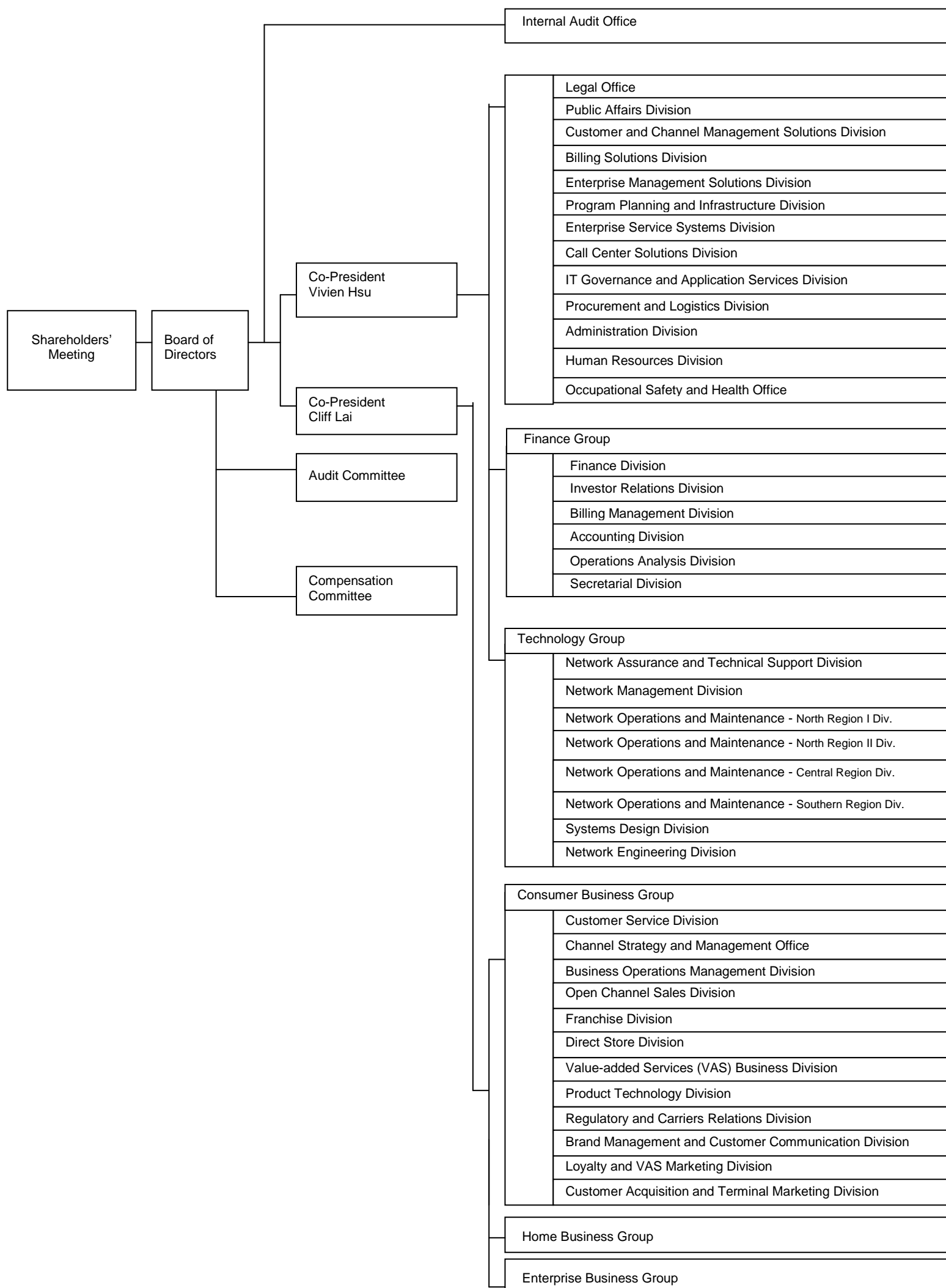


Chapter 2 Organization and Corporate Governance

ORGANIZATION

Organization Chart

As of February 29, 2012



Divisional Scope of Responsibilities

Division	Scope of responsibilities	
Consumer Business Group	Customer Service Division	Customer service and call center management Telemarketing sales and retention
	Channel Strategy and Management Office	Channel strategy planning and performance management Sales planning and store management Training and point-of-sale system administration Customer service quality evaluation and monitoring conducted by the Service Quality Assurance Committee
	Business Operations Management Division	Front-end sales/service operation process planning and implementation Back-end resource management and channel performance award management Sales channel logistics and service fulfillment
	Open Channel Sales Division	Open channel development and business execution
	Franchise Division	Supervision of franchisees' product promotion, distribution and customer service
	Direct Store Division	Product sales and customer service at company stores
	Value-added Services (VAS) Business Division	Overall VAS business management and product quality assurance Business strategy setting, product planning, development and management Platform integration and device customization
	Product Technology Division	Technical consultation and solutions analysis for VAS products and CPE technologies Solutions design, systems development and delivery for VAS products and marketing promotions VAS platform operation, administration and maintenance
	Regulatory and Carrier Relations Division	Regulatory matters, government relations and inter-carrier relations
	Brand Management and Customer Communication Division	Management of brand identity, strategic development, integrated marketing communication, and implementation of ad campaigns Execution of store signage/interior design and cost control Integration and operation of company websites, e-marketing implementation, including online sales and services
	Loyalty and VAS Marketing Division	Planning and implementation of postpaid customer retention and churn prevention strategy and marketing campaigns Development and implementation of customer loyalty strategies and programs Planning and execution of prepaid programs and value-added services marketing campaigns Customer behavior analysis and market surveys
Customer Acquisition and Terminal Marketing Division	Strategy development and execution to attract new customers Strategy implementation to promote handsets, netbooks, data cards and accessories Voice/data rate plan strategy and marketing E-commerce planning and management	
Technology Group	Network Assurance and Technical Support Division	Mobile network technical support Fixed network technical support IP-based network technical support Network quality assurance
	Network Management Division	24-hour supervision of mobile and fixed system network operations and maintenance Technical support for network operations and customer issues Management of network quality and critical events
	Network Operations and Maintenance -- North I, North II, Central and Southern Regions	2G/3G network construction, expansion, operation, maintenance and optimization, including core transmission and radio networks Fixed network construction, expansion, operation, maintenance and optimization
	Systems Design Division	Planning and design for core, radio, IP and transmission network systems for mobile and fixed network Development of new technologies and verification testing of network elements
	Network Engineering Division	Mobile telecom and fixed network business infrastructure budget, control and management Supervision of outsourced engineering and construction projects Management of cables and conduits in government agencies Fixed network service management, project evaluation and coordination
Finance Group	Finance Division	Treasury management Monitoring of investments and subsidiaries' business activities Finance-related project evaluation, planning and execution
	Investor Relations Division	Timely disclosure of the Company's operating and financial status, management strategy, future business plans and developments to investors Communication between the Company and investors
	Billing Management Division	Billing, receivables collection and settlement Credit check and risk management
	Accounting Division	Accounting-related affairs Tax planning and execution
	Operations Analysis Division	Divisional operating performance analysis, financial forecasting and annual budget review
	Secretarial Division	Board meeting facilitation and corporate share registrar management Company seal custodian Receipt/transmission of corporate documents Corporate registration affairs

Division	Scope of responsibilities
Internal Audit Office	Audit of the Company and its subsidiaries Monitoring and examining the effectiveness and efficiency of the Company's internal control system Developing, managing and overseeing information security management system in support of business strategy.
Legal Office	Legal counsel, company litigation and legal document review
Public Affairs Division	Promotion and management of corporate image Media communication, news agenda setting and crisis management Planning and execution of corporate social responsibility strategies Planning and maintenance of Company's official and internal as well as TWM Foundation's websites
Customer and Channel Management Solutions Division	Front-end customer management solutions Channel services, commission and performance solutions Order management system solutions Enterprise management information systems Order and provision solution for fixed-line business
Billing Solutions Division	Billing systems operation and development
Enterprise Management Solutions Division	Data warehouse and customer relations management solutions Technical project management Network management solutions
Program Planning and Infrastructure Division	Systems and network infrastructure construction and operations management
Enterprise Service Systems Division	TWM's customer care application systems Enterprise resource planning (ERP) and human resources solutions
Call Center Solutions Division	Call center infrastructure and operations management solutions Fixed network operations management
IT Governance and Application Services Division	Corporate website and e-commerce systems Service-oriented architecture and enterprise service bus (SOA/ESB) Fixed network application systems IT governance, enterprise architecture, software development process and basic architecture Software/tools development and management
Procurement and Logistics Division	Procurement policy and system planning Handling of procurement-related activities Suppliers evaluation and management Contract negotiations and signing
Administrative Division	Office machinery and equipment management General and administrative affairs coordination Base station administration and related expense payments
Human Resources Division	Staffing, compensation, training and employee relations coordination
Occupational Safety and Health Office	Occupational safety and health management Site area safety management Environmental protection management Workplace health promotion
Home Business Group	CATV/DTV, broadband internet access (cable modem/FTTx), and connect TV services Implementation of integrated technology solutions for the development of new products and VAS to increase video and broadband internet access penetration rate and overall revenue Expansion of two-way optical network to broaden coverage and ensure better internet access quality and stable cable signal
Enterprise Business Group	Strategy development and business analysis Channel development, sales and customer loyalty management Enterprise ICT integration and bundled products, marketing campaign, operation and execution Enterprise customer services and billing matters Inter-carrier relations and international business (including international roaming) plan and implementation

Board of Directors and Executive Management

Board of Directors

The board of directors, acting on behalf of the Company's shareholders, is charged with the task of supervising the management team. The board, elected and approved during the AGM on June 15, 2011, includes four independent directors, which more than fulfills current regulations requiring public companies having at least two independent directors. The Audit Committee, composed entirely of independent directors, replaced board supervisors. Information on the Company's Sixth Board of Directors is detailed below:

