOGO, in our view, as an innocent acquirer in good faith, is legal and unquestioned.

Meanwhile, we want to inform you that not all issues in regard to this case are completely solved, and some of them are still in the reviewing process of the court. Many of the issues are irrelevant to us. **The Company, in a responsible manner as it has always been operated, will provide detailed and true information to and cooperate with the court and relevant government agencies, to ensure that our legal position is maintained. We, as a responsible corporate management team, will also keep our investors informed when needed.**

We believe the abnormal volatility at the Company's share trading should be a temporary phenomenon. We also sincerely ask for your understanding and consideration in your investment in the Company as you have always valued, and do not allow this temporary news flow to trouble you. The company is taking all necessary steps to assure the investors' concerns and interests are served and protected. We assure you every member in our investor relation team will be always at your service, and provide you with whatever information you may need. Should there be any enquiry, please do not hesitate to contact me or any of the following persons directly:

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Thank you for your kind consideration.

Sincerely Yours,

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