

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2007 and 2006 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Mobile Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. (the "Corporation") and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2007 and 2006, and the consolidated results of their operations and their consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 2 to the consolidated financial statements, to position as an integrated telecom and media player down the road differentiating from competition and build growth momentum through exposure to higher margin lines of business, Taiwan Fixed Network., Ltd. (the former Taihsing International Telecommunications Co., Ltd.), the subsidiary of the Corporation, acquired up to 84.03% of Taiwan Fixed Network., Ltd. (the former TFN)'s shares since April 17, 2007. Because the former TFN is controlled by the Corporation, the former TFN and its subsidiaries have been included in the accompanying consolidated financial statements for the period from April 17, 2007 to December 31, 2007.

As stated in Note 3 to the financial statements, on January 1, 2006, the Corporation adopted the newly issued Statement of Financial Accounting Standards (SFAS) No. 34, "Accounting for Financial Instruments" No. 36, "Disclosure and Presentation of Financial Instruments" and the revisions of previously released statements, which were amended to harmonizing with SFAS No. 34 and 36.

January 11, 2008

Notice to Readers

The accompanying consolidated financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2007		2006		LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2, 4 and 25)	\$ 7,028,091	7	\$ 12,415,725	11	Short-term bank loans (Note 15)	\$ 19,340,000	20	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5)	131,973	-	14,077,168	12	Short-term notes and bills payable (Note 16)	1,594,753	2	-	-
Available-for-sale financial assets - current (Notes 2, 3 and 6)	2,103,403	2	381,569	-	Notes payable	230,032	-	1,084	-
Notes receivable	85,103	-	11,833	-	Accounts payable (Note 25)	2,868,000	3	1,809,069	1
Accounts receivable - third parties (Notes 2 and 7)	6,759,589	7	6,167,474	5	Income taxes payable (Notes 2 and 21)	1,346,836	1	3,051,840	3
Accounts receivable - related parties (Notes 2 and 25)	120,634	-	249,938	-	Accrued expenses (Note 25)	5,312,326	5	4,008,682	3
Other receivables (Note 25)	246,695	1	278,989	-	Other payables (Note 25)	19,441,195	20	3,482,799	3
Inventories (Note 2)	159,843	-	31,232	-	Advance receipts	1,977,063	2	1,015,535	1
Prepayments (Note 25)	850,600	1	600,914	1	Current portion of long-term liabilities (Notes 2, 17, 18 and 24)	4,940,340	5	3,814,448	3
Deferred income tax assets - current (Notes 2 and 21)	134,055	-	185,973	-	Guarantee deposits	84,017	-	119,083	-
Pledged time deposits (Notes 25 and 26)	47,706	-	10,000	-	Deferred income tax liability - current (Notes 2 and 21)	15,806	-	-	-
Other current assets	22,603	-	22,367	-	Other current liabilities (Note 25)	503,568	1	677,772	1
Total current assets	17,690,295	18	34,433,182	29	Total current liabilities	57,653,936	59	17,980,312	15
INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost - non-current (Notes 2 and 9)	2,526,701	3	3,879,192	3	Hedging derivative financial liabilities (Notes 2, 3, 24 and 28)	51,665	-	291,046	-
Bonds measured at amortized cost - non-current (Notes 2 and 10)	500,000	-	-	-	Bonds payable (Notes 2, 17 and 24)	7,500,000	8	10,000,000	9
Total investments	3,026,701	3	3,879,192	3	Total long-term liabilities	7,551,665	8	10,291,046	9
PROPERTY AND EQUIPMENT (Notes 2, 11, 25 and 26)					OTHER LIABILITIES				
Cost					Accrued pension cost (Notes 2 and 19)	2,948	-	-	-
Land	6,102,661	6	5,040,980	4	Guarantee deposits	361,813	-	248,889	-
Buildings	4,127,653	4	3,044,455	3	Deferred income tax liability - non-current (Notes 2 and 21)	34,989	-	-	-
Telecommunication equipment	63,494,920	65	77,034,600	65	Other	19,744	-	-	-
Office equipment	286,826	-	159,161	-	Total other liabilities	419,494	-	248,889	-
Leased assets	1,276,190	1	1,276,190	1	Total liabilities	65,625,095	67	28,520,247	24
Miscellaneous equipment	2,347,927	3	1,859,680	2	SHAREHOLDERS' EQUITY (Notes 2 and 20)				
Total cost	77,636,177	79	88,415,066	75	Parent's shareholders' equity				
Less accumulated impairment	(998)	-	-	-	Capital stock - \$10 par value				
Accumulated depreciation	(28,950,472)	(29)	(30,755,119)	(26)	Authorized: 6,000,000 thousand shares				
Construction in progress and advance payments	48,684,707	50	57,659,947	49	Issued: 3,800,925 thousand shares in 2007 and 4,999,325 thousand shares in 2006	38,009,254	39	49,993,251	42
Net property and equipment	50,981,302	52	60,965,901	52	Capital surplus	8,785,159	9	8,748,571	7
INTANGIBLE ASSETS (Note 2)					Retained earnings				
3G concession	8,224,800	8	8,972,509	7	Legal reserve	11,745,475	12	10,128,401	9
Goodwill (Note 12)	9,231,478	10	6,835,370	6	Special reserve	3,493,563	3	3,350,000	3
Computer software cost	127,818	-	137,997	-	Unappropriated earnings	10,720,230	11	19,228,424	16
Other intangible assets					Other equity				
Customer relationship (Note 12)	2,861,323	3	-	-	Cumulative translation adjustments	5,764	-	3,860	-
Operating rights (Note 12)	1,382,000	1	-	-	Net loss not recognized as pension cost	1,534	-	-	-
Other intangible assets	15,934	-	-	-	Unrealized losses on financial instruments	(64,043)	-	(147,423)	-
	4,259,257	4	-	-	Treasury stock	(40,844,007)	(42)	(1,437,290)	(1)
Total intangible assets	21,843,353	22	15,945,876	13		31,852,929	32	89,867,794	76
OTHER ASSETS					Minority interests	552,232	1	24,508	-
Assets leased to others (Notes 2 and 13)	547,295	1	722,041	1	Total shareholders' equity	32,405,161	33	89,892,302	76
Idle assets (Notes 2 and 13)	315,583	-	227,921	-	TOTAL	\$ 98,030,256	100	\$ 118,412,549	100
Refundable deposits	405,585	1	301,960	-					
Deferred charges (Notes 2 and 14)	262,093	-	300,879	-					
Deferred income tax assets - non-current (Notes 2 and 21)	2,898,598	3	1,554,290	2					
Other (Notes 2 and 19)	59,451	-	81,307	-					
Total other assets	4,488,605	5	3,188,398	3					
TOTAL	\$ 98,030,256	100	\$ 118,412,549	100					

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 11, 2008)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007		2006	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 25)				
Telecommunication service revenue	\$62,941,659	95	\$58,486,616	99
Other revenue	<u>3,153,502</u>	<u>5</u>	<u>419,478</u>	<u>1</u>
Total operating revenues	<u>66,095,161</u>	<u>100</u>	<u>58,906,094</u>	<u>100</u>
OPERATING COSTS (Notes 2, 23 and 25)				
Telecommunication service cost	27,858,430	42	24,669,382	42
Other cost	<u>1,405,604</u>	<u>2</u>	<u>50,665</u>	<u>-</u>
Total operating costs	<u>29,264,034</u>	<u>44</u>	<u>24,720,047</u>	<u>42</u>
GROSS PROFIT	<u>36,831,127</u>	<u>56</u>	<u>34,186,047</u>	<u>58</u>
OPERATING EXPENSES (Notes 2, 23 and 25)				
Marketing	10,314,473	16	10,438,834	18
Administrative	<u>5,199,631</u>	<u>8</u>	<u>4,414,925</u>	<u>7</u>
Total operating expenses	<u>15,514,104</u>	<u>24</u>	<u>14,853,759</u>	<u>25</u>
OPERATING INCOME	<u>21,317,023</u>	<u>32</u>	<u>19,332,288</u>	<u>33</u>
NON-OPERATING INCOME AND GAIN				
Interest income	258,123	1	214,410	-
Penalty income	206,873	-	222,637	1
Investment income recognized under the equity method, net (Notes 2 and 8)	172,777	-	554,770	1
Dividend income	89,468	-	644,323	1
Gain on disposal of investments, net (Notes 2 and 6)	75,336	-	2,110,171	4
Rental income (Note 25)	65,293	-	59,887	-
Valuation gain on financial assets (Note 2)	48,231	-	92,937	-
Exchange gain, net (Note 2)	21,461	-	59,612	-
Gain on disposal of property and equipment (Note 2)	6,109	-	10,976	-
Other (Note 7)	<u>300,818</u>	<u>1</u>	<u>548,863</u>	<u>1</u>
Total non-operating income and gain	<u>1,244,489</u>	<u>2</u>	<u>4,518,586</u>	<u>8</u>
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Notes 2 and 25)	12,446,046	19	4,284,139	7
Interest expenses (Notes 2, 11 and 25)	943,585	2	421,958	1
Financial expenses	82,425	-	9,819	-
Impairment loss (Notes 2, 9 and 13)	10,139	-	2,953	-

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2007		2006	
	Amount	%	Amount	%
Losses on inventory valuation (Note 2)	\$ 10,056	-	\$ 8,449	-
Other (Note 2)	<u>119,534</u>	<u>-</u>	<u>215,798</u>	<u>1</u>
Total non-operating expenses and losses	<u>13,611,785</u>	<u>21</u>	<u>4,943,116</u>	<u>9</u>
INCOME BEFORE INCOME TAX	8,949,727	13	18,907,758	32
INCOME TAX EXPENSE (Notes 2 and 21)	<u>2,178,358</u>	<u>3</u>	<u>2,692,882</u>	<u>4</u>
INCOME AFTER INCOME TAX	6,771,369	10	16,214,876	28
CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES (Note 3)	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 6,771,369</u>	<u>10</u>	<u>\$16,214,911</u>	<u>28</u>
ATTRIBUTED TO				
Shareholders of the parent	\$ 6,612,997	10	\$16,170,741	28
Minority interests	<u>158,372</u>	<u>-</u>	<u>44,170</u>	<u>-</u>
	<u>\$ 6,771,369</u>	<u>10</u>	<u>\$16,214,911</u>	<u>28</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 2.05</u>	<u>\$ 1.68</u>	<u>\$ 3.54</u>	<u>\$ 3.28</u>
Diluted	<u>\$ 2.05</u>	<u>\$ 1.68</u>	<u>\$ 3.53</u>	<u>\$ 3.26</u>