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *90,127,938	0.168 *2.635	5,986,496	0.175	MBA, Stern School, New York University Chairman, Fubon Securities Co., Ltd.	Vice Chairman, Fubon Financial Holding Co., Ltd. Vice Chairman, Taipei Fubon Commercial Bank Co., Ltd. Chairman, Taiwan Fixed Network Co., Ltd.	Vice Chairman	Daniel Tsai	Brother
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *86,979,990	0.168 *2.543	4,580,070	0.134	LL.B., National Taiwan University LL.M., Georgetown University Chairman, Fubon Insurance Co., Ltd. Chairman, Fubon Land Development Co., Ltd.	Chairman, Fubon Financial Holding Co., Ltd. Chairman, Taipei Fubon Commercial Bank Co., Ltd.	Chairman	Richard Tsai	Brother
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *2,349	5.861 *0.000	-	-	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range, Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of Consumer Business Group, Taiwan Mobile Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taipei New Horizons Co., Ltd. Director-General, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *None	5.861 *None	-	-	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holdings Co., Ltd. Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd. Senior Consultant and Acting President, Taiwan Fixed Network Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director and President, TFN Union Investment Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd. Director and President, Taipei New Horizons Co., Ltd.	-	-	-

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	Fu-Chi Venture Corp. Representative: Victor Kung	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *None	0.168 *None	-	-	MA in Economics and MBA in Finance, New York University Executive Vice President, Walden International Investment Group Executive Director, Citicorp Capital Asia Ltd. Director of Direct Investments, AIG Investment Corp.	Director and President, Fubon Financial Holding Co., Ltd. Director, Fubon Insurance Co., Ltd. Director, Taipei Fubon Commercial Bank Co., Ltd. Director, Fubon Asset Management Co., Ltd. Director, Fubon Bank (HK) Ltd. Vice Chairman, Haixia Capital Management Co., Ltd. Supervisor, Fubon Financial Holding Venture Capital Corp.	-	-	-
Independent Director	Jack J.T. Huang	2011.06.15	2014.06.14	-	-	-	-	-	-	LL.B., National Taiwan University LL.M., Northwestern University S.J.D., Harvard University	Partner-in-charge, Jones Day Taipei Independent Director, World Peace Holding Independent Director, Systex Corp. Director, Yulon Motor Co., Ltd. Director, Yue Yuen Development Co., Ltd. Director, Yu Shin Investment Corp. Director, Jing Yu Investment Corp. Director, Sun Shining Investment Corp. Supervisor, Tai Yuen Venture Capital Investment Corp.	-	-	-
Independent Director	Tsung-Ming Chung	2011.06.15	2014.06.14	-	-	-	-	-	-	BBA, National Taiwan University MBA, National Chengchi University CPA, ROC CPA, Connecticut, USA Partner, T.N. Soong & Co., CPAs Instructor, Department of Accounting, National Chengchi University Practice Lecture, Dept. of Accounting, National Taiwan University	Chairman, Dynapack Technology Corp. Independent Director, Chroma ATE, Inc. Director, Far Eastern International Commercial Bank Director, Unity Opto Technology Co., Ltd.	-	-	-
Independent Director	Wen-Li Yeh	2011.06.15	2014.06.14	-	-	-	-	-	-	Department of Architecture, Chung Yuan Christian University MA and Ph.D. candidate, University of Paris EMBA Studies, University of California, Berkeley Planner, Council for Economic Planning and Development under the Executive Yuan Managing Director, United Pacific International Inc. President, United Communications Managing Director and Vice Chairman, United Advertising Co. Chairman, Carat-United Media Services (Taiwan) Ltd. Chairman, Aegis Media Taiwan	Chairman, Aegis Media Greater China	-	-	-
Independent Director	J. Carl Hsu	2011.06.15	2014.06.14	-	-	-	-	-	-	BSEE, National Taiwan University Ph.D. and MS in Computer Science, UCLA Senior Executive, AT&T, Bell Labs and Lucent Technologies Communications Software Group Professor, National Tsing Hua University in Taiwan, Peking University and others	Professor, Peking University and other universities Board member of Rogers Corp., USA	-	-	-

* Personal shareholding

1. Major shareholders of TWM's institutional investors

As of February 29, 2012

Institutional investor	Major shareholders
Fu-Chi Venture Corp.	Richard Tsai (50.20%), Mei-Hui Ueng Tsai (49.75%), Cheng Ru Tsai (0.05%)
TCC Investment Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)

2. Major shareholders of companies mentioned on the right hand side of the table above

As of February 29, 2012

Company	Major shareholders
Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd. (100%)

3. Independence criteria of directors

As of February 29, 2012

Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Notes)										No. of public companies in which he or she also serves as an independent director
		1	2	3	4	5	6	7	8	9	10	
Richard Tsai	V						V	V		V		0
Daniel Tsai	V						V	V		V		0
Cliff Lai	V			V	V	V		V	V	V		0
Vivien Hsu	V			V	V			V	V	V		0
Victor Kung	V	V		V	V		V	V	V	V		0
Jack J.T. Huang	V	V	V	V	V	V	V	V	V	V	V	2
Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	V	V	1
Wen-Li Yeh	V	V	V	V	V	V	V	V	V	V	V	0
J. Carl Hsu	V	V	V	V	V	V	V	V	V	V	V	0

"V" denotes meeting the conditions specified above

Criterion 1: Not an employee of the Company or its affiliated companies

Criterion 2: Not a director or supervisor of the Company's affiliated companies

Criterion 3: Neither a shareholder that directly or indirectly owns more than 1% of the Company's outstanding shares, nor one of the Company's top 10 individual shareholders

Criterion 4: Not a spouse or a relative within second degree by affinity, or within five degrees by consanguinity to any person specified in criteria 1 to 3

Criterion 5: Neither a director, supervisor, or employee of an entity that directly and/or indirectly holds more than 5% of the Company's shares, nor one of the Company's top five shareholders

Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of certain companies that have financial or business relations with the Company

Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides consultation or services of commercial, legal, financial and accounting to the Company or its affiliates within the past year

Criterion 8: Not a spouse or relative within second degree by affinity to other directors

Criterion 9: Not in contravention of Article 30 of the Company Law

Criterion 10: Not an institutional shareholder or its representative pursuant to Article 27 of the Company Law

Management Team

As of February 29, 2012

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President	Cliff Lai	2011.01.01	2,349/0.000	-	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range, Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of Consumer Business Group, Taiwan Mobile Co., Ltd.	Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taipei New Horizons Co., Ltd. Director-General, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President	Vivien Hsu	2011.01.01	-	-	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holdings Co., Ltd. Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd. Senior Consultant and Acting President, Taiwan Fixed Network Co., Ltd.	Director and President, Taiwan Cellular Co., Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director and President, TFN Union Investment Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd. Director and President, Taipei New Horizons Co., Ltd.	-	-	-
Vice President	C.A. Chuang	2003.12.01	-	-	MBA, International Management Institute, Switzerland MS in Industrial Education, National Taiwan Normal University Manager, Human Resources Department, China Steel Corp. Vice President, TransAsia Telecommunications Inc.	None	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President	Ariel Hwang	2004.03.01	-	-	EMBA, National Taiwan University LL.M., National Chung Hsing University LL.B., National Taiwan University Judge, Taoyuan District Court, Taiwan Judge, Banciao District Court, Taiwan Judge, Taipei District Court, Taiwan Judge, Taiwan High Court	Supervisor, Wealth Media Technology Co., Ltd. Supervisor, Global View Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Supervisor, Taipei New Horizons Co., Ltd. Legal Consultant, Fubon Financial Holding Co., Ltd. Legal Consultant, Taiwan Fixed Network Co., Ltd.	-	-	-
Vice President	Jay Hong	2004.05.06	30,000/0.001	-	EMBA, National Sun Yat-Sen University Engineering Supervisor, Engineering Division, Nan Ya Plastics Corp. Director, Procurement Division, TransAsia Telecommunications Inc. Vice President, Customer Service Division, TransAsia Telecommunications Inc. Vice President, Direct Store Division, Taiwan Mobile Co., Ltd. President, Taiwan Teleservices & Technologies Co., Ltd.	None	-	-	-
Vice President	James Chang	2004.09.17	163,084/0.005	-	MS in Computer Science, University of Illinois at Chicago District Manager, AT&T Laboratories Senior Delivery Manager, IBM Global Services Senior Director, TBCommerce Network Corp. Director, AT&T Laboratories	None	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Senior Vice President and Chief Financial Officer	Rosie Yu	2011.01.01	-	-	BA, National Taiwan University Executive Vice President, China Securities Co., Ltd. General Manager, Citicorp International Securities Ltd., Taipei Branch General Manager, Credit Lyonnais Securities (Asia) Ltd., Taipei Branch President, Global Investment Holdings Co., Ltd. Chairman, Global Investment Advisory (HK) Ltd.	Supervisor, Taiwan Cellular Co., Ltd. Director, Taiwan Fixed Network Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, Taiwan Kuro Times Co., Ltd. Supervisor, TWM Communications (Beijing) Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Vice President	Ruth Liaw	2006.05.15	-	-	MBA, National Chengchi University Partner, Arthur Andersen & Co. Chief Financial Officer, Arima Computer Corp.	Director, Taiwan Cellular Co., Ltd. Supervisor, Globalview Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Supervisor, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, TCC Investment Co., Ltd. Supervisor, TFN Union Investment Co., Ltd.	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President and Acting Chief Technology Officer	HS Wang	2011.01.01	216/0.000	631/0.000	Ph.D. in Electrical and Computer Engineering, Rutgers, State University of New Jersey Lecturer/Assistant Professor, Information Engineering Department, Chinese University of Hong Kong Vice President, Mediatec Corp. Vice President, First International Telecom	Director, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Super Basketball Co., Ltd.	-	-	-
Vice President	Techi Juan	2002.05.21	93,564/0.003	915/0.000	MS in Electronics Engineering, University of Missouri, Columbia Engineer, Lucent Technologies Telecommunications Taiwan Co., Ltd. Technical Manager, Asia Pacific Intellectual Property Association Senior Director, Taiwan Mobile Co., Ltd.	None	-	-	-
Vice President	Egon Chen	2004.02.16	84,158/0.002	-	BS in EE, Tamkang University Director, Suretone Telecom Senior Director, Taiwan Fixed Network Vice President, Howin Technologies	None	-	-	-
Vice President	Chien Chen	2004.02.16	-	-	EMBA, National Taiwan University Manager, Siemens Telecommunication Systems Ltd. Director, Suretone Telecom, Inc. Vice President, Taiwan Fixed Network Co., Ltd. Vice President, Howin Technologies Corp.	None	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President	Tom Koh	2011.10.17	-	-	Ph.D. in Electrical & Computer Engineering, Johns Hopkins University Member of Tech. Staff, Bellcore Senior Technologist, Motorola Senior Sales Engineer, Ensemble Communications Senior Technical Marketing Engineer, Cisco-Linksys Senior Director, Qualcomm	None	-	-	-
Vice President and Deputy Chief Operating Officer	Jeff Ku	2005.06.06	12,243/0.000	-	EMBA, National Taiwan University MBA, University of Wollongong, Australia Director, Far EasTone Telecommunications Co., Ltd. Vice President, Taiwan High Speed Rail Corp.	Director, Taiwan Kuro Times Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd.	-	-	-
Vice President	Sean Hsieh	2003.12.08	246,396/0.007	-	BS in Business Administration and Sociology, Fu Jen Catholic University University of Texas, Austin Account Supervisor, Bozell CCAA Group Account Director, Series DMB&B Communications Marketing and Sales Manager, PUMA North Asia Ltd., Taiwan Branch Marketing Director, TransAsia Telecommunications, Inc. Vice President, TransAsia Telecommunications, Inc. Vice President, Enterprise Solution and Channel Sales, Taiwan Mobile Co., Ltd.	President, Taiwan Kuro Times Co., Ltd.	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President	Simon Wang	2004.10.11	91,083/0.003	-	EMBA, National Taiwan University BS in Telecommunications Engineering, National Chiao Tung University Manager, Technology & Quality Division, Philips Electronics Industry Co., Ltd. General Manager, Philips Optel Division Corp. General Manager, Fu Shing Can & Metal Manufacturing Co., Ltd. General Manager, ICAN Manufacturing Co., Ltd. Director, Teco Optical Electronics Co., Ltd. Factory Manager, Yeti Electronics Co., Ltd. Executive Vice President, TransAsia Telecommunications Inc.	None	-	-	-
Vice President	Paul Huang	2008.01.21	199,338/0.006	-	MS in Computer Science, Bradley University, USA Supervisor, Siemens Telecommunication Systems Ltd. Account and Project Manager, Nortel, Taiwan Branch Vice President, Business Development, Hong Kong Telecom, Taiwan Branch Vice President, Sales and Services, Far EasTone Telecommunications Co., Ltd. Vice President, Business and Operations, Far Eastern Electronic Toll Collection Co., Ltd.	None	-	-	-

