

3 February 2010

Dear Investors,

The Department of Commerce (Commerce Department) under the Ministry of Economic Affairs (MoEA) announced today the capital of the Pacific Liu Tung Corporation (PLT), the major shareholder of the SOGO Department Stores (SOGO), should be brought back to the original NT\$10 million. The registration of capital increase to PLT was, as a result, revoked by Commerce Department, due to a technical question at the occurrence of a board meeting, where such capital increase resolution was approved.

With respect to the Commerce Department's decision, Far Eastern Department Stores (the Company) makes the clarification as follows:

1. Commerce Department held a press conference this afternoon, declaring explicitly and clearly that the decision aforesaid is only relevant to the registration of PLT's capital amount, and NOT relevant to the controlling interests in SOGO. Therefore, the change of the registered capital amount at MoEA should not be misinterpreted as the change in the ownership of SOGO.
2. In the press conference, Commerce Department also clearly stated that the civil litigation process should be proceeded to clear the doubt, if there is still any, about the Company's ownership of SOGO. However, the fact is litigation cases in relation to the SOGO ownership issue being raised in preceding years have all been ruled by the court in our favour.
3. Pursuant to the decision made by Commerce Department today, representatives appointed by the Far Eastern Group remain as the members of the Board. Therefore, the management teams will remain the same at both PLT and SOGO.
4. This case is complicated; several other parties irrelevant to us are involved as well. The court has not reached the conclusion for the whole case, and a full, completed verdict has not been announced, either. Before the court brings in the final judgment, the decision made by Commerce Department today to nullify the Company's registration of PLT's capital increase, in our opinion, is inappropriate and questionable in its timing, as the total legal process has not yet been completed. Therefore, the Company, as a related party in this case with all legal rights given by the laws, will file an administrative appeal to the relevant authorities, and plead for ceasing the enforcement of Commerce Department's decision.

The total capital injected by the Company and its affiliates to PLT amounted to NT\$4.9 billion, via three different tranches. All made by the Company in good faith as an innocent acquirer to rescue SOGO from the verge of bankruptcy. Moreover, the Company, in a responsible manner as it has always been operated, has brought SOGO back to normal operations, achieving a satisfactory operating result as witnessed by the investing public. All of such efforts should be protected by laws. We make this announcement, in hopes you would remain your confidence in the Company as you always did. Meanwhile, we ask for your diligent

efforts to tell the facts from the rumors, not allowing unsubstantiated information to mislead your judgment.

Should we be of any further assistance in providing relevant information, please do not hesitate to contact us directly.

Sincerely Yours,

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