The accompanying notes are an integral part of the consolidated financial statements

(With Deloitte & Touche audit report dated January 11, 2008)

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Thousands of New Taiwan Dollars)**

	Capital Stock			Capital Surplus	Retained Earnings				Cumulative Translation Adjustments	Net Loss Not Recognized As Pension Cost	Unrealized Loss on Financial Instruments	Treasury Stock	Minority Interests	Total Shareholders' Equity
	Capital Stock	Entitlement Certificates	Total		Legal Reserve	Special Reserve	Unappropriated	Total						
BALANCE, JANUARY 1, 2006	\$ 49,492,065	\$ 29,871	\$ 49,521,936	\$ 7,905,337	\$ 8,504,731	\$ 2,201,631	\$ 19,175,425	\$ 29,881,787	\$ 3,240	\$ -	\$ -	\$ (323,544)	\$ 806,817	\$ 87,795,573
Appropriation of the 2005 earnings														
Legal reserve	-	-	-	-	1,623,670	-	(1,623,670)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	1,150,000	(1,150,000)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(1,631)	1,631	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(40,394)	(40,394)	-	-	-	-	-	(40,394)
Bonus to employees - cash	-	-	-	-	-	-	(403,940)	(403,940)	-	-	-	-	-	(403,940)
Cash dividends - \$2.61677 per share	-	-	-	-	-	-	(12,843,997)	(12,843,997)	-	-	-	-	-	(12,843,997)
Balance after appropriation	49,492,065	29,871	49,521,936	7,905,337	10,128,401	3,350,000	3,115,055	16,593,456	3,240	-	-	(323,544)	806,817	74,507,242
Adjustments on change of equity in equity-method investments	-	-	-	-	-	-	-	-	620	-	-	-	2,483	3,103
Transfer of treasury stock to employees	-	-	-	-	-	-	(57,372)	(57,372)	-	-	-	704,624	-	647,252
Conversion of convertible bonds to capital stock and entitlement certificates	501,186	(29,871)	471,315	843,234	-	-	-	-	-	-	-	-	-	1,314,549
Buyback of issued shares	-	-	-	-	-	-	-	-	-	-	-	(1,818,370)	-	(1,818,370)
Consolidated net income in 2006	-	-	-	-	-	-	16,170,741	16,170,741	-	-	-	-	44,170	16,214,911
Effect of the first time adoption of new issued SFASs No. 34	-	-	-	-	-	-	-	-	-	-	1,834,639	-	-	1,834,639
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	-	-	(1,982,062)	-	-	(1,982,062)
Decrease in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(854,012)	(854,012)
Adjustments for the change of consolidated entities	-	-	-	-	-	-	-	-	-	-	-	-	25,050	25,050
BALANCE, DECEMBER 31, 2006	49,993,251	-	49,993,251	8,748,571	10,128,401	3,350,000	19,228,424	32,706,825	3,860	-	(147,423)	(1,437,290)	24,508	89,892,302
Appropriation of the 2006 earnings														
Legal reserve	-	-	-	-	1,617,074	-	(1,617,074)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	143,563	(143,563)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	(43,231)	(43,231)	-	-	-	-	-	(43,231)
Bonus to employees - cash	-	-	-	-	-	-	(432,303)	(432,303)	-	-	-	-	-	(432,303)
Cash dividends - \$2.58757 per share	-	-	-	-	-	-	(12,880,151)	(12,880,151)	-	-	-	-	-	(12,880,151)
Balance after appropriation	49,993,251	-	49,993,251	8,748,571	11,745,475	3,493,563	4,112,102	19,351,140	3,860	-	(147,423)	(1,437,290)	24,508	76,536,617
Adjustments on change of equity in equity-method investments	-	-	-	1,313	-	-	-	-	1,904	1,534	(113,063)	-	-	(108,312)
Unrealized gains on financial instruments, net	-	-	-	-	-	-	-	-	-	-	196,443	-	-	196,443
Transfer of treasury stock to employees	-	-	-	8,027	-	-	(4,869)	(4,869)	-	-	-	1,437,290	-	1,440,448
Conversion of convertible bonds to capital stock and entitlement certificates	16,003	-	16,003	27,248	-	-	-	-	-	-	-	-	-	43,251
Adjustments of treasury stock held by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(40,844,007)	-	(40,844,007)
Cash reduction (Note 20)	(12,000,000)	-	(12,000,000)	-	-	-	-	-	-	-	-	-	-	(12,000,000)
Consolidated net income in 2007	-	-	-	-	-	-	6,612,997	6,612,997	-	-	-	-	158,372	6,771,369
Dividend distribution to minority interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(13,819)	(13,819)
Effect of acquisition the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	472,417	472,417
Decreasing in minority interests	-	-	-	-	-	-	-	-	-	-	-	-	(89,246)	(89,246)
BALANCE, DECEMBER 31, 2007	\$ 38,009,254	\$ -	\$ 38,009,254	\$ 8,785,159	\$ 11,745,475	\$ 3,493,563	\$ 10,720,230	\$ 25,959,268	\$ 5,764	\$ 1,534	\$ (64,043)	\$ (40,844,007)	\$ 552,232	\$ 32,405,161

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 11, 2008)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 6,771,369	\$ 16,214,911
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal and retirement of property and equipment, net	12,439,937	4,273,163
Depreciation	7,763,722	6,779,602
Deferred income taxes	(1,281,621)	(962,379)
Amortization	1,072,318	1,044,535
Bad debts	907,566	1,196,051
Investment income recognized under the equity method, net	(172,777)	(554,770)
Pension cost	(132,459)	(77,742)
Amortization of long-term notes payable	80,269	-
Gain on disposal of available-for-sale financial assets	(75,336)	(2,110,171)
Impairment loss	10,139	2,953
Provision for price decline of inventories	10,056	8,449
Accrued interest compensation	(2,297)	36,247
Gain on disposal of idle assets, net	(2,151)	(9,681)
Other	5,622	15,971
Cash dividends received from equity-method investees	-	138,210
Loss on buyback of bonds payable	-	59,982
Net changes in operating assets and liabilities		
Financial asset held for trading	14,086,306	(13,477,168)
Notes receivable	(50,060)	2,215
Accounts receivable - third parties	(473,142)	(748,455)
Accounts receivable - related parties	129,304	(62,866)
Other receivable	105,377	(189,789)
Inventories	33,399	(33,630)
Prepayments	110,008	(29,678)
Other current assets	124,642	(6,664)
Notes payable	47,279	(8,033)
Accounts payable	(204,073)	(63,716)
Income taxes payable	(1,885,015)	1,879,271
Accrued expenses	702,703	(154,709)
Other payables	885,048	528,410
Advance receipts	127,453	(68,909)
Other current liabilities	(311,906)	(106,930)
Net cash provided by operating activities	<u>40,821,680</u>	<u>13,514,680</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in acquiring subsidiaries	(42,913,002)	-
Proceeds from disposal of available-for-sale financial assets	11,936,213	11,265,915
Acquisition of property and equipment	(7,057,863)	(7,347,586)
Acquisition of available-for-sale financial assets	(334,000)	(188,468)
Proceeds from investees' capital return	63,158	-

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Increase in financial assets carried at cost - non-current	\$ (39,436)	\$ -
Decrease in computer software cost and other intangible assets	38,260	-
Increase in deferred charges	(21,793)	(170,943)
Proceeds from disposal of property and equipment	14,583	188,699
Proceeds from disposal of financial assets carried at cost - non-current	13,249	-
Decrease (increase) in pledged time deposits	(5,249)	2,000
Proceeds from disposal of idle assets	2,151	44,633
Decrease in other assets	2,129	720
Decrease (increase) in refundable deposits	(1,603)	8,074
Increase in goodwill	-	(421,341)
Proceeds from disposal of long-term investments	-	70,268
Proceeds from disposal of subsidiary shares	-	6,447
	<u>(38,303,203)</u>	<u>3,458,418</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term loans	(20,704,000)	-
Increase in short-term bank loans	19,340,000	-
Cash dividends paid	(9,353,504)	(12,843,925)
Decrease in bonds payable	(3,768,900)	(2,753,300)
Increase in short-term notes and bills payable	1,594,753	-
Transfer of treasury stock to employees	1,440,448	647,252
Bonus to employees	(432,303)	(403,940)
Decrease in minority interests	(89,246)	(808,663)
Decrease in guarantee deposits	(62,466)	(36,901)
Remuneration to directors and supervisors	(34,863)	(37,970)
Decrease (increase) in other liabilities	19,744	(2,216)
Buyback of treasury stock	-	(1,818,370)
Buyback of bonds payable	-	(1,341,076)
	<u>(12,050,337)</u>	<u>(19,399,109)</u>
Net cash used in financing activities		
EFFECT OF EXCHANGE RATE CHANGES	<u>1,587</u>	<u>193</u>
ACQUISITION OF CASH AND CASH EQUIVALENT FOR SUBSIDIARIES	<u>4,142,639</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,387,634)	(2,425,818)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>12,415,725</u>	<u>14,841,543</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 7,028,091</u>	<u>\$ 12,415,725</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 1,014,951	\$ 469,519
Less: interest capitalized	<u>(25,981)</u>	<u>(11,647)</u>
Interest paid - excluding interest capitalized	<u>\$ 988,970</u>	<u>\$ 457,872</u>
Income tax paid	<u>\$ 4,708,894</u>	<u>\$ 1,531,391</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 4,940,340</u>	<u>\$ 3,814,448</u>
Conversion of convertible bonds to capital stock and entitlement certificates	<u>\$ 43,251</u>	<u>\$ 1,314,549</u>
Payables for capital reduction	<u>\$ 12,000,000</u>	<u>\$ -</u>
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 6,284,450	\$ 7,512,091
Increase in notes payable	(1,073)	-
Decrease (increase) in other payables	<u>774,486</u>	<u>(164,505)</u>
Cash paid for acquisition of property and equipment	<u>\$ 7,057,863</u>	<u>\$ 7,347,586</u>
The Corporation acquired 74.65% of Taiwan Fixed Network Co., Ltd.'s shares (the former TFN) on April 17, 2007. The fair values of the assets and liabilities as of April 17, 2007 were as follows:		
Cash		\$ 3,919,950
Available-for-sale financial assets - current		13,363,247
Accounts receivable		896,662
Inventories		160,803
Other receivable		3,066,995
Other current assets		439,823
Investments accounted for using equity method		44,670,593
Financial assets carried at cost - non-current		2,239,242
Bonds measured at amortized cost - non-current		500,000
Property and equipment		5,229,013
Intangible assets		6,650,044
Other assets		<u>357,080</u>
		<u>81,493,452</u>
Accounts payable		1,327,269
Accrued expenses		567,354
Other payables		453,711
Current portion of long-term liabilities		15,748,972
Other current liabilities		928,479
Long-term bank loans and notes payables		7,315,099