Title	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President	Steve Chou	2011.04.25	-	-	MBA, Southern Methodist University, USA Assistant Vice President, Credit Card, Citibank, N.A., Taiwan Vice President, Customer Service, TransAsia Telecommunications Vice President, Customer Service, Sparq Telecom General Manager, Secured Lending, Standard Chartered Bank, Taiwan Senior Vice President, Customer Service, HSBC Bank Taiwan	Director and President, Taiwan Teleservices & Technologies Co., Ltd.	-	-	-
Vice President	Joseph Yang	2007.11.09	48,720/0.001	-	BS in Transportation Management, National Chiao Tung University Advisory Systems Engineer, Systems Engineer, IBM Taiwan Technical Manager, Central and South Branch, IBM Taiwan Solutions Director, Finance Industry, IBM Taiwan Sales Director, Finance Industry, IBM Taiwan Vice President for Sales, Eastern Broadband Telecom Chief Operating Officer, Eastern Broadband Telecom Senior Vice President, Asia Pacific Telecom Group Chief Marketing Officer, Asia Pacific Telecom Group Product Director, Asia Region, High Tech Computer	None	-	-	-

Compensation to directors and management executives

1. Compensation to directors

Unit: NT\$

Title		Chairman	Vice Chairman	Director	Director	Director	
Name		Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	Fu-Chi Venture Corp.	
Representative		Richard Tsai	Daniel Tsai	Cliff Lai	Vivien Hsu	Victor Kung	
Director's compensation	Cash compensation (A)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Retirement pay (B)	Stand-alone	-	-	-	-	-
		Consolidated	-	-	-	-	-
	Earnings paid as compensation to directors (C)	Stand-alone	5,805,507	4,354,130	2,902,754	2,902,754	2,902,754
		Consolidated	5,805,507	4,354,130	2,902,754	2,902,754	2,902,754
	Professional fee (D)	Stand-alone	210,000	160,000	140,000	160,000	160,000
		Consolidated	351,000	286,000	441,000	488,000	300,000
A+B+C+D as a % of net profit		Stand-alone	0.04466%	0.03352%	0.02259%	0.02274%	0.02274%
		Consolidated	0.04518%	0.03405%	0.02454%	0.02489%	0.02351%
Employee profit sharing	Performance-based salary (E)	Stand-alone					
		Consolidated					
	Retirement pay of employees (F)	Stand-alone					
		Consolidated					
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus				
			Stock bonus				
		Consolidated	Cash bonus				
			Stock bonus				
Employee stock option granted (H)	Stand-alone						
	Consolidated						
A+B+C+D+E+F+G+H as a % of net profit		Stand-alone					
		Consolidated					
Compensation from investees other than subsidiaries		-	-	6,000	6,000	-	
Other allowances							

Unit: NT\$

Title		Independent Director	Independent Director	Independent Director	Independent Director	Total	
Name		Jack J.T. Huang	Tsung-Ming Chung	Wen-Li Yeh	J. Carl Hsu		
Representative							
Director's compensation	Cash compensation (A)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Retirement pay (B)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Earnings paid as compensation to directors (C)	Stand-alone	4,354,130	4,354,130	4,354,130	4,354,130	36,284,419
		Consolidated	4,354,130	4,354,130	4,354,130	4,354,130	36,284,419
	Professional fee (D)	Stand-alone	310,000	460,000	380,000	380,000	2,360,000
		Consolidated	310,000	460,000	380,000	380,000	3,396,000
A+B+C+D as a % of net profit	Stand-alone	0.03463%	0.03574%	0.03515%	0.03515%	0.28692%	
	Consolidated	0.03423%	0.03533%	0.03474%	0.03474%	0.29121%	
Employee profit sharing	Performance-based salary (E)	Stand-alone				68,038,850	
		Consolidated				68,038,850	
	Retirement pay of employees (F)	Stand-alone					216,000
		Consolidated					216,000
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus				11,135,959
			Stock bonus				-
		Consolidated	Cash bonus				11,135,959
			Stock bonus				-
Employee stock option granted (H)	Stand-alone					-	
	Consolidated					-	
A+B+C+D+E+F+G+H as a % of net profit	Stand-alone					0.87636%	
	Consolidated					0.87384%	
Compensation from investees other than subsidiaries		-	-	-	-	12,000	
Other allowances						1,395,498	

2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + employee profit sharing	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu, Victor Kung	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu, Victor Kung	Victor Kung	Victor Kung
NT\$2,000,000~NT\$4,999,999	Jack J.T.Huang, Tsung-Ming Chung, Wen-Li Yeh, J. Carl Hsu	Jack J.T. Huang, Tsung-Ming Chung, Wen-Li Yeh, J. Carl Hsu	Jack J.T. Huang, Tsung-Ming Chung, Wen-Li Yeh, J. Carl Hsu	Jack J.T. Huang, Tsung-Ming Chung, Wen-Li Yeh, J. Carl Hsu
NT\$5,000,000~NT\$9,999,999	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.
NT\$10,000,000~NT\$14,999,999	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.
NT\$15,000,000~NT\$29,999,999	-	-	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-	-	-
NT\$50,000,000~NT\$99,999,999	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	11	11	11	11

3. Compensation to management executives

Unit: NT\$

Title and name	Co-President, Cliff Lai; Co-President, Vivien Hsu; Chief Financial Officer, Rosie Yu; Acting Chief Technology Officer, H.S. Wang; Vice President, C.A. Chuang; Vice President, Ariel Hwang; Vice President, Jay Hong; Vice President, James Chang; Vice President, Ruth Liaw; Vice President, Tech Juan; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tom Koh; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Vice President, Sean Hsieh; Vice President, Paul Huang; Vice President, Simon Wang; Vice President, Steve Chou; Vice President, Joseph Yang <u>Resigned managers</u> : Senior Vice President, George C. Chou; Vice President, Andrew Wong; Vice President, Jerry Chu; Vice President, Daphne Yang		Total
Salary (A)	Stand-alone		95,223,014
	Consolidated		95,223,014
Pension (B) (Note 1)	Stand-alone		2,014,425
	Consolidated		2,014,425
Performance-based salary (C)	Stand-alone		56,943,878
	Consolidated		57,285,478
Employee profit sharing (D)	Stand-alone	Cash	38,250,677
		Stock	-
	Consolidated	Cash	38,250,677
		Stock	-
D as a % of net profit	Stand-alone		0.28%
	Consolidated		0.28%
A+B+C+D as a % of net profit	Stand-alone		1.43%
	Consolidated		1.41%
Employee stock options	Stand-alone		-
	Consolidated		-
Compensation from investees other than subsidiaries			18,000
Transportation allowances	Stand-alone		2,007,792
	Consolidated		2,157,773

Note 1: The Company's contribution to employee's pension account, not actual amount paid.

4. Range of compensation to management executives

Range of compensation to executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	Tom Koh, Daphne Yang	Tom Koh, Daphne Yang
NT\$2,000,000~NT\$4,999,999	George C. Chou; Steve Chou; Jerry Chu	George C. Chou, Steve Chou, Jerry Chu
NT\$5,000,000~NT\$9,999,999	H.S. Wang, Jeff Ku, Ariel Hwang, C.A. Chuang, Jay Hong, Ruth Liaw, Techi Juan, Egon Chen, Chien Chen, Paul Huang, Sean Hsieh, Simon Wang, Joseph Yang, Andrew Wong	H.S. Wang, Jeff Ku, Ariel Hwang, C.A. Chuang, Jay Hong, Ruth Liaw, Techi Juan, Egon Chen, Chien Chen, Paul Huang, Sean Hsieh, Simon Wang, Joseph Yang, Andrew Wong
NT\$10,000,000~NT\$14,999,999	Rosie Yu, James Chang	Rosie Yu, James Chang
NT\$15,000,000~NT\$29,999,999	Cliff Lai, Vivien Hsu	Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-
NT\$100,000,000 and above	-	-
Total	23	23

Note: Compensation paid to managers in the above table was based on tenure. Compensation paid to managers who also served as directors is detailed in the "Compensation to directors" table.

5. The names of managers and their employee bonuses are included in the table above.

Compensation to directors and management executives as a percentage of net income over the past two years and guiding principles

1. Compensation to directors

Unit: NT\$

Type	Year	Compensation to directors	As a % of net profit	Net profit
On a stand-alone basis	2010	214,984,114	1.5554%	13,822,185,662
	2011	118,035,228	0.8764%	13,468,763,392
On a consolidated basis	2010	215,765,714	1.5615%	13,817,777,608
	2011	119,083,228	0.8739%	13,626,179,950

Guiding principles for compensation to directors

Remuneration policies, standards and package

- (1) The board is authorized to decide the remuneration for the chairman and vice chairman, but it should not be higher than the remuneration payable to the CEO of the Company.
- (2) Directors are paid according to the resolution on earnings distribution approved at the annual general shareholders' meeting. Remuneration or other equivalent allowance for directors are based on their involvement in the Company's operations and contribution to the Company, the "Rules for Setting Director's Remuneration" and industry norms.
- (3) Transportation allowances are paid quarterly based on attendance in board meetings and for services rendered as the chairman or a member of the Audit Committee and Compensation Committee.

Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation to directors shall not exceed 0.3% of the Company's annual net income after deducting previous years' losses, appropriating 10% thereof for legal reserves, and setting aside special reserves.
- (2) Transportation allowances are determined in accordance with the "Rules for Setting Director's Remuneration."

Performance factor

Compensation to each director is assessed based on his/her contribution to the operations of the Company and the board. The Compensation Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.

2. Compensation to management executives

Unit: NT\$

Type	Year	Compensation to management executives	As a % of net profit	Net profit
On a stand-alone basis	2010	306,597,532	2.2182%	13,822,185,662
	2011	192,431,994	1.4287%	13,468,763,392
On a consolidated basis	2010	309,219,007	2.2378%	13,817,777,608
	2011	192,791,594	1.4149%	13,626,179,950

Guiding principles for compensation to management executives

Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses are proposed by the Compensation Committee for approval at the board meeting.

Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing paid to the president and vice presidents is from the pool of 1% to 3% of the Company's annual net income after deducting previous years' losses, appropriating 10% thereof for legal reserves, and setting aside special reserves.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation, and corporate social responsibilities into consideration.
- (2) The Human Resources Department is tasked with preparing the annual compensation for the president and vice presidents and submitting a report to the Compensation Committee.

CORPORATE GOVERNANCE

Board of Directors attendance

1. The Board of Directors convened eight times in 2011

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	7	1	88%	None
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	8	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	7	1	88%	None
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	8	0	100%	None
Director	Fu-Chi Venture Corp. Representative: Victor Kung	8	0	100%	None
Independent Director	Jack J.T. Huang	5	3	63%	None
Independent Director	Tsung-Ming Chung	8	0	100%	None
Independent Director	Wen-Li Yeh	8	0	100%	None
Independent Director	J. Carl Hsu	8	0	100%	None

2. Any objections or issues raised by independent directors against resolutions passed by the Board of Directors pursuant to Article 14-3 of the Securities and Exchange Act: None

3. Any conflict of interests among directors:

- (1) Discussion of a proposal to acquire 58,856,550 shares (translating into a 51% stake) of Fubon Multimedia Technology Co., Ltd. through Wealth Media Technology Co., Ltd., a 100%-owned subsidiary of the Company, from Fubon Financial Holding Venture Capital Corp., during the 19th meeting of the fifth Board of Directors on April 8, 2011: Chairman Richard Tsai, Vice Chairman Daniel Tsai and Director Victor Kung, who also held positions as directors or supervisors of Fubon Financial Holding Venture Capital Corp., abstained from discussion and voting to avoid a conflict of interest in accordance with Articles 178 and 206 of the Company Act.
- (2) During the 20th and 21st meetings of the fifth Board of Directors on April 28, 2011 and April 29, 2011, respectively, independent directors Jack J.T. Huang, Tsung-Ming Chung, Wen-Li Yeh and J. Carl Hsu abstained from discussion and voting on the nomination and review of candidates for independent directors to avoid a conflict of interest in accordance with Articles 178 and 206 of the Company Act.

4. Other BOD objectives:

- (1) Performance evaluation and enhancement: The board approved the "Rules and Procedures Governing Board of Directors' Meetings," which was modeled after the "Regulations Governing Procedures for Meetings of Listed Companies' Board of Directors." It also passed the "Rules and Procedures on Evaluating the Board of Directors' Performance" to enhance efficiency, under which the Compensation Committee would evaluate the board's performance and submit a report on proposed improvements to the board. All members participated in a self-evaluation of individual performances for 2011 during the fifth meeting of the board on January 19, 2012.
- (2) Training programs for directors: Since 2008, the Company has conducted regular in-house seminars to facilitate interaction between the lecturer and directors and to meet the required training hours.
- (3) Information transparency: Committed to upholding transparency in operations and protecting shareholders'

interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investors' conference on a quarterly basis.

- (4) Liability insurance: The Company purchases liability insurance annually for its directors and managers to cover risks as they carry out their duties.

Audit Committee attendance

The Audit Committee has been set up since June 2008 to replace board supervisors, pursuant to provisions in the Securities and Exchange Act. The committee's operation is bound by the "Audit Committee Charter" and its main responsibility is to assist the board in overseeing the following:

- (1) Integrity of the Company's financial statements
- (2) Independent auditors' appointment (termination) and integrity/performance
- (3) Internal risk controls
- (4) Company's compliance with legal and regulatory requirements
- (5) Company's existing and potential risks

1. The Audit Committee convened eight times in 2011

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	8	0	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	6	2	75%	
Independent Director	Wen-Li Yeh	8	0	100%	
Independent Director	J. Carl Hsu	8	0	100%	

Any objections or issues raised by the Audit Committee against resolutions, pursuant to Article 14-5 of the Securities and Exchange Act, that were approved by over two-thirds of the directors: None

2. Any conflict of interests among the independent directors: None

3. Communication between the independent directors and the Internal Audit Chief Officer and CPAs:

- (1) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief meets with the independent directors directly at the quarterly Audit Committee meetings, bringing communication into full play.
- (2) The CPAs present audit reports and findings to the independent directors during the committee's quarterly meeting.
- (3) The Internal Audit Chief and CPAs also communicate with the independent directors directly as needed.

Corporate governance practices

	Item	Current practice
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The spokesperson or Secretarial Division handles all non-legal issues; the legal division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division reports the shareholding lists of directors, managers and major shareholders (above 10% holdings) to the authority on a monthly basis.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company's internal control system has established "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" and "Rules and Procedures on Monitoring Subsidiaries" as risk

Item		Current practice
		control mechanisms.
Board of directors and its responsibilities	Independent directors	The Company's board includes four independent directors.
	Periodic review of CPA's independence	The Audit Committee conducts quarterly reviews on CPA's independence.
Communication channels with shareholders		The spokesperson and the mailboxes of spokesperson and the Audit Committee serve as the main communication channels between the Company and shareholders.
Information disclosure	Disclosure of financial, operational and corporate governance information	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	In addition to the spokesperson, the Company has set up an English website and designated personnel to gather and disclose Company information in time. A dedicated department, Investor Relations Division, was in place to enhance information disclosure.
Functional committees		<p>The Compensation Committee, composed entirely of independent directors, was set up in July 2011. Bound by the "Compensation Committee Charter," the committee's main responsibilities are as follows:</p> <p>(1) Establish a policy, system, standard and structure for directors and managers' compensation and review them periodically.</p> <p>(2) Decide compensation for directors and managers and hold periodic evaluations.</p>
<p>Has the Company established principles based on "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"? If yes, detail implementation progress and any differences:</p> <p>Although the Company has not established said principles, its operations fully comply with the requirements set forth in the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies." The Company also has a "CG6006 Advanced Corporate Governance System Evaluation" certification from the Taiwan Corporate Governance Association, issued on November 4, 2011.</p>		

Additional information

1. Employee rights

The Company's human resource policies not only comply with, but offer even better provisions than those prescribed under the law, such as the Labor Standards Act, in safeguarding employee rights.

2. Employee care

The Company provides different communication channels to facilitate communication within the Company. These include holding regular employee and managerial meetings to accommodate suggestions for improvement and conducting surveys to collect employees' views and opinions.