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

Accrued pension costs	\$ 121,265
Other liabilities	<u>148,086</u>
	<u>26,610,235</u>
Net	54,883,217
Percentage of equity interest	<u>84.6%</u>
	<u>46,431,202</u>
Less: Fair value of 9.95% stake owned before tender offer (including investment income recognized under the equity method from January 1, 2007 to April 16, 2007, and the difference between preceding and following fair market value of purchase price allocation.)	<u>(6,444,914)</u>
Cash paid for acquisition of the former TFN	<u>\$ 39,986,288</u>

The Corporation acquired 52.35% of Taiwan Telecommunication Network Services Co., Ltd.'s shares in September 2007. The fair values of the assets and liabilities upon acquisition were as follows:

Cash	\$ 222,689
Financial assets at fair value through profit or loss - current	141,111
Accounts receivable	165,087
Inventories	11,263
Other current assets	13,578
Financial assets carried at cost - non-current	332,400
Property and equipment	292,462
Intangible assets	551,454
Other assets	<u>41,843</u>
	<u>1,771,887</u>
Accounts payable	116,329
Accrued expenses	34,364
Other payables	4,796
Other current liabilities	76,632
Accrued pension costs	31,080
Other liabilities	<u>3,968</u>
	<u>267,169</u>
Net	1,504,718
Percentage of equity interest	<u>52.35%</u>
Cash paid for acquisition of Taiwan Telecommunication Network Services Co., Ltd.	<u>\$ 787,720</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche audit report dated January 11, 2008)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. was incorporated in the Republic of China (ROC) on February 25, 1997. The Corporation's shares began to be traded on the ROC Over-the-Counter Securities Exchange (known as GreTai Securities Market) on September 19, 2000. On August 26, 2002, the Corporation's shares were listed on the Taiwan Stock Exchange. The Corporation mainly renders wireless communication services.

The Corporation's services are under the type I license (nation-wide GSM 1800; "GSM" means "global system for mobile communications") issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows the Corporation to provide services for 15 years from 1997 onwards. It also entails the payment of an annual license fee consisting of 2% of total wireless communication service revenues. On March 24, 2005, the Corporation received the third generation (3G) concession operation license issued by the DGT. The 3G license allows the Corporation to provide services from the issuance date of the license to December 31, 2018.

As of December 31, 2007 and 2006, the Corporation and subsidiaries had 4,586 and 3,037 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC. In conformity with these guidelines, the Law, and principles, the Corporation and subsidiaries (hereinafter referred to as the "Group") are required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, provision for losses on decline in value of inventories, depreciation, pension, allowance for deferred income tax assets, impairment loss on assets, etc. Actual results may differ from these estimates.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

Consolidation

a. Basis of consolidation

The consolidated financial statements have been prepared in accordance with the Statement of Financial Accounting Standards (SFAS) No. 7, "Consolidated Financial Statements," and included the financial statements of the Corporation, its direct and indirect subsidiaries with at least 50% shareholding and other investees controlled by the Corporation. As obtaining the majority of the shareholder's equity of the subsidiaries during the year, the company starts to consolidate the related revenues and expenses of the subsidiaries since the date of having the controlling interest.

For foreign subsidiaries using their local currency as their functional currency, assets and liabilities are translated at exchange rates in effect on the balance sheet date; shareholders' equity accounts are translated using historical exchange rates and income statement accounts are translated using average exchange rates during the period.

All significant intercompany balances and transactions have been eliminated upon consolidation.

b. Under the above basis of consolidation, the consolidated entities were as follows:

Investor	Subsidiary	Nature of Business	Percentage of Ownership as of December 31		Note
			2007	2006	
Corporation	TransAsia Telecommunications Inc. (TAT)	Wireless service provider	100.00	100.00	Formerly TAT International Telecommunication Co., Ltd.; established on February 8, 2006 by investing the former TAT's shares; merged with the former TAT on June 27, 2006 and renamed as TransAsia Telecommunications Inc.
Corporation	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	-	Established on August 7, 2007
WMT	Tai Fu Media Technology Co., Ltd. (TFMT)	Investment	100.00	-	Established on October 18, 2007
TFMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	-	Established on October 26, 2007
TFMT	Fu Jia Leh Media Technology Co., Ltd. (FJLMT)	Investment	100.00	-	Established on November 23, 2007
TFMT	Fu Sin Media Technology Co., Ltd. (FSMT)	Investment	100.00	-	Established on November 23, 2007
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV SO (System Operator)	6.179	-	
Corporation	Taiwan Cellular Co., Ltd. (TCC; formerly Taihsing Den Syun Co., Ltd. (TDS))	Equipment installation and IT service	100.00	100.00	-
TCC (formerly TDS)	Mobitai Communications (Mobitai)	Wireless service provider	-	100.00	Formerly Tai Ya International Telecommunications Co., Ltd.; merged with the former Mobitai on January 1, 2006 and renamed as Mobitai Communications, and merged into TAT on December 15, 2007
TCC (formerly TDS)	Tai Yi Digital Broadcasting Co., Ltd. (TYDB)	Broadcasts business and cell phone number agency	49.90	49.90	-
TCC (formerly TDS)	TWM Holding Co. Ltd. (formerly Simax Investment Holdings Ltd.)	Investment	100.00	100.00	-
TCC (formerly TDS)	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed network service	100.00	-	Established on January 30, 2007. Formerly Taihsing International Telecommunications Co., Ltd., merged with the former TFN on December 28, 2007 and renamed as Taiwan Fixed Network Co., Ltd.
TCC (formerly TDS)	Taiwan Digital Communications Co., Ltd. (TDC)	Communication service	100.00	-	Established on June 6, 2007
TCC (formerly TDS)	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service	100.00	100.00	-
TT&T	TT&T Casualty & Property Insurance Agency Co., Ltd. (TCPIA)	Insurance agency	100.00	100.00	-
TT&T	TT&T Life Insurance Agency Co., Ltd. (TLIA)	Insurance agency	100.00	100.00	-
TT&T	Taiwan Super Basketball Co., Ltd. (TSB)	Basketball team management and related business	100.00	-	Established on September 21, 2007
TT&T	TT&T Holdings Co., Ltd. (TT&T Holding)	Investment	100.00	100.00	-
TT&T Holding	Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	100.00	100.00	-

(Continued)

Investor	Subsidiary	Nature of Business	Percentage of Ownership as of December 31		Note
			2007	2006	
TFN	Taiwan Fixed Network Co., Ltd. (the former TFN)	Fixed network service	-	-	a. TFN acquired more than 50% equity of the former on April 17 2007 and consolidated it and its subsidiaries into financial statements. The former TFN was merged into TFN on December 28, 2007
					b. As of December 31, 2007, TFN and TFNI own the Corporation's 1,368,250 thousand shares, representing 27.36% shareholding.
TFN	TFN Investment Co., Ltd. (TFNI)	Investment	100.00	-	(Note 1)
TFN	TFN HK Ltd.	Telecommunications	99.99	-	(Note 1)
TFN	Taiwan United Communication Co., Ltd. (TUC)	Communication service	98.93	-	Established on April 14, 2007, and acquired minorities of TTN through share swap on December 31, 2007.
The former TFN	Hong Yuan Investment Co., Ltd. (HYI)	Investment	-	-	Merged into TFNI on June 5, 2007
The former TFN	TFN US Ltd.	Telecommunications	-	-	Liquidated on June 8, 2007
TUC	Taiwan Telecommunication Network Services Co., Ltd. (TTN)	Data communication/voice value-added service	99.53	-	TUC acquired more than 50% equity and consolidated TTN into financial statements since September, 2007. TUC acquired minorities of TTN through share swap on December 31, 2007.
TTN	VoPier Communications (Taiwan) Co., Ltd. (VoPier)	International simple resale and prepaid card	100.00	-	-
TFNI	Reach & Range Inc. (R&R)	Telecom equipment sales and maintainance	100.00	-	-
TFNI	TFN Digital Co., Ltd. (TFND)	Telecom equipment sales and maintainance	-	-	Merged into TFNI on June 30, 2007
TFNI	Win TV Broadcasting Co., Ltd. (WTVB)	TV program producing	98.50	-	-
TFNI	Fu Yang Media Co., Ltd. (FYM)	Cable TV MSO (Multi System Operator)	-	-	Merged into TFNM on December 1, 2007
TFNI	TFN Media Ltd. (TFNM)	Cable broadband service	93.06	-	-
TFNM	FYM	Cable TV MSO (Multi System Operator)	-	-	Merged into TFNM on December 1, 2007
TFNM	Union Cable TV Co., Ltd. (UCTV)	Cable TV SO (System Operator)	99.99	-	(Note 2)
TFNM	Shin Ho Cable TV Co., Ltd. (SHCTV)	Cable TV SO (System Operator)	100.00	-	Partial shares held under trustee accounts (Note 2)
TFNM	Yeong Jialeh Cable TV Co., Ltd. (YJCTV)	Cable TV SO (System Operator)	100.00	-	(Note 2)
TFNM	Mangrove Cable TV Corporation (MCTV)	Cable TV SO (System Operator)	100.00	-	Partial shares held under trustee accounts (Note 2)
TFNM	North Coast Cable TV Co., Ltd. (NCCTV)	Cable TV SO (System Operator)	100.00	-	(Note 2)
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV SO (System Operator)	70.00	-	(Note 2)
TFNM	GCTV	Cable TV SO (System Operator)	92.38	-	(Note 2)

(Concluded)

Note 1: The former TFN merged into TFN on December 28, 2007, thus, the company became the subsidiary of TFN.