3. Investor relations

The Company posts financial, operational and material information on the Company website and the market observation post system (MOPS) in a timely manner to keep investors abreast of Company developments and strategies and, thus, maximize shareholders' interests.

4. Supplier relations

The Company holds procurement bids based on the "Procedures Governing Procurement," and suppliers deliver products in accordance with the contract.

5. Stakeholders' rights

To protect the interests of stakeholders, the Company has established various free and open communication channels to promote trust and corporate social responsibility.

6. Corporate governance related training program for management

Training program	Organizer	Date	Hours	Participants
CommonWealth Economic Forum	CommonWealth Magazine	2011/01/10	16	HS Wang, Egon Chen, Sean Hsieh, C.A. Chuang, Joseph Yang, Daphne Yang*, Jay Hong, Jeff Ku
Accountability	TWM HR Div.	2011/03/11	4	Vivien Hsu, Paul Huang, Tech Juan, HS Wang, Egon Chen, Chien Chen, C.A. Chuang, James Chang, Jay Hong, Ruth Liaw, Jeff Ku
Work plan for Compensation Committee	Taiwan Corporate Governance Association	2011/04/26	3	C.A. Chuang
Dynamic market competition strategies and practices	TWM HR Div.	2011/05/06	8	Jay Hong, Joseph Yang
Cross-field integration and innovation	TWM HR Div.	2011/08/12	3	James Chang, Jay Hong
Continuing education for accounting supervisor	Accounting Research and Development Foundation in Taiwan	2011/08/30	12	Ruth Liaw
How to read and analyze financial statements for managers with non-financial background	TWM HR Div.	2011/09/23	6	HS Wang, James Chang, Steve Chou
Case studies for management: Innovative business models	TWM HR Div.	2011/10/18	8	Cliff Lai, Vivien Hsu, Simon Wang, Tech Juan, Egon Chen, Sean Hsieh, C.A. Chuang, Steve Chou
Internal control system for enterprises - for Compensation Committee	Securities and Futures Institute	2011/11/04	8	Jay Hong
Fourth CAE (Chief Audit Executives) Forum	The Institute of Internal Auditors, R.O.C.	2011/11/18	8	Jay Hong
Withholding taxes for offshore companies	KPMG	2011/12/21	4	Ruth Liaw

* Resigned manager

7. Training program for directors

Title	Name	Date of training		Organization	Training program	Hours (Note1)
		From	To			
Representative of Institutional Director	Richard Tsai	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
		2011/12/13	2011/12/13	Corporate Governance Association	The global financial crisis and a review of corporate values in the financial industry	3
Representative of Institutional Director	Daniel Tsai	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
		2011/12/13	2011/12/13	Corporate Governance Association	The global financial crisis and a review of corporate values in the financial industry	3
Representative of Institutional Director	Cliff Lai	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
Representative of Institutional Director	Vivien Hsu	2011/02/22	2011/02/22	Corporate Governance Association	Preparatory work for setting up a compensation committee	1
		2011/07/12	2011/07/12	Securities and Futures Institute	Orientation on adoption of International Financial Reporting Standards (IFRS)	3
		2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
		2011/09/30	2011/09/30	Corporate Governance Association	Strategies for companies to cope with global inflation and shrinking purchasing power	1
Representative of Institutional Director	Victor Kung	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
Independent Director	Jack J.T. Huang	2011/12/16	2011/12/16	Corporate Governance Association	Defending your company against intellectual property rights attacks in the face of global competition	1
		2011/12/23	2011/12/23	Accounting Research and Development Foundation	IFRS adoption – changes and adjustments	3
Independent Director	Tsung-Ming Chung	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
		2011/12/27	2011/12/27	Taiwan Academy of Banking and Finance	Board meeting practices and corporate governance	3
Independent Director	Wen-Li Yeh	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3
Independent Director	J. Carl Hsu	2011/07/29	2011/07/29	Corporate Governance Association	Strategy innovation	3

Note 1: The training requirements listed above have been fulfilled.

8. Risk management

Risk management policies

- (1) Promote a risk management-based business model
- (2) Establish a risk management mechanism that can effectively cite, evaluate, supervise and control risk
- (3) Create a company-wide risk management structure that can limit risk to an acceptable level
- (4) Introduce best risk management practices and continue to seek improvements

Risk management structure



The Company's risk management structure is made up of three levels of control mechanism:

- (1) Ground: Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.
- (2) Middle: Operations and Management Committee, Safety and Health Committee, and Information Security Management Committee assume responsibility. Co-President and committee chair convene a task force composed of unit chief officers and supervising vice president of concerned departments.
- (3) Top: Board of Directors
- (4) Monitoring mechanism: Internal Audit Office

Risk management operation mechanism

- (1) Ground: Each unit shall ensure, on a daily basis, that risks are kept under acceptable levels. Should there be any changes in condition or other factors, the responsible unit shall report these to the Company for the appropriate course of action.
- (2) Middle: Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or the other two committees to examine the risks and undertake any necessary measures. The function of the three committees are as follows:
 - Operations and Management Committee: Conduct periodic review of each business group's operating target and performance to meet the Company's guidance and budget.
 - Safety and Health Committee: Tasked with supervising and reducing potential risks to workers' safety and health.
 - Information Security Management Committee: Supervise important information assets for confidentiality, integrity, availability, and regulatory compliance in order to control and reduce operational risks to an effective and reasonable level.
- (3) Top: The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risk assessment, designating action to control these risks and keeping track of their execution.
- (4) Monitoring mechanism:
 - The Internal Audit Office regularly monitors and assesses potential and varying levels of risks that the Company may face and using this information as a reference for drafting its annual audit plan.
 - The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

Risk factors and management structure

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision	
1	Operating risk	Technology units / IT	Operations and Management Committee	The highest decision-making body: Board of Directors	
2	Changes related to technology and industry	Systems Design Division			
3	Risks related to information security	Internal Audit Office			Information Security Management Committee
4	Market risk A. Competition B. New products C. Channel management	A. Marketing units B. Marketing units C. Business Operations Management units	Operations and Management Committee		
5	Government policies and regulatory compliance	Regulatory and Carrier Relations Division			
6	Corporate image	Public Affairs Division			
7	M&A and investments	President's Office			
8	Employee safety	Occupational Safety and Health Office and Administrative Division	Safety and Health Committee		Monitoring mechanism: Internal Audit Office
9	Employee behavior, code and ethics	Human Resources Division	Operations and Management Committee		
10	Volatility of interest rates, exchange rates and financial risks	Finance Division			
11	Financing and endorsement/guarantee provided to others, derivatives transaction and working capital management	Finance Division			
12	Financial report disclosure	Accounting Division			
13	Litigious and non-litigious matters	Legal Office			
14	Changes in shareholding of directors and major shareholders	Secretarial Division			
15	Board meeting facilitation	Secretarial Division			

9. Implementation of customer policy

With the mission of “creating the best user experience,” the Company is continuously striving to improve its products, services and operations to win customer trust and raise the quality of customer care.

10. The Company has purchased liability insurance for its directors.

11. Employees’ certifications relating to financial transparency

- (1) Certified Internal Auditor (CIA): One employee in the Operation Analysis Division; seven in the Internal Audit Office.
- (2) First-level examiner of internal controls (Securities and Futures Institute): Five in the Secretarial Division.
- (3) Qualified Internal Auditor (QIA): One employee in the Operation Analysis Division; seven in the Internal Audit Office; one in Accounting Division.
- (4) Certified Public Accountant (CPA): One employee in the CFO Office; four in the Operation Analysis Division; three in the Accounting Division; one in the Finance Division.

12. Any internal evaluation or third party assessment reports on corporate governance. If yes, specify results, major flaws or recommendations for improvements:

Taiwan Mobile received a “CG6006 Advanced Corporate Governance System Evaluation” certification, valid for two years, from the Taiwan Corporate Governance Association in 2011. The results of the evaluation and its major recommendations as well as improvements made by the Company, are listed below:

- (1) Overall strengths
 - A. Expansion of board functions: The Company’s initiative in setting up an audit committee and compensation committee is worthy of recommendation.
 - B. Continued pursuit of international standards in corporate governance: The Company has received numerous awards for corporate governance, financial disclosure and investor relations from domestic and foreign independent ratings institutions and serves as a role model for Taiwan’s listed companies.

- C. Commendable performance by Audit Committee: The Company's four independent directors all possess the professional expertise and knowledge to carry out their duties.
- (2) Recommendations and subsequent improvements made by the Company
- A. Set up a board-approved risk management policy and related regulations to cover all aspects of risks and standard procedures for reporting material events:
The board passed the Risk Management Policy on October 27, 2011.
- B. Draw up quality assurance and improvement plans verified by independent institutions for internal audit:
The quality assurance and improvement plans have been incorporated into the internal audit system and approved by the board on January 19, 2012.
- C. Promote participation by Audit Committee members in the appointment and evaluation of the Chief Internal Audit Officer:
The Audit Committee will participate in the interview of the Chief Internal Audit Officer should there be a reshuffle. Evaluation of the Chief Internal Audit Officer's performance will be conducted by the Compensation Committee.

Compensation Committee operations

The Compensation Committee, composed entirely of independent board directors, is bound by the "Compensation Committee Charter." The committee is responsible for evaluation of the following matters:

- (1) Establish a policy, system, standard and structure for directors and managers compensation and review them periodically.
- (2) Decide compensation for directors and managers and carry out a periodic evaluation.

The Compensation Committee convened once in 2011

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Jack J.T. Huang	1	0	100%	Appointed committee chairman
Independent Director	Tsung-Ming Chung	1	0	100%	
Independent Director	Wen-Li Yeh	1	0	100%	
Independent Director	J. Carl Hsu	1	0	100%	

Corporate social responsibility (CSR)

Item	Current Practices															
<p>Corporate governance</p> <ol style="list-style-type: none"> 1. Establishing a CSR policy or system and review mechanism 2. Setting up a unit to carry out this policy or system 3. Holding regular training programs on business ethics for directors and employees and establishing a reward-and-punishment system 	<ol style="list-style-type: none"> 1. The concept of CSR has been embedded in the strategic decisions and daily operations of all departments of TWM. In accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" issued by the Taiwan Stock Exchange Corp, the board approved the "Taiwan Mobile CSR Policy" to serve as a long-term guideline for promoting CSR in January 2011. 2. In 2007, TWM established a Social Responsibility Department under the Public Relations Division to draft and carry out CSR initiatives. With designated personnel and a separate budget, the department provides planning, execution and coordination across different divisions. 3. In addition to regular training programs on business ethics, the Company has formulated a Code of Ethics that all directors, managers and employees are expected to follow and support. Employees can access the Code of Ethics via TWM's e-Learning website from August 2010. An intranet hotline has been set up for employees to report any violation of the Code. Violators shall be punished in accordance with Company regulations. 															
<p>Environmental sustainability</p> <ol style="list-style-type: none"> 1. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment 2. Establishing an environmental management system in line with the nature of the Company's business operations 3. Setting up a framework and allocating staff to promote environmental conservation 4. Adopting measures to reduce greenhouse gas emissions and minimize their impact on the environment 	<ol style="list-style-type: none"> 1. The Company has continuously worked to improve the efficient use of resources, including paper, water and electricity as well as to promote recycling of cables and battery modules. 2. TWM has established an internal Sustainable Development Committee. It is responsible for monitoring environment-related indexes and efforts to reduce carbon emissions as well as planning, promoting and integrating all of the company's environmental protection-related activities. 3. The Company has designated personnel in the Administrative Division and Public Affairs Division to promote its environmental protection program. 4. TWM has made use of its operating management practices and communications technology to reduce energy consumption and greenhouse gas emissions. These measures include: <ul style="list-style-type: none"> ● Internet data center energy-saving program ● Base station equipment upgrading ● Energy management program for TWM's office buildings and direct stores ● Telepresence service ● Green applications service <table border="1" data-bbox="683 1375 1433 1718"> <thead> <tr> <th></th> <th>2010</th> <th>2011</th> </tr> </thead> <tbody> <tr> <td>Energy consumption (direct)</td> <td>19,425,250.0 million joules</td> <td>17,484,274.3 million joules</td> </tr> <tr> <td></td> <td>2010</td> <td>2011</td> </tr> <tr> <td>Greenhouse gas emissions (direct)</td> <td>2,743.1 tonnes carbon dioxide equivalent</td> <td>2,608.2 tonnes carbon dioxide equivalent</td> </tr> <tr> <td>Greenhouse gas emissions (indirect)</td> <td>233,397.1 tonnes carbon dioxide equivalent</td> <td>196,220.8 tonnes carbon dioxide equivalent</td> </tr> </tbody> </table>		2010	2011	Energy consumption (direct)	19,425,250.0 million joules	17,484,274.3 million joules		2010	2011	Greenhouse gas emissions (direct)	2,743.1 tonnes carbon dioxide equivalent	2,608.2 tonnes carbon dioxide equivalent	Greenhouse gas emissions (indirect)	233,397.1 tonnes carbon dioxide equivalent	196,220.8 tonnes carbon dioxide equivalent
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Item	Current Practices
<p>Commitment to corporate social responsibility</p> <ol style="list-style-type: none"> 1. Building a system to safeguard workers' rights in accordance with labor laws 2. Providing employees with a safe and healthy working environment as well as regular training on safety and health education 3. Drawing up a policy on protecting consumers' rights and providing a transparent and effective mechanism for filing and processing complaints about products and services 4. Working with vendors to promote corporate social responsibility. 5. Promoting community development projects and philanthropic work through commercial activities, donations, volunteer work or other services. 	<ol style="list-style-type: none"> 1. TWM's Code of Ethics serves as a guideline for employees. The company has also established a performance-based reward system to motivate employees. 2. The Company aims to provide a safe and healthy working environment for employees and has implemented related measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet. 3. To protect consumers' rights, the company provides various services and information, such as outdoor coverage of wireless broadband, free trial service for mobile internet, customers' prior agreement needed to activate mobile internet and measures to protect minors. All these are written in the customer service contracts and posted on the company website and on posters in the company stores. To raise customer satisfaction in line with TWM's "customer first" policy, the Company introduced a "mobile customer app" in 2011 that provides a variety of ways to access customer services – hotline, company store, website and phone app – with designated agents dealing with customer complaints in line with standard operating procedures. A dedicated unit monitors and conducts periodic reviews of measures to promote customer satisfaction. 4. TWM believes that ethics serves as the moral foundation of a well-managed enterprise. To promote a fair and just system, the Company set up an open procurement system to select suppliers and required that all suppliers comply with "TWM's Environmental and Occupational Health and Safety Policy" and "Guidelines on Corporate Social Responsibility for Suppliers." Furthermore, TWM provides first bargaining rights to green-product and conflict-free product suppliers to encourage others to likewise produce environmentally friendly products. <ol style="list-style-type: none"> (1) TWM does not use any product from conflict material/product suppliers. (2) TWM requests its suppliers to investigate their supply chains to ensure that no products are from conflict areas. 5. TWM has made significant progress in fulfilling its corporate social responsibility systematically and strategically. The Company leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society. <ol style="list-style-type: none"> (1) The potential benefit of carbon emissions reduction throughout the ICT industry is far greater than what TWM can achieve on its own. As such, the Company has actively helped consumers and other organizations meet energy-saving and carbon-reduction goals through handset recycling, e-billing, green cloud IDC and video conferencing among others. (2) A number of digital learning centers have been established in remote areas in Taiwan, with digital teaching materials published. TWM organized the myfone Mobile Awards and Mobile Film Creation Camp to encourage teenagers to create digital content. The Company has also contributed hardware equipment, information literacy and information applications to help expand digital opportunities for remote and underprivileged communities, enrich digital content and applications, and enhance the nation's digital competitiveness. (3) The 5180 Mobile Donation Hotline and Discount Rate for Persons with Disabilities are examples of how the Company cares for disadvantaged groups. TWM also sponsored the Chinese Christian Relief Association's "After-school Tutor Program" for children from underprivileged families, Canlove Social Services Association's "Depression Consultation and Prevention," Champions Education Association's "Teenager EQ Management and Life Education Program". (4) Since 2007, TWM has implemented its "Corporate Volunteer Guidelines" to encourage employees to take an active role in fulfilling their social responsibilities. Volunteers can take two paid days off a year to participate in community service activities. Transportation allowances and insurance, as well as comprehensive training, are provided. To date, 958 participants have joined such activities.

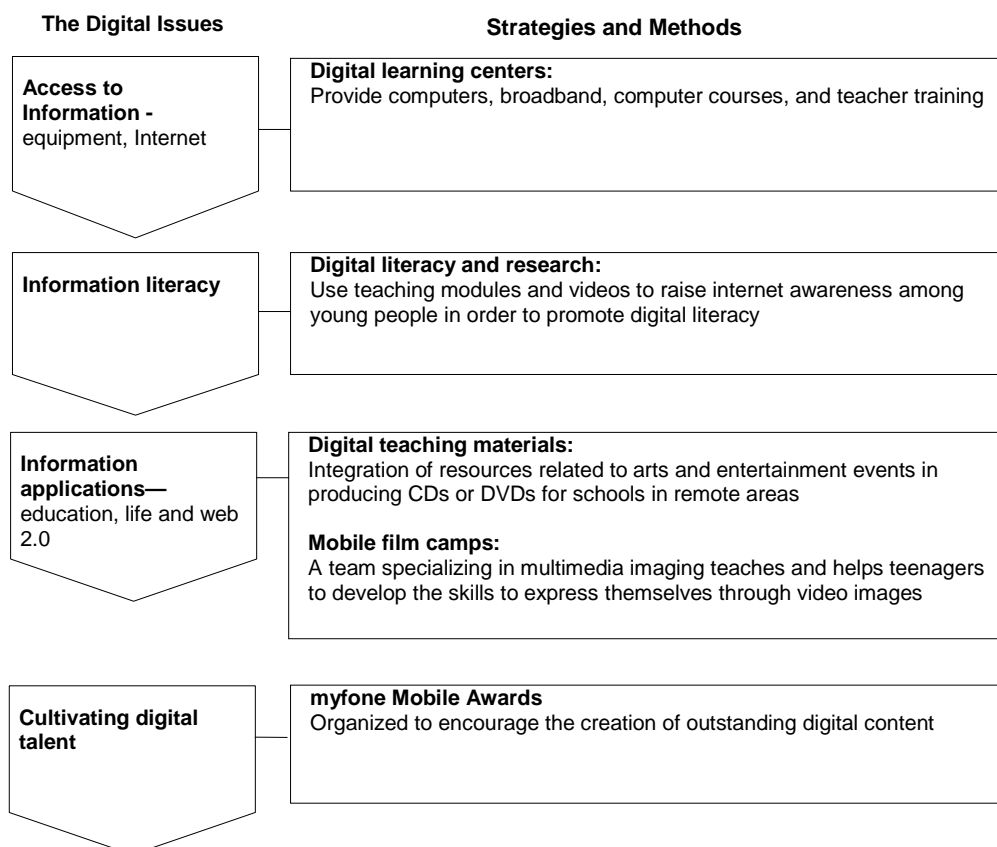
Item	Current Practices
<p>Information disclosure</p> <p>1. Disclosing relevant and reliable information on corporate social responsibility.</p> <p>2. Process for preparing and disclosing CSR information</p>	<p>1. CSR-related information is updated on the websites of the Company and the Taiwan Mobile Foundation in a timely manner. All information and data contained in the CSR reports are compiled internally and verified by an external party to ensure their reliability and accuracy. All information (subject and content) are deemed to be materially important and designed to meet stakeholders' expectations.</p> <p>2. TWM released its first CSR report in 2007. A second report, released in 2009, complies with the GRI G3 and the AA1000 assurance standards on CSR disclosure practices. In addition, information disclosed in the 2011 CSR report complies with the latest GRI G3.1 application level of B+, as audited by an independent third-party organization.</p>
<p>The Company's CSR policy and practices fully comply with the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies."</p> <p>The concept of CSR has been embedded in the strategic decisions and daily operations of all departments. TWM went a step further, with the Board of Directors passing the "Taiwan Mobile CSR Policy" to serve as a long-term guideline for promoting CSR and fulfilling the company's commitment to society in January 2011.</p> <p>The policy contains six articles, with the Company's underlying corporate philosophy and core values serving as the foundation, emphasizing corporate governance, stakeholder's interests and full disclosure, and leveraging off the Company's core competence and services to promote environmental conservation and public welfare.</p>	

Additional information on CSR-related matters:

TWM leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society.