Note 2: FYM merged into TFNM on December 1, 2007, thus, the company became the subsidiary of TFNM.

To position as an integrated telecom and media player down the road differentiating from competition and build growth momentum exposure to higher margin lines of business, the Board of Directors of TIT resolved to acquire the former TFN through a public tender offer on March 1, 2007, and approved to buy shares continuously from minorities on April 26, 2007, both at the price of \$8.3 per share. The former TFN and its subsidiaries have become the subsidiaries of the Corporation since April 17, 2007. In addition, TIT's Board of Directors resolved on June 29, 2007 to fully merge the former TFN at \$8.3 per share, with TIT as the surviving company. TIT thus assumed all the rights and obligations of TFN and was renamed as TFN on the record date, December 28, 2007.

As of April 17, 2007, the Corporation owned 84.03% of the former TFN's shares through subsidiaries. The financial numbers of the former TFN and its subsidiaries from April 17 to December 31, 2007 have been included in the accompanying consolidated financial statements.

In September, 2007, the Corporation owned more than 50% of TTN's shares through subsidiaries. The financial numbers of TTN and its subsidiary from September to December, 2007 have been included in the accompanying consolidated financial statements.

The Group's main accounting policies are summarized as follows:

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents, assets held for trading and those expected to be converted to cash, sold or consumed within twelve months from the balance sheet date. Other assets such as property and equipment and intangible assets are classified as non-current. Current liabilities are obligations held for trading and those expected to be due within twelve months from the balance sheet date. All other liabilities are classified as non-current.

Cash Equivalents

Government bonds and short-term bills acquired with repurchase rights and having maturities of up to three months from the date of purchase are classified as cash equivalents, whose carrying value approximates fair value.

Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss include financial assets or liabilities held for trading and those designated on initial recognition to be measured at fair value with fair value changes recognized in profit or loss. On initial recognition, the financial instruments are recognized at fair value plus transaction costs and are subsequently measured at fair value with fair value changes recognized in profit or loss. The purchase or sale of the financial instruments is recognized and derecognized using trade date accounting.

The fair value of open-end mutual funds is based on the net assets value on the balance sheets date.

Available-for-sale Financial Assets

On initial recognition, available-for-sale financial assets are recognized at fair value plus transaction costs. When subsequently measured at fair value, the fair value changes are recognized directly in equity. The cumulative gain or loss that was recognized in equity is recognized in profit or loss when an available-for-sale financial asset is derecognized from the balance sheet. The purchase or sale of the financial instruments is recognized and derecognized using trade date accounting.

Cash dividends are recognized as dividend income on the ex-dividend date, but are accounted for as reductions to the original cost of investments if such dividends are declared on the earnings of investees attributable to periods prior to the purchase of investments. Stock dividends are not recognized as current income but are accounted for only as an increase in the number of shares held. The cost per share is re-calculated based on the new number of shares.

An impairment loss is recognized if there is objective evidence that a financial asset is impaired. If the amount of impairment loss decreases in the subsequent period, such decrease is recognized in equity.

The fair value of listed securities is based on the closing price on the balance sheet date. The fair values of open-end mutual funds are referred to financial assets at fair value through profit or loss.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided on the basis of past experiences and an evaluation of the aging and collectibility of all receivables on the balance sheet date.

Inventories

Inventories are stated at the lower of weighted-average cost or market value. Market value are evaluated on the basis of replacement cost or net realizable value.

Investments Accounted for Using Equity Method

Long-term investments in which the Corporation and subsidiaries own 20% or more of an investee's outstanding voting shares or exercise significant influence on an investee are accounted for by the equity method.

Effective January 1, 2006, in accordance with the newly revised Statement of Financial Accounting Standards (SFAS), the cost of acquisition is subjected to an initial analysis, and goodwill represents the excess of the cost of acquisition over the fair value of the identifiable net assets value. Goodwill is no longer amortized but instead tested annually for impairment. An impairment test is also required if there is evidence indicating that goodwill might be impaired as a result of specific events or changes in economic environment. If the fair value of identifiable net assets acquired exceeds the cost of investments, the difference should be allocated to reduce non-current assets proportionately to their respective fair values (except for financial assets not under the equity method, assets for disposal, deferred income tax assets and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting from January 1, 2006, the unamortized balance of the excess of the acquisition cost of the long-term investment by the equity method over the equity in the investee's net assets value is also no longer amortized and applies the same accounting treatment as goodwill.

Gains or losses from the Corporation's sales to its subsidiaries are deferred and included in deferred income and recorded as other liabilities. Gains or losses on the sales to the Corporation by equity-method investees that are not majority owned are deferred in proportion to the Corporation's ownership percentages in the investees until these sales are realized through transactions with third parties. Gains or losses from transactions between two equity-method investees are deferred in proportion to the Corporation's equivalent stock ownership in the investees if the Corporation has controlling power over each investee.

If the investor does not have controlling power over the two equity-method investees that have transactions with each other, unrealized gains or losses on the transactions should be deferred in proportion to the percentage of ownership in one investee multiplied by the ownership percentage in the other investee.

The cost and the resulted gain or loss from sales of investments is determined by the weighted-average method.

Financial Assets Carried at Cost

If there is no active market for an equity instrument and a reliable fair value can not be estimated, the equity instrument, including non-publicly traded and emerging stocks, etc, is measured at cost. The accounting for the dividends from financial assets carried at cost is the same as that for available-for-sale financial assets. Impairment losses are recognized if there is objective evidence of a decrease in fair value. Reversal of impairment losses is not allowed.

Bonds Measured at Amortized Cost

Bond portfolios with fixed or determinable payments and with no quoted prices in an active market are carried at amortized cost using the effective interest method. These bond portfolios are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or the issuance of the financial assets. Profit or loss is recognized at the time of de-recognition, impairment or amortization. A regular purchase or sale of financial assets is recognized and de-recognized using trade date accounting.

If there is objective evidence of impairment loss as of the balance sheet date, impairment loss should be recognized. If the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment loss recognition, the impairment loss should be reversed. This reversal should not result in the carrying amount of the financial asset exceeding the amortized cost that would have been determined had no impairment loss been recognized.

Property and Equipment and Assets Leased to Others

Property and equipment and assets leased to others are stated at cost less accumulated depreciation and accumulated impairment. Significant additions, renewals, betterments, and interest expenses incurred during the construction period are capitalized, while maintenance and repairs are expensed. Property and equipment covered by agreements qualifying as capital leases are carried at the lower of the present value of future minimum lease payments or the market value of the property on the starting dates of the leases.

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings - 40 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 8 years; leased assets - 20 years; leasehold improvements - 3 to 10 years; and miscellaneous equipment - 2 to 6 years.

Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to non-operating gain or loss in the period of disposal.

Intangible Assets

a. Franchise

Franchise refers to the payment for the 3G mobile telecommunication service - License C. The 3G concession is recorded at acquisition cost and is amortized over 13 years and 9 months starting from launch of 3G services.

b. Computer software

Computer software cost is amortized by straight-line method over 2 to 12 years.

c. Goodwill

Goodwill is the unidentifiable difference between the cost of acquisition and the equity in the investee's net asset value. Starting January 1, 2006, in accordance with the newly revised SFAS, goodwill is no longer amortized. Please refer to the accounting policy of investments accounted for by the equity method.

d. Customer relationship and operating rights

The customer relationship and operating rights shall be identified when analyzing the excess of acquisition cost over the ownership in net assets value of an investee, and be booked at fair values provided by the purchase price allocation report.

Customer relationship and operating rights are measured on the basis of the future economic value and useful life of the subsidiaries' cable TV and data network businesses. Customer relationship is amortized by straight-line method over 6 to 20 years. Operating rights is based on a license issued by the Ministry of Transportation and Communications. Although the license has a statutory period, the subsidiary can file for license renewal. Although the license has a statutory period, it can be filed for renewal. Furthermore, it does not have a definite useful life in light of future competition from IPTV. Thus, this intangible asset should be tested annually for impairment instead of being amortized in accordance with SFAS No. 37. An impairment test is also required if there is evidence of goodwill impairment due to certain circumstances.

e. Other

Trademarks are amortized by the straight-line method over 5 to 10 years.

Idle Assets

Properties not currently used in operations are stated at the lower of book value or net realizable value, with the difference charged to current loss. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets.

Deferred Charges

Deferred charges, which included interior decoration, arrangement fee from syndicated bank loan, and issuance costs of bonds are amortized by the straight-line method over 3 to 7 years or contract periods.

Asset Impairment

If the carrying value of assets (including property and equipment, intangible assets, idle assets, assets leased to others and investments accounted for using equity method and deferred charges) is more than their recoverable amount, which indicates that an impairment exists, an impairment loss should be recognized. Any subsequent reversal of the impairment loss for the increase in recoverable amount is recognized as income. The reversal of impairment loss on goodwill is not allowed.

Pension Costs

The pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. The contribution amounts of the pension costs under the defined contribution pension plan are recognized as current expenses during the employees' service years.

Bonds Payable

Convertible bonds with redemption rights are classified as current or non-current according to the redemption dates. The redemption price in excess of the face value of the bonds is amortized using the interest method from the issuance date through the maturity date and accounted for as accrued interest compensation. The accrued interest compensation is provided as a valuation account of convertible bonds. The issuance costs are recognized as deferred charges. The issuance costs for the non-convertible bonds are amortized over the term of the bond, and those for the convertible bonds with redemption rights are amortized from the issuance date to the maturity date of redemption rights.

When bondholders exercise their conversion rights, the face value of the bonds and the related accrued interest compensation are both transferred to capital stock or entitlement certificates and capital surplus.

Income Taxes

The inter-period and intra-period allocation method is used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits and net operating loss carryforwards. Valuation allowance is provided for deferred income tax assets to the extent that more likely than not such assets will not be realized. Deferred tax assets or liabilities are classified as current or non-current according to the classification of related assets or liabilities for financial reporting. However, if deferred tax assets or liabilities do not relate to assets or liabilities in the financial statements, they are classified as current or non-current on the basis of the expected length of time before realized.

Tax credits for certain purchases of equipment and technology, research and development expenditures and personnel training are recognized by the current method.

Adjustments to prior years' tax liabilities are added to or deducted from the current year's tax expense.

Income tax of 10% on unappropriated earnings generated is expensed in the year when the shareholders resolve the retention of the earnings.