1. Enhancing digital competitiveness

Enhancing Digital Competitiveness Strategies



- TWM continued to set up broadband services in remote areas like Nantou County's Sinyi township and Hsinchu County's Jianshih township in 2011. TWM has also collaborated with local nonprofit organizations (NPOs) to set up 13 digital learning centers.
- TWM has published 14 sets of digital teaching materials on culture, the environment and network safety as well as conducted online researches with NPOs to better understand teenage behavior.
- TWM hosted the "Mobile Film Creation Camp for Teenagers" to promote imaging education and applications, teaching teenagers how to express their ideas through creation of video images and to cultivate future multimedia talent.
- TWM launched the "myfone Mobile Awards" to encourage creation of new types of literature and music. The contest attracted a record nearly 50,000 entries. Awards were handed out for the best "SMS literature" and "original musical ringtones."

2. Environmental protection

Aside from compliance and reducing pollution, TWM has also taken the initiative in helping build an intelligent low-carbon society by leveraging its key resources in the ICT service industry. The Company helps other businesses reduce their carbon emissions through its mobile and e-services, and promote environmental protection through its extensive interaction with subscribers and consumers. In 2011, the Company was awarded "The 20th R.O.C. Enterprise Environmental Protection Award" by the Environmental Protection Administration – the only company in the service sector to have won this prize three times in a row.

3. Community participation and social care

- TWM introduced the "5180 Mobile Donation Hotline," a micro-donation platform, to provide a fund-raising channel for 56 NPOs.
- TWM sponsors tutorial sessions for some 200 children from underprivileged families every year.
- TWM works with the Canlove Social Services Association to provide professional counseling services to people suffering from depression and to promote suicide prevention awareness. More than 90,000 participants took part in these events in 2011.
- TWM sponsors an NGO that provides classes on "EQ Management" and "Suicide Prevention" to junior high school students. A total of 190,000 students have been involved in this program.

4. Consumers' interests:

TWM introduced a global standard information security management system to ensure that customers' personal information is strictly protected every step of the way – from form application to activation, information changes, billing, settlement and customer services.

5. Human rights:

TWM has never employed child workers. Pursuant to the Gender Equality in Employment Act and Employment Services Act, the Company has never discriminated against any employee and ethnic group or forced labor on its employees. Employees are free to form associations.

6. Safety and health:

To build up a vital, happy and healthy workplace, TWM has designed various activities for its employees with a focus on promoting a safe environment, disease prevention, health and spiritual relaxation. From 2007 to 2011, the Company received the following awards: "LOHAS (Lifestyles of Health and Sustainability)," "Community Health," "Leader in Health" and "Best Weight Loss Office" from the Cabinet-level of the Department of Health. It also received top certifications from Taipei City's Health Department for its breastfeeding rooms.

7. Cultural promotions:

- TWM introduced the "909 Mobile Phone Audio Guide," which employs mobile communications technology and cloud database to promote art and culture.
- To promote cultural literacy, TWM has since 2005 held 28 large outdoor concerts throughout the country, with more than 380,000 people attending these events.

Has the Company issued CSR reports that have been verified by an independent third-party assurance organization?

In 2009, TWM's CSR report was verified by an independent third-party organization, the British Standards Institute, in accordance with its AA1000 assurance standards and GRI guidelines. In addition, information disclosed in the 2011 CSR report complies with the latest GRI G3.1 application level of B+, as audited by an independent third-party organization.

Honest and ethical conduct

Integrity lies at the core of TWM's corporate culture, and employees are enjoined to act and perform their duties in an honest and ethical manner to fulfill their social responsibility to investors, consumers and the community. If an employee becomes aware of any conduct or activity that may violate the Company's "Code of Ethics," said employee is duty-bound to promptly report the matter through the Company's intranet. TWM has also invested in liability insurance for all employees, with the insured value rising along with the risks associated with an employee's work.

Corporate governance rules and procedures

The Company has implemented a number of rules and procedures to enhance its corporate governance practices. It has revised the Rules and Procedures Governing Shareholders' Meetings, Rules and Procedures on Conducting Transactions between Group Companies and Related Parties, the Corporate Governance Committee Charter, the Audit Committee Charter, Rules and Procedures Governing Board of Directors' Meetings, Regulations Governing Internal Material Information, the Code of Ethics, Ethical Corporate Management Best Practice Principles and Corporate Social Responsibility Policy. With these changes, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, but it also adheres to the highest international standards.

Additional information on corporate governance operations:

Corporate governance principles

- Timely disclosure of material information
- Checks and balances between the board and management
- Fair representation of independent board members
- Audit Committee ensures fair and independent financial oversight
- Compensation Committee ensures sound corporate governance practices and compensation systems for directors and managers are in place
- Adoption of a cash dividend policy based on a high earnings payout ratio
- Vote for each proposal at AGM to promote execution of shareholders' rights
- Comply with Code of Ethics and Ethical Corporate Management Best Practice Principles and implement internal audit mechanism

To ensure that employees, managers and directors promote information transparency and timely disclosure, the Company disseminates "Regulations on Dealing with Internal Material Information" (approved by the Board on January 22, 2009) on an annual basis and incorporates it into its internal control system to avoid risks of insider trading.

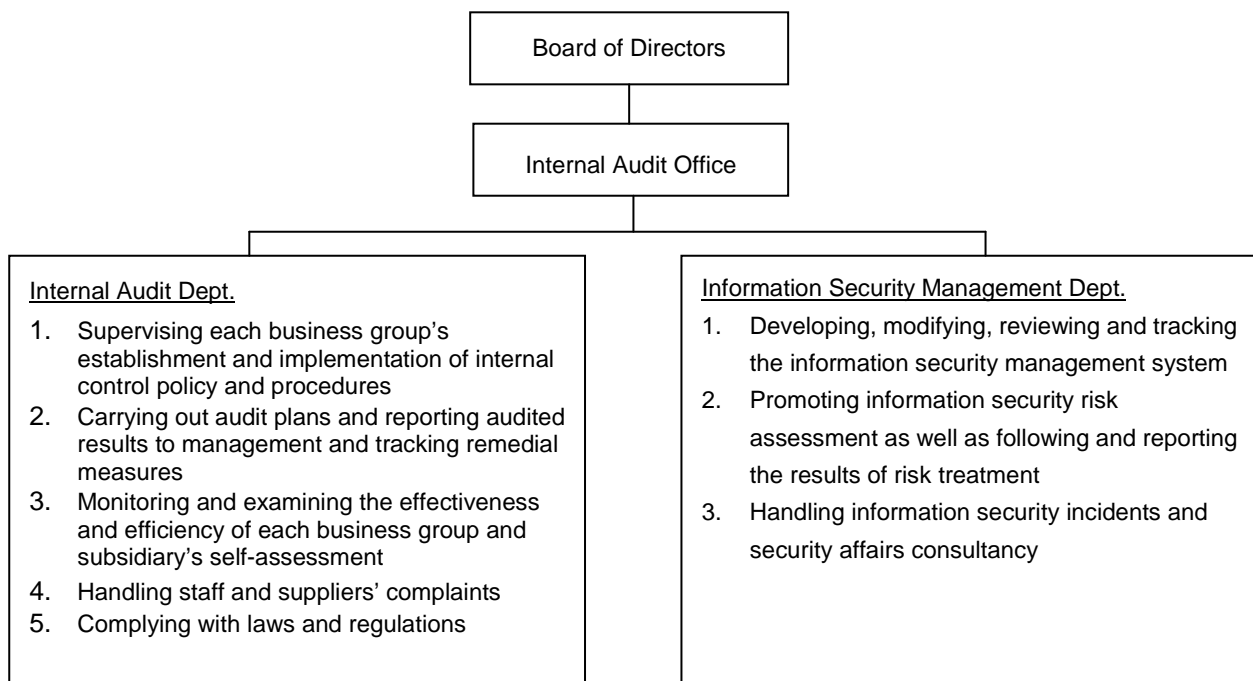
Internal control system

1. Internal control mechanism

The Company's Internal Audit Office is made up of two departments: internal audit and information security management. The internal audit department carries out audits while the information security management department sets information security affairs into action.

The Company's Internal Audit Office is an independent unit that reports directly to the Board of Directors. It is responsible for the examination and assessment of the internal controls of the Company's financial, sales, operations and management departments. All departments, including those of the subsidiaries, are subject to its audit.

Regular internal audits are executed according to the annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements. In accordance with corporate governance, audit reports are regularly submitted to and reviewed by the Chairman as well as the Audit Committee. The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the CEO and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.



2. Internal control statement

Taiwan Mobile Co., Ltd.
Internal Control Statement

Date: January 19, 2012

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2011:

1. TWM is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission, and the Executive Yuan (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment and response, 3. Control activities, 4. Information and communications, 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of Dec. 31, 2011, its internal control system (including its supervision of subsidiaries), which encompasses internal controls for the knowledge of the degree of achieving operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating and reasonably assured the achievement of the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 19, 2012, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Richard Tsai
Chairman



Cliff Lai
Co-President



Vivien Hsu
Co-President

Violation of regulations and internal policies: None

Major resolutions at the shareholders' meeting and board meetings

1. Major resolutions at the 2011 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2010 business and financial reports
- (2) 2010 earnings distribution proposal

Execution: set record date of ex-dividend on July 8, 2011, cash payment on July 21, 2011.

- (3) Cash capital reduction of NT\$3.8bn

Execution: set record date of capital reduction on August 1, 2011, record date of replacing share certificates for capital reduction on October 3, 2011 and cash payment on October 13, 2011.

- (4) Amendments to the Company's "Articles of Incorporation"
- (5) Election of the sixth Board of Directors (including independent directors)

Directors: Richard Tsai, Daniel Tsai and Victor Kung, representatives of Fu-Chi Venture Corp.

Cliff Lai and Vivien Hsu, representatives of TCC Investment Co., Ltd.

Independent Directors: Jack J.T. Huang, Tsung-Ming Chung, Wen-Li Yeh and J. Carl Hsu.

- (6) Removal of non-competition restrictions for the above-mentioned directors

2. Major resolutions by the board (between 2011 and the publication date)

1. 18th meeting of the fifth BOD on January 27, 2011

- (1) Approved 2010 business report and financial statements
- (2) Approved 2011 stand-alone and consolidated financial forecasts
- (3) Approved 2011 capital expenditure plans
- (4) Approved the holding of the 2011 general shareholders' meeting
- (5) Approved the removal of non-competition restrictions on Company management
- (6) Approved plans to carry out 3G network expansion

2. 19th meeting of the fifth BOD on April 8, 2011

- (1) Approved the acquisition of common shares (translating into a 51% stake) of Fubon Multimedia Technology Co., Ltd. through Wealth Media Technology Co., Ltd., a 100%- owned subsidiary of the Company
- (2) Approved cash injection in Wealth Media Technology Co., Ltd.

3. 20th meeting of the fifth BOD on April 28, 2011

- (1) Approved 2010 profit distribution proposal
- (2) Approved the removal of non-competition restrictions on Company management

4. 1st meeting of the sixth BOD on June 15, 2011

- (1) Elected Richard Tsai and Daniel Tsai, representatives of Fu-Chi Venture Corp., as Chairman and Vice Chairman, respectively

5. 2nd meeting of the sixth BOD on July 28, 2011

- (1) Approved 1H11 financial statements
- (2) Approved 2011 additional capital expenditure plans
- (3) Approved cash injection in Taiwan Cellular Co., Ltd.

- (4) Approved the record date for capital reduction and a preliminary plan for the replacement of share certificates for capital reduction
- (5) Established the Compensation Committee
- 6. 3rd meeting of the sixth BOD on August 26, 2011
 - (1) Approved the recognition of an impairment loss from investment in Taiwan High Speed Rail common stocks for Taiwan Fixed Network Co., Ltd., a 100%-owned subsidiary of the Company
- 7. 4th meeting of the sixth BOD on October 27, 2011
 - (1) Approved a loan to TFN Media Co., Ltd.
 - (2) Approved the removal of non-competition restrictions on Company management
- 8. 5th meeting of the sixth BOD on January 19, 2012
 - (1) Approved 2011 business report and financial statements
 - (2) Approved 2012 stand-alone and consolidated financial forecasts
 - (3) Approved 2012 capital expenditure plans
 - (4) Approved a loan from Taiwan Fixed Network Co., Ltd.
 - (5) Approved the holding of the 2012 general shareholders' meeting

The above information is posted on <http://mops.twse.com.tw>.

Major dissenting comments between directors over board meeting resolutions from 2011 up to the publication date in 2012: None

Resigned/discharged officers responsible for financial reports: None

Certified Public Accountant (CPA) Information

1. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA		Audit fee	Non-audit fee			Period covered by CPA's audit	Remarks
				Company registration	Other	Total		
KPMG	Simon Chen	Janice Lai	8,620	150	550	700	Year 2011	Fees for other non-audit services were mainly for tax-related consultation

Range of CPA service fee	Audit fee	Non-audit fee	Total
NT\$0~NT\$1,999,999	-	✓	-
NT\$2,000,000~NT\$3,999,999	-	-	-
NT\$4,000,000~NT\$5,999,999	-	-	-
NT\$6,000,000~NT\$7,999,999	-	-	-
NT\$8,000,000~NT\$9,999,999	✓	-	✓
NT\$10,000,000 and above	-	-	-

2. Other information

(1) If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services :

Not applicable.

(2) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons

Not applicable.

(3) If audit fees dropped by more than 15%, specify the amount and percentage of decline and reasons:

Not applicable.

3. Information on CPA changes: None

4. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past one year: None

Changes in shareholdings of directors, managers and major shareholders

1. Insignificant changes in shareholder structure

Unit: shares

Title	Name	2011		2012 (as of February 29)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	(638,752)	0	0	0
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai				
Director	Fu-Chi Venture Corp. Representative: Victor Kung				
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	(22,277,418)	0	0	0
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu				

Title	Name	2011		2012 (as of February 29)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Independent Director	Jack J.T. Huang	0	0	0	0
Independent Director	Tsung-Ming Chung	0	0	0	0
Independent Director	Wen-Li Yeh	0	0	0	0
Independent Director	J. Carl Hsu	0	0	0	0
Major Shareholder (shareholding of more than 10%)	TFN Union Investment Co., Ltd.	(45,629,476)	0	0	0
Co-President	Cliff Lai	(9,262)	0	0	0
Co-President	Vivien Hsu	0	0	0	0
SVP and Chief Financial Officer	Rosie Yu	0	0	0	0
Vice President and Acting Chief Technology Officer	HS Wang	(25)	0	0	0
Vice President	C.A. Chuang	(5,927)	0	0	0
Vice President	Ariel Hwang	0	0	0	0
Vice President	Jay Hong	(40,000)	0	0	0
Vice President	James Chang	(18,121)	0	0	0
Vice President	Ruth Liaw	0	0	0	0
Vice President	Techi Juan	(10,396)	0	0	0
Vice President	Egon Chen	(9,351)	0	0	0
Vice President	Chien Chen	0	0	0	0
Vice President	Tom Koh (took office on Oct. 17, 2011)	0	0	0	0
Vice President and Deputy COO	Jeff Ku	(1,361)	0	0	0
Vice President	Sean Hsieh	(27,378)	0	0	0
Vice President	Simon Wang	(10,121)	0	0	0
Vice President	Paul Huang	(22,149)	0	0	0
Vice President	Steve Chou (took office on Apr. 25, 2011)	0	0	0	0
Vice President	Joseph Yang	(29,081)	0	(13,000)	0
SVP and Chief Operating Officer of Enterprise Business Group	George C. Chou (resigned on Mar. 14, 2011)	0	0	NA	NA

Title	Name	2011		2012 (as of February 29)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Vice President	Daphne Yang (resigned on Mar. 25, 2011)	0	0	NA	NA
Vice President	Jerry Chu (resigned on Apr. 30, 2011)	0	0	NA	NA
Vice President	Andrew Wong (resigned on Oct. 7, 2011)	(77)	0	NA	NA

Note: The holding decline in the table above was partially due to the 10% capital reduction on October 3, 2011.

2. Shareholding transferred with related party: None

3. Stock pledged with related party: None

Direct and indirect investments in affiliated companies

As of December 31, 2011

Unit: shares, %

Long-term investments	Investment by TWM		Direct and indirect investment by TWM directors and management		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
Taiwan Cellular Co., Ltd.	370,895,800	100.00	–	–	370,895,800	100.00
Wealth Media Technology Co., Ltd.	38,550,000	100.00	–	–	38,550,000	100.00
Taipei New Horizons Co., Ltd.	64,870,000	49.90	–	–	64,870,000	49.90
Bridge Mobile Pte. Ltd.	2,200,000	10.00	–	–	2,200,000	10.00
Yes Mobile Holdings Co.	73,530	0.19	–	–	73,530	0.19

Relationship between TWM's top 10 shareholders

As of October 3, 2011

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
TFN Union Investment Co., Ltd.	410,665,284	12.005%	-	-	TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B Related party A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
TCC Investment Co., Ltd.	200,496,761	5.861%	-	-	TFN Union Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B Related party A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
Ming Dong Co., Ltd.	184,736,452	5.400%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman Related party B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees
Cathay Life Insurance Co., Ltd.	177,906,600	5.201%	-	-	None	None
Chairman: Hong-Tu Tsai	-	-	-	-	None	None
Fubon Life Insurance Co., Ltd.	123,791,400	3.619%	--	--	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	Related party Related party Related party Related party Related party Related party Related party Related party
Chairman: Oliver Cheng	-	-	-	-	None	None

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
TCCI Investment & Development Co., Ltd.	119,563,804	3.495%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B Related Party A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Dao Ying Co., Ltd.	104,954,742	3.068%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman Related party B's chairman is a relative within two degrees of A's chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	-	-	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
Richard Tsai	90,127,938	2.635%	5,986,496	0.175%	TFN Union Investment Co., Ltd TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B Related party A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Daniel Tsai	86,979,990	2.543%	4,580,070	0.134%	TFN Union Investment Co., Ltd TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Richard Tsai	A is a director at B A is a director at B A is a director at B Related party A is a director at B A is a director at B B is A's relative within two degrees B is A's relative within two degrees
JP Morgan Chase Bank N.A. Taipei Branch, custodian for Saudi Arabian Monetary Agency	85,363,826	2.495%	–	–	None	None