Income Basic Tax Act has taken effect from January 1, 2006. The amount of basic income shall be the sum of the taxable income as calculated in accordance with the Income Tax Act, plus deductions claimed in regard to investment tax credit granted under the provisions of other laws. The amount of basic tax shall be the amount of basic income multiplied by the tax rate (10%). Between the basic tax under the Income Basic Tax Act and the regular income tax calculated based on the Income Tax Act, the Corporation should pay whichever is the higher amount for the current income tax.

Treasury Stock

The purchase of issued shares is accounted for by debiting treasury stock, which is a reduction of shareholders' equity. The Corporation's shares held by its subsidiaries are treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock.

If the proceeds on the disposal of treasury stock exceed the carrying value of treasury stock, the excess is credited to capital surplus from treasury stock. If the proceeds are less than the carrying value of treasury stock, the difference is debited to capital surplus from treasury stock. If the balance of capital surplus from treasury stock is not sufficient to absorb the difference, the rest is recorded as a reduction of retained earnings.

Foreign-currency Transactions

Assets, liabilities, revenues or expenses denominated in foreign currencies as a result of foreign-currency transactions of non-derivative financial instruments are recorded in New Taiwan dollars at the exchange rates prevailing on the dates of transactions.

Monetary assets or liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are included in profit or loss for the current year.

Non-monetary assets or liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date when the fair value was determined, and the resulting exchange differences are included in profit or loss for the current period except for the differences arising on the retranslation of non-monetary assets and liabilities in respect of which gains and losses are recognized directly in equity. For such non-monetary assets and liabilities, any exchange component of that gain or loss is also recognized directly in equity. Non-monetary assets or liabilities carried at cost that are denominated in foreign currencies are translated at the historical rates prevailing on the dates of transactions.

The above prevailing exchange rates are based on the average of bid and ask rates of principal banks.

Revenue Recognition

Revenues are recognized when the service rendering process is completed or virtually completed, and earnings are realizable and measurable. Related costs of providing services are concurrently recognized as incurred.

Service revenues from wireless services, value-added services, and fixed network services, net of any applicable discount, are billed at predetermined rates; the fixed-monthly fees on basic cable TV services are accrued; prepaid card service are recognized on the basis of minutes of usage.

Promotion Expenses

Commissions and cellular phone subsidy costs pertaining to the Corporation's promotions are recognized as marketing expenses on an accrual basis in the current period.

Hedging Derivative Financial Instruments

The interest rate swap contracts which the Corporation entered into to manage its exposure to the interest rate risk are designated as a cash flow hedge. The hedging instrument is measured at fair value, and the change of fair value is recognized directly in equity and will be recognized as profit or loss when the hedged forecast transaction affects profit or loss. If the cumulative net loss recognized in equity is regarded as irrecoverable, it is immediately recognized as a loss in the current period.

Reclassification

Certain accounts in the financial statements as of and for the year ended December 31, 2006 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2007.

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 2006, the Group adopted newly issued SFAS No. 34, "Accounting for Financial Instruments," SFAS No. 36, "Disclosure and Presentation of Financial Instruments," and the revisions on the related SFASs.

Upon adoption of the newly issued and revised SFASs, the Group appropriately reclassified the financial assets and liabilities, including derivatives. The adjustments to the carrying values of the financial instruments at fair value through profit or loss were recorded in the cumulative effect of changes in accounting principles, and those of the available-for-sale financial assets measured at fair value and of the derivatives for cash flow hedge were recorded in equity.

The effect of the first time adoption of these SFASs is summarized as follows:

	Recognized as Cumulative Effect of Changes in Accounting Principles (Net of Tax)	Recognized in Equity (Net of Tax)
Financial assets at fair value through profit or loss	\$ 35	\$ -
Available-for-sale financial assets	-	2,082,823
Hedging derivative financial liabilities	-	(248,184)
	<u>\$ 35</u>	<u>\$ 1,834,639</u>

The changes in accounting policy resulted in a decrease in income after income tax of \$35 thousand for the year ended December 31, 2006, but had no effect on net income and earnings per share (net of tax).

Starting on January 1, 2006, the Group adopted newly revised SFAS No. 1, "Conceptual Framework for Financial Accounting and Preparation of Financial Statements," SFAS No. 5, "Long-term Investments in Equity Securities," and SFAS No. 25, "Business Combinations - Accounting Treatment under Purchase Method." These revisions primarily included that goodwill is no longer amortized and that the difference between the cost of acquisition and the equity in the investee's net assets value is subjected to an initial analysis. If defined as goodwill, the difference is no longer amortized but instead tested annually for impairment. These adoptions increased the income after income tax by \$486,667 thousand and had no effect on the cumulative effect of changes in accounting principle for the year ended December 31, 2006.

4. CASH AND CASH EQUIVALENTS

	December 31	
	2007	2006
Short-term notes and bills with repurchase rights	\$ 4,060,621	\$ 8,328,744
Government bonds with repurchase rights	1,239,543	477,460
Cash in banks	1,067,351	1,220,765
Time deposits	632,506	2,352,702
Cash on hand	22,348	32,503
Revolving funds	5,722	3,551
	<u>\$ 7,028,091</u>	<u>\$ 12,415,725</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

Information of financial instruments held for trading is summarized as follows:

	December 31	
	2007	2006
<u>Financial assets held for trading</u>		
Beneficiary certificates		
Open-end mutual funds	<u>\$ 131,973</u>	<u>\$ 14,077,168</u>

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Domestic listed stocks		
Fubon Financial Holding Company	\$ 1,786,256	\$ -
Chunghwa Telecom Co., Ltd.	177,112	162,893
Overseas listed stocks		
Hurray! Holding Co., Ltd. (NASDAQ listed company)	<u>140,035</u>	<u>218,676</u>
	<u>\$ 2,103,403</u>	<u>\$ 381,569</u>

In the year ended December 31, 2006, the Corporation recognized a gain of \$2,110,978 thousand from selling 200,000 thousand shares of Chunghwa Telecom Co., Ltd.

7. ACCOUNTS RECEIVABLE - THIRD PARTIES

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 7,313,340	\$ 6,753,110
Less allowance for doubtful accounts	<u>(553,751)</u>	<u>(585,636)</u>
	<u>\$ 6,759,589</u>	<u>\$ 6,167,474</u>

For the third quarter of 2006, the Corporation entered into an accounts receivable factoring contract with HC Asset Management Co., Ltd. The Corporation sold \$5,743,279 thousand of the overdue accounts receivable, which had been written off, to HC Asset Management Co., Ltd. The aggregate selling price was \$229,731 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The subsidiary of the Corporation, TUC, acquired more than 50% of TTN's shares in September 2007 and thus had control over TTN. The Corporation recognized investment income of \$487 thousand from August 15 (acquisition date) to August 31, on its investment in TTN.

The subsidiary of the Corporation, TFN, acquired more than 50% of the former TFN's shares on April 17, 2007 and thus had control over the former TFN. The Corporation recognized investment income of \$172,290 thousand from January 1 to April 16, on its investment in the former TFN and TFN's subsidiaries.

The investment income in Howin Technologies Co., Ltd. (HTC) was recognized under the equity method by debiting long-term investments. In the year ended December 31, 2006, HTC was divested. The investment income on HTC for the year ended December 31, 2006, determined on the basis of this investee's unaudited financial statements, was \$554,770 thousand, and it included deferred gains or losses on the Corporation's equity accounted investee's sales to the Corporation and reciprocal transactions, amounting to \$552,725 thousand when the Corporation and its subsidiaries sold HTC.

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	<u>December 31</u>	
	2007	2006
Domestic emerging stocks		
Taiwan High Speed Rail Corporation	\$ 2,120,829	\$ -
The former Taiwan Fixed Network Co., Ltd.	-	3,743,808
Domestic unlisted stocks		
Arcoa Communication Co., Ltd.	67,731	67,731
Great Taipei Broadband Co., Ltd.	50,528	-
Parawin Venture Capital Corp.	22,202	25,144
WEB Point Co., Ltd.	6,773	7,084
Sunnet Technologies Co., Ltd.	-	3,265
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	71,596	32,160
Domestic unlisted preferred stock		
New Century Information Tech. Co., Ltd. (NCIC)	<u>187,042</u>	<u>-</u>
	<u>\$ 2,526,701</u>	<u>\$ 3,879,192</u>

The above stocks had no active market quotation and reliably determining their fair values would entail an unreasonably high cost; thus, these investments were measured at cost. For the years ended December 31, 2007 and 2006, the Corporation recognized an impairment loss in proportion to its ownership percentage of net worth amounting to \$10,139 thousand and \$948 thousand.

10. BONDS MEASURED AT AMORTIZED COST - NON-CURRENT

	<u>December 31</u>	
	2007	2006
Taiwan High Speed Rail Corporation - unlisted convertible preferred stock - series A	<u>\$ 500,000</u>	<u>\$ -</u>

11. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	<u>December 31</u>	
	2007	2006
Accumulated depreciation		
Buildings	\$ 534,741	\$ 316,668
Telecommunication equipment	26,866,168	29,399,200
Office equipment	163,392	84,284
Leased assets	356,270	292,461
Miscellaneous equipment	<u>1,029,901</u>	<u>662,506</u>
	<u>\$ 28,950,472</u>	<u>\$ 30,755,119</u>
Accumulated impairment		
Telecommunication equipment	<u>\$ 998</u>	<u>\$ -</u>

Interest expenses capitalized for the years ended December 31, 2007 and 2006 amounted to \$25,981 thousand and \$11,647 thousand, respectively, with interest rates ranging from 2.4% to 3.0% and from 2.28% to 3.12%, respectively.

12. INTANGIBLE ASSETS

	<u>Year Ended December 31, 2007</u>		
	<u>Goodwill</u>	<u>Customer Relationship</u>	<u>Operating Rights</u>
<u>Cost</u>			
Beginning balance	\$ 6,835,370	\$ -	\$ -
Add			
Consolidated acquisition	<u>2,396,108</u>	<u>2,861,323</u>	<u>1,382,000</u>
Ending balance	<u>\$ 9,231,478</u>	<u>\$ 2,861,323</u>	<u>\$ 1,382,000</u>

a. Customer relationship and operating rights

Under SFAS No. 25 - "Business Combinations" and No. 37 - "Accounting for Intangible Assets", the Corporation should measure the fair value of the acquired assets and identify major intangible assets as well as the amortization periods.

- 1) On April 17, 2007, TFN, the Corporation's 100%-owned subsidiary, acquired more than 50% of the former TFN through a public tender offer at the price of NT\$8.3 per share. The Corporation divided the former TFN and its subsidiaries into two cash-generating units, fixed network service and cable TV. Accordingly, customer relationship and operating rights are identified as major intangible assets.
- 2) On September, 2007, TUC, the Corporation's 100%-owned subsidiary, acquired more than 50% of TTN's shares at NT\$13.843 per share. The Corporation measured the fair value of the acquired assets, and viewed TTN's ISP services as one cash-generating unit. Accordingly, customer relationship is identified as major intangible asset.

b. Goodwill

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Group identified the smallest identifiable group of cash-generating units by years and entities as follows:

In 2006, the Group was engaged in mobile service only and identified the Corporation, TAT and Mobitai as independent cash-generating units.

In 2007, to be in line with the Group's integration of business resources and customer services for better core competence, the Corporation, TAT and Mobitai were viewed as one cash-generating unit. Besides, impairment test on goodwill of newly consolidated cable subsidiaries was needed. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill by business were as follows:

- 1) Wireless service
 - a) Assumptions on operating revenues

After taking changes in the telecom industry and competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers, minutes of incoming and outgoing calls and average revenue per minute.

b) Assumptions on operating costs and expenses

The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2007 and 2006 financial statements.

c) Assumptions on discount rate

In 2007, the Group used the discount rate of 6.78% in calculating the consolidated asset recoverable amounts of the Corporation, TAT and the Mobitai, respectively. In 2006, the discount rates are 8.70%, 9.84%, and 9.70% in calculating the asset recoverable amounts of the Corporation, TAT and the Mobitai, respectively.

2) Cable television business

a) Assumptions on operating revenues

After taking changes in the cable television industry and competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers and average revenue per subscriber.

b) Assumptions on operating costs and expenses

The estimates of commissions, customer retention costs, customer service costs and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2007 and 2006 financial statements.

c) Assumptions on discount rate

The discount rate used to calculate the asset recoverable amounts was ranging 3.86% to 4.64%.

Based on the key assumptions of each cash-generating unit, the Group's management believes that the carrying amounts of these assets for operating and goodwill will not exceed their recoverable amounts even if there are changes in the critical assumptions used to estimate recoverable amounts as long as these changes are reasonable for the years ended December 31, 2007 and 2006.

13. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Assets leased to others		
Cost	\$ 580,268	\$ 776,379
Less: Accumulated depreciation	(22,382)	(43,747)
Less: Accumulated impairment	<u>(10,591)</u>	<u>(10,591)</u>
	<u>\$ 547,295</u>	<u>\$ 722,041</u>
Idle assets		
Cost	\$ 733,483	\$ 2,676,262
Less: Allowance for value decline	(128,771)	(130,028)
Less: Accumulated depreciation	(187,424)	(1,592,960)
Less: Accumulated impairment	<u>(101,705)</u>	<u>(725,353)</u>
	<u>\$ 315,583</u>	<u>\$ 227,921</u>

The carrying values of idle property (including land, buildings and telecommunication equipment) were less than their net realizable values or appraisal values, thus, the difference was recognized as impairment loss. The Corporation recognized an impairment loss of \$2,005 thousand in 2006.

14. DEFERRED CHARGES

	December 31	
	2007	2006
Interior decoration	\$ 250,917	\$ 279,092
Other	<u>11,176</u>	<u>21,787</u>
	<u>\$ 262,093</u>	<u>\$ 300,879</u>

15. SHORT-TERM BANK LOANS

	December 31	
	2007	2006
Unsecured loans	<u>\$ 19,340,000</u>	<u>\$ -</u>
Interest rate	2.365%-2.6%	-

16. SHORT-TERM NOTES AND BILLS PAYABLE

	December 31	
	2007	2006
Commercial paper payable		
China Bills Finance Corporation	\$ 850,000	\$ -
International Bills financial Corporation	750,000	-
Less: Discount on short-term notes and bills payable	<u>(5,247)</u>	<u>-</u>
Net carrying value	<u>\$ 1,594,753</u>	<u>\$ -</u>
Interest rate	2.0%-2.121%	-

17. BONDS PAYABLE

	December 31			
	2007		2006	
	Current	Non-current	Current	Non-current
Domestic unsecured bonds	\$ 2,500,000	\$ 7,500,000	\$ 3,750,000	\$ 10,000,000
2nd domestic convertible bonds	-	-	55,900	-
Add accrued interest compensation	<u>-</u>	<u>-</u>	<u>8,548</u>	<u>-</u>
	<u>\$ 2,500,000</u>	<u>\$ 7,500,000</u>	<u>\$ 3,814,448</u>	<u>\$ 10,000,000</u>

a. Domestic secured bonds

On February 1, 2001, the Corporation issued \$3,000,000 thousand of five-year domestic secured bonds, with each bond having a face value of \$1,000 thousand with a coupon rate of 5.31% per annum. The bonds will be redeemed in the fourth and fifth years after the issuance date at \$1,500,000 thousand for each of those years. Interest is payable annually. The bonds were repaid by the Corporation in February 2006.

b. Domestic unsecured bonds

On December 13, 2002, the Corporation issued \$15,000,000 thousand of domestic unsecured bonds, with each bond having a face value of \$5,000 thousand. The bonds have four different types based on terms and dates. Types I and II both consist of A to L tranches. Types III and IV both consist of A to M tranches. Types I and II are five-year bonds and Types III and IV are seven-year bonds. The interest rates and payment terms are as follows:

	Principal	Rate	Terms
Type I	\$ 2,500,000	2.60%	Repayment of \$1,250,000 thousand each in the fourth and fifth years, interest payable annually
Type II	2,500,000	5.21%-6M LIBOR	Repayment on maturity date, interest payable semiannually
Type III	5,000,000	2.80%	Repayment of \$2,500,000 thousand each in the sixth and seventh years, interest payable annually
Type IV	5,000,000	5.75%-6M LIBOR	Repayment on maturity date, interest payable semiannually
	<u>\$ 15,000,000</u>		

Future repayments of corporate bonds are as follows:

Year	Amount
2008	\$ 2,500,000
2009	<u>7,500,000</u>
	<u>\$ 10,000,000</u>

c. 1st domestic convertible bonds

On August 25, 2001, the Corporation issued \$10,000,000 thousand of five-year domestic unsecured convertible bonds, with each bond having a face value of \$100 thousand and 0% interest. Within the conversion period, starting from 3 months after the issuance date to the 10th day before maturity, the bondholders may ask for bond conversion into common stocks or entitlement certificates of the Corporation. Cash is paid for those bonds that cannot be converted into one share. The conversion price is subject to adjustment based on the prescribed formula. The conversion price has been NT\$22.2 per share since July 20, 2006. As of August 24, 2006, bonds amounting to \$6,802,300 thousand had been converted to 226,716 thousand of common shares. As of August 24 (due date), 2006, bonds amounting to \$3,194,400 thousand were purchased and canceled by the Corporation, and the other \$3,300 thousand was repaid by the Corporation on August 24, 2006.

If the closing price of the Corporation's share is above 50% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange from 3 months after bond issuance to the 40th day before maturity, the Corporation has the option to convert the bonds to entitlement certificates at the conversion price or to redeem the bonds by cash at face value. If the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Corporation also has the option, at any time, to convert the bonds to entitlement certificates at the conversion price or to redeem the bonds by cash at face value.

On the third year after the issuance date, the holders may redeem the bonds by cash at face value plus interest accrued, which is 113.30% of face value calculated based on an implied yield rate of 4.25%. Upon maturity, the Corporation has redeemed the bonds by cash at face value plus interest accrued, which is 124.62% of face value, calculated based on an implied yield rate of 4.5%.

d. 2nd domestic convertible bonds

On August 16, 2002, the Corporation issued \$6,000,000 thousand of five-year domestic unsecured convertible bonds, with each bond having a face value of \$100 thousand and 0% interest. Within the conversion period from 3 months after issuance date to the 10th day before maturity, the bondholders may have the bonds converted into common stocks of the Corporation. Cash is paid for bonds that cannot be converted into one share. The conversion price is subject to adjustment based on the prescribed formula. The conversion price has been NT\$22.1 per share since July 24, 2007. As of August 15, 2007, bonds amounting to \$5,436,400 thousand had been converted to 210,871 thousand of common shares. Bonds amounting to \$544,700 thousand were purchased and canceled by the Corporation and \$18,900 thousand, the amount of the remaining bonds, was repaid by the Corporation on August 15, 2007.

If the closing price of the Corporation's share is above 50% of the conversion price for 30 consecutive trading days of the Taiwan Stock Exchange from 3 months after bond issuance to the 40th day before maturity, the Corporation has the option to convert the bonds to common stocks at conversion price or to redeem the bonds by cash at face value. If the total value of outstanding convertible bonds becomes less than 10% of the total principal, the Corporation also has the option - from 3 months after bond issuance to the 40th day before maturity - to convert the bonds to common stocks at the conversion price or to redeem the bonds by cash at face value.

On the third year after the issuance date, the holders may redeem the bonds by cash at face value plus interest accrued, which is 109.59% of face value, calculated based on an implied yield rate of 3.1%. Upon maturity, the Corporation has redeemed the bonds by cash at face value plus interest accrued, which is 117.63% of face value, calculated based on implied yield rate of 3.3%.

18. LONG-TERM NOTES PAYABLE

	<u>December 31</u>	
	2007	2006
Long-term notes payable	\$ 2,450,000	\$ -
Less: Discount on long-term notes payable	(9,660)	-
Current portion of long-term liabilities	<u>(2,440,340)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

TFNI has \$2,450,000 thousand notes payable to Pacific Construction Co., Ltd. for the purchase of FYM in May 2006. The issuing period is 20 months starting from the transaction date. The present value of this payable is \$2,263,875 thousand, based on 4.75% discount rate.

19. PENSION PLAN

The Labor Pension Act (LPA) became effective on July 1, 2005. Employees on board before June 30, 2005 may choose to continue to be subject to the pension plan under the Labor Standards Act (LSA) or be subject to the new pension plan under LPA, with their service years accumulated as of July 1, 2005 to be retained and subject to the pension plan under LSA. Starting from July 1, 2005, new employees may only choose to be subject to the new pension plan under LPA.

The new LPA provides for a defined contribution pension plan. Starting from July 1, 2005, the Corporation should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The contributed amount was \$156,225 thousand and \$108,036 thousand for the years ended December 31, 2007 and 2006, respectively.

The LSA provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Corporation contributes monthly an amount equal to 2% of the employees' monthly wages to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in the Bank of Taiwan (formerly the Central Trust of China, which was merged into the Bank of Taiwan in July 2007.) (Approved by Department of Labor, Taipei City Government on April 13, 2007, the Corporation suspended contributing from February 2007 to January 2008.)

Information on the defined benefit pension plan is summarized as follows:

a. Pension cost

	<u>Years Ended December 31</u>	
	2007	2006
Service cost	\$ 5,967	\$ 2,946
Interest cost	16,771	8,167
Projected return of pension assets	(15,992)	(8,558)
Amortization	(1,313)	(3,022)
Gain on settlement	<u>(106,056)</u>	<u>(24,026)</u>
Pension cost	<u>\$ (100,623)</u>	<u>\$ (24,493)</u>

b. Changes in the prepaid pension cost

	<u>December 31</u>	
	2007	2006
Benefit obligation		
Vested	\$ (5,002)	\$ -
Non-vested	<u>(330,434)</u>	<u>(178,977)</u>
Accumulated	(335,436)	(178,977)
Additional benefits based on future salaries	<u>(227,841)</u>	<u>(121,863)</u>
Projected benefit obligation	(563,277)	(300,840)
Fair value of plan assets	<u>631,830</u>	<u>418,142</u>
Funded status	68,553	117,302
Unrecognized net transition obligation	24,386	6,165
Unrecognized prior service cost	20,934	-
Unamortized net gain or loss	20,839	-
Unrecognized net gain	(120,728)	(97,964)
Additional liability	<u>(16,932)</u>	<u>-</u>
Prepaid pension cost	<u>\$ (2,948)</u>	<u>\$ 25,503</u>

c. Vested benefit

	<u>\$ (5,604)</u>	<u>\$ -</u>
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d. Actuarial assumptions

	<u>Years Ended December 31</u>	
	2007	2006
Discount rate used in determining present values	2.75-3.5%	2.75%
Future salary increase rate	2.5-3.5%	2.5%
Expected rate of return on plan assets	2.5-2.75%	2.75%

20. SHAREHOLDERS' EQUITY

a. Capital surplus

Under the Company Act, capital surplus may only be used to offset a deficit. However, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and the buyback of treasury stock, may be transferred to capital as stock dividends, and this transfer is restricted to a certain percentage of the capital surplus and may be made only within prescribed limits each time.

Capital surplus as of December 31, 2007 and 2006 were as follows:

	<u>December 31</u>	
	2007	2006
Premium of convertible bonds	\$ 8,775,819	\$ 8,748,571
Surplus from treasury stock transactions	8,027	-
Arising from long-term investments	<u>1,313</u>	<u>-</u>
	<u>\$ 8,785,159</u>	<u>\$ 8,748,571</u>

b. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provide that a 10% legal reserve should be set aside from the annual net income after the reduction of accumulated deficit. The remainder, less special reserve based on relevant laws or regulations or business requirements, should be distributed as follows:

- 1) Dividends and bonus to preferred shareholders.
- 2) Remuneration to directors and supervisors - up to 0.3%.
- 3) Bonus to employees - 1%-3%.
- 4) Remainder, to be appropriated as dividends as determined in the shareholders' meeting.

The Corporation's dividend distribution is based on the availability of excess funds. That is, the Corporation first projects future capital needs through a capital budgeting process and then provides for the projected capital needs by using retained earnings. Any remainder is available for dividend distribution. However, the amount of stock dividends should not be more than 80% of the total dividends to be distributed in a single year. The final amount, type and percentage of the dividends are subject to the approval by the Board of Directors and shareholders based on actual earnings and capital requirements of the Corporation in a particular year.

A regulation issued by the Securities and Futures Bureau requires a special reserve be made from the unappropriated earnings, equivalent to the debit balance of any account shown in shareholders' equity. The special reserve appropriated will be reversed to the extent that the net debit balance reverses.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by the Corporation. An imputation credit account (ICA) is maintained by the Corporation for such income tax and the tax credit allocated to each shareholder.

The 2006 and 2005 earnings appropriations resolved by the shareholders in their meetings on June 15, 2007 and 2006 were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share</u> (NT\$)	
	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>	<u>For Fiscal</u> <u>Year 2006</u>	<u>For Fiscal</u> <u>Year 2005</u>
Appropriation of legal reserve	\$ 1,617,074	\$ 1,623,670		
Appropriation of special reserve	143,563	1,150,000		
Reversal of special reserve	-	(1,631)		
Remuneration to directors and supervisors	43,231	40,394		
Cash bonus to employees	432,303	403,940		
Cash dividends	<u>12,880,151</u>	<u>12,843,997</u>	\$2.58757	\$2.61677
	<u>\$ 15,116,322</u>	<u>\$ 16,060,370</u>		

Had the above bonus to employees and remuneration to directors and supervisors been charged against income in 2007 and 2006, the basic earnings per share in that year would have decreased from \$3.28 to \$3.18 and from \$3.31 to \$3.22, respectively.

The appropriation of the Corporation's 2007 earnings had not been proposed by the Board of Directors as of January 11, 2008, the date of the accompanying independent auditors' report. Information on the appropriation of 2007 earnings proposed by the Board of Directors and resolved by the shareholders can be accessed through the Market Observation Post System on the Taiwan Stock Exchange Corporation's website.

c. Cash reduction

To increase ROE (Return of Equity) and maintain stable EPS (Earnings Per Share) and dividend, the Corporation's AGM (Annual General Shareholders' Meeting) resolved on June 15, 2007, a capital reduction of \$12,000,000 thousand, representing 24% of outstanding shares. The authority approved the Corporation's capital reduction on October 17, 2007. The Corporation's Board of Directors set the record date on December 1, 2007 to return \$12,000,000 thousand to investors, credited to the account of "other payables".

d. Treasury stock

(Shares in Thousands)

Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
<u>Year ended December 31, 2007</u>				
To be transferred to employees	46,537	-	46,537	-
Shares held by subsidiaries	-	1,368,250	-	1,368,250 (Note)
<u>Year ended December 31, 2006</u>				
To be transferred to employees	11,551	57,804	22,818	46,537

Note: Shares held before capital reduction.

1) Transfer of stock to employees

For the year ended December 31, 2007, the Corporation transferred the bought-back treasury stocks through various tranches to employees of 46,537 thousand shares at \$28.17, \$31.16 and \$31.15 per share, respectively, resulting in a reduction of retained earnings, amounting to \$4,869 thousand and an increase on paid-in capital, amounting to \$8,027 thousand.

For the year ended December 31, 2006, the Corporation transferred the treasury stock through various tranches to employees of 22,818 thousand shares at \$30.47 and \$28.17 per share, resulting in a reduction of retained earnings, amounting to \$57,372 thousand.

Under the Securities and Exchange Law, the buyback amount of treasury stock should not exceed 10% of total issued shares, and the buyback cost should not exceed the sum of the retained earnings, additional paid-in capital in excess of par value and realized capital surplus. In addition, the Corporation should not provide treasury stock as collateral and should not exercise shareholders' rights on those shares before transfer.

2) Shares held by subsidiaries

On December 31, 2007, TFN and TFNI, its subsidiary, held the carrying and market value of the treasury stocks, amounting to \$56,235,084 thousand. The Corporation reclassified \$40,844,007 thousand from investments accounted for using equity method to treasury stock based on SFAS No. 30, "Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statement, the shareholders are entitled to exercise their rights on these shares, except for participation in capital injection by cash. In addition, based on the ROC Company Act, the shareholders of treasury stocks can not exercise the voting right.

e. Unrealized losses on financial instruments

Unrealized gains or losses on financial instruments for the years ended December 31, 2007 and 2006 were summarized as follows:

	Years Ended December 31	
	2007	2006
Available-for-sale financial assets		
Balance, beginning of year	\$ 40,652	\$ -
Effect of the first time adoption of new issued SFAS No. 34	-	2,082,823
Fair value changes recognized directly in equity	16,908	68,807
Transfer to current gains or loss upon sales of financial assets	-	(2,110,978)
	<u>57,560</u>	<u>40,652</u>
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of year	(218,284)	-
Effect of the first time adoption of new issued SFAS No. 34	-	(248,184)
Fair value changes recognized directly in equity	179,535	29,900
	<u>(38,749)</u>	<u>(218,284)</u>
Recognition of investees' changes in unrealized gains or losses by the equity method		
Balance, beginning of year	30,209	-
Fair value changes recognized directly in equity	(113,063)	30,209
	<u>(82,854)</u>	<u>30,209</u>
Unrealized losses of financial instruments	<u>\$ (64,043)</u>	<u>\$ (147,423)</u>

21. INCOME TAX EXPENSE

- a. The reconciliation of imputed income taxes on pretax income at statutory tax rate to current income tax expense was as follows:

	Years Ended December 31	
	2007	2006
Tax on pretax income at statutory tax rate (25%)	\$ 4,401,236	\$ 5,450,976
Add (deduct) tax effects of		
Permanent differences		
Investment income from domestic investees accounted for using equity method	(2,558,065)	(852,655)
Tax-exempt dividend income	(16,570)	(160,954)
Gain on disposal of marketable securities	(80,843)	(536,640)
Other	528,327	(39,661)
Temporary differences	1,158,971	550,250
Tax-exempt income	-	(402,696)
Income tax (10%) on unappropriated earnings	106,553	498,050
Investment tax credits	(283,705)	(1,108,394)
Prior years' loss carryforward	(52,856)	(27,543)
Deferred income taxes	(1,281,621)	(962,379)
Prior year's adjustment	200,264	269,276
Tax on short-term bills	32,711	15,252
Income basic tax	<u>23,956</u>	<u>-</u>
Income tax expense	<u>\$ 2,178,358</u>	<u>\$ 2,692,882</u>

b. Deferred income tax assets (liabilities) were as follows:

	December 31	
	2007	2006
Provision for doubtful accounts	\$ 843,509	\$ 852,665
Unrealized loss on retirement of property and equipment	2,616,640	876,933
Provision for impairment losses on idle assets	65,016	343,792
Amortization of goodwill	(207,336)	(61,776)
Unrealized loss on financial liabilities	(2,890)	72,761
Prior year's loss carryforward	122,689	39,644
Investment tax credits	660,937	-
Accrued interest compensation	-	2,137
Accrued pension cost	11,485	(273)
Other	<u>27,764</u>	<u>9,570</u>
	4,137,814	2,135,453
Less valuation allowance	<u>(1,155,956)</u>	<u>(395,190)</u>
	<u>\$ 2,981,858</u>	<u>\$ 1,740,263</u>
Deferred income tax assets		
Current	\$ 134,055	\$ 185,973
Non-current	<u>2,898,598</u>	<u>1,554,290</u>
	<u>\$ 3,032,653</u>	<u>\$ 1,740,263</u>
Deferred income tax liabilities		
Current	\$ (15,806)	-
Non-current	<u>(34,989)</u>	<u>-</u>
	<u>\$ (50,795)</u>	<u>\$ -</u>

c. As of December 31, 2007, TFN, TTN, WTVB and TFNM's investment tax credits consisted of the following:

Regulatory Basis of Tax Credits	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 660,223	\$ 656,600	2011
	Personnel training	<u>4,337</u>	<u>4,337</u>	2011
		<u>\$ 664,560</u>	<u>\$ 660,937</u>	

- d. Following were the net operating loss carryforwards of TT&T, TYDB, TDC, TUC, WTVB, R&R, TTN and VoPier as of December 31, 2007:

Year	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
2003	\$ 238,804	\$ 107,829	2008
2004	37,672	37,672	2009
2005	24,333	24,333	2010
2006	187,161	187,161	2011
2007	<u>133,761</u>	<u>133,761</u>	2012
	<u>\$ 621,731</u>	<u>\$ 490,756</u>	

- e. Under Article 8 of the Statute for Upgrading Industries (SUI) before the SUI amendment in 1999, the Corporation is considered an important invested enterprise. Thus, the Corporation's net operating income generated from the following expansion of its equipment is exempt from income tax for five years during the period specified, as approved by the Ministry of Finance.

Equipment Expansion Projects	Tax-Exempt Period
Switches, BTS and related telecommunication equipment, acquired from September 30, 2000 to September 30, 2001	2002 to 2006

- f. Integrated income tax information was as follows:

	December 31	
	2007	2006
Balance of imputation credit account (ICA)		
The Corporation	\$ 2,329,511	\$ 1,091,242
TAT	623,834	725,999
Mobitai	Not applicable	112,886
TCC (formerly TDS)	191,520	6,679
WMT	-	-
TFMT	-	-
FJLMT	-	-
GWMT	-	-
FSMT	-	-
TYDB	97	38
TDC	-	-
TT&T	28,081	27,798
TCPIA	-	-
TLIA	8	8
TSB	1	-
TFN	1,567,351	-
TUC	-	-
TTN	619	-
VoPier	-	-
The former TFN	Not applicable	-
TFNI	254,360	-
HYI	Not applicable	-
R&R	-	-
WTVB	-	-
TFND	Not applicable	-
TFNM	164,848	-

	December 31	
	2007	2006
FYM	Not applicable	
UCTV	51,693	
SHCTV	2,153	
YJCTV	33,634	
MCTV	8,403	
NCCTV	1,897	
PCTV	34,467	
GCTV	37,817	

As of December 31, 2007, there were no unappropriated earnings generated before January 1, 1998. The estimated or actual creditable ratio for the 2007 and 2006 earnings appropriation were as follows:

	2007	2006
The Corporation	29.63%	19.21%
TAT	33.33%	23.74%
Mobitai	Not applicable	22.11%
TCC (formerly TDS)	10.83%	18.04%
WMT	-	Not applicable
TFMT	-	Not applicable
FJLMT	-	Not applicable
GWMT	-	Not applicable
FSMT	-	Not applicable
TYDB	-	-
TDC	-	Not applicable
TT&T	-	-
TCPIA	-	-
TLIA	-	33.33%
TSB	-	Not applicable
TFN	33.33%	Not applicable
TUC	-	Not applicable
TTN	-	-
VoPier	-	-
The former TFN	Not applicable	-
TFNI	23.22%	33.35%
HYI	Not applicable	0.02%
R&R	0.01%	9.79%
WTVB	-	-
TFND	Not applicable	-
TFNM	29.18%	22.40%
FYM	Not applicable	33.33%
UCTV	33.33%	-
SHCTV	31.93%	25.10%
YJCTV	33.33%	33.34%
MCTV	33.42%	33.41%
NCCTV	34.52%	33.46%
PCTV	32.73%	33.33%
GCTV	33.34%	33.34%

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution. The estimated creditable ratio for the 2007 earnings appropriation may be adjusted when the imputation credits are distributed.

- g. The latest years through which income tax returns had been examined and cleared by the tax authorities were as follows:

	Year
The Corporation	2005
The former TAT	2005
TAT	None
The former Mobitai	2004
Mobitai	2005
TCC (formerly TDS)	2005
Taiwan Cellular Co., Ltd. (former TCC)	2006
WMT	Not applicable
TFMT	Not applicable
FJLMT	Not applicable
GWMT	Not applicable
FSMT	Not applicable
TYDB	2005
TDC	Not applicable
TT&T	2005
TCPIA	2005
TLIA	2005
TSB	Not applicable
TFN	Not applicable
TUC	Not applicable
TTN	2005
VoPier	2005
The former TFN	2004
TFNI	2005
HYI	2005
TFND	None
R&R	2005
WTVB	2005
TFNM	2005
FYM	2005
UCTV	2005
SHCTV	2005
YJCTV	2005
MCTV	2005
NCCTV	2005
PCTV	2005
GCTV	2005

Income tax returns through 2005 had been examined by the tax authorities. However, the Corporation disagreed with the examination result of the income tax returns from 1999 to 2005, and filed requests for reexamination.

The former TAT's income tax returns through 2005 had been examined by the tax authorities. However, the former TAT disagreed with the examination result on the income tax returns and filed administrative proceedings for 2002 to 2003 which was conducted by the Supreme Court of the R.O.C. and petition for reexamination of 2004 and 2005's income tax return.

22. EARNINGS PER SHARE

(In New Taiwan Dollar)

	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS				
Income before cumulative effect of changes in accounting principles	\$ 2.05	\$ 1.68	\$ 3.54	\$ 3.28
Cumulative effect of changes in accounting principle	-	-	-	-
Net income	<u>\$ 2.05</u>	<u>\$ 1.68</u>	<u>\$ 3.54</u>	<u>\$ 3.28</u>
Diluted EPS				
Income before cumulative effect of changes in accounting principles	\$ 2.05	\$ 1.68	\$ 3.53	\$ 3.26
Cumulative effect of changes in accounting principle	-	-	-	-
Net income	<u>\$ 2.05</u>	<u>\$ 1.68</u>	<u>\$ 3.53</u>	<u>\$ 3.26</u>

	Amounts (Numerator)		Shares (Denominator) (Thousands)	EPS (NT\$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>For the year ended December 31, 2007</u>					
Basic EPS					
Income of common shareholders	\$ 8,055,864	\$ 6,612,997	3,928,228	<u>\$ 2.05</u>	<u>\$ 1.68</u>
Add effect of potentially dilutive convertible bonds 2nd convertible bonds (with implied yield rate of 3.3%)	<u>1,034</u>	<u>776</u>	<u>1,183</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 8,056,898</u>	<u>\$ 6,613,773</u>	<u>3,929,411</u>	<u>\$ 2.05</u>	<u>\$ 1.68</u>
<u>For the year ended December 31, 2006</u>					
Basic EPS					
Income of common shareholders	\$ 17,478,536	\$ 16,170,741	4,933,714	<u>\$ 3.54</u>	<u>\$ 3.28</u>
Add effect of potentially dilutive convertible bonds 1st convertible bonds (with implied yield rate of 4.5%)	22,764	17,073	19,022		
2nd convertible bonds (with implied yield rate of 3.3%)	<u>13,483</u>	<u>10,112</u>	<u>15,298</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 17,514,783</u>	<u>\$ 16,197,926</u>	<u>4,968,034</u>	<u>\$ 3.53</u>	<u>\$ 3.26</u>

23. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	2007			2006		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 978,871	\$ 3,151,704	\$ 4,130,575	\$ 543,085	\$ 2,211,463	\$ 2,754,548
Labor and health insurance	60,979	160,555	221,534	33,549	138,232	171,781
Pension	42,339	34,631	76,970	31,138	108,845	139,983
Other	<u>51,361</u>	<u>130,325</u>	<u>181,686</u>	<u>33,241</u>	<u>133,299</u>	<u>166,540</u>
	<u>\$ 1,133,550</u>	<u>\$ 3,477,215</u>	<u>\$ 4,610,765</u>	<u>\$ 641,013</u>	<u>\$ 2,591,839</u>	<u>\$ 3,232,852</u>
Depreciation	\$ 7,132,355	\$ 607,630	\$ 7,739,985	\$ 6,307,893	\$ 458,715	\$ 6,766,608
Amortization	910,264	153,819	1,064,083	856,121	180,912	1,037,033

24. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	December 31			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Non-derivative financial instruments</u>				
Liabilities				
Bonds payable (including current portion)	\$ 10,000,000	\$ 9,942,440	\$ 13,814,448	\$ 13,741,839

b. The methods and significant assumptions applied in determining fair values of financial instruments were as follows:

- 1) Financial assets at fair value through profit or loss and available-for-sale financial assets - based on quoted prices in an active market on the balance sheet date.
- 2) Because there is no active market and a reliable fair value could only be verified at a more than reasonable cost, the fair values of investments in unlisted stocks carried at cost or accounted for using equity method can be measured by net worth of investee or estimate of the book value.
- 3) The fair value of long-term liabilities is measured at the present value of expected cash flows. Fair value approximates book value
- 4) Bonds payable - based on the over-the-counter quotations in December.
- 5) Derivative financial instruments - based on valuation results provided by banks. As of December 31, the financial instrument held by the Corporation turned into financial liability, evaluated by the bid price of counter party.
- 6) The above financial instruments do not include cash and cash equivalents, notes and accounts receivables, pledged time deposits, refundable deposits, short-term bank loans, short-term notes and bills payable, notes and accounts payable and guarantee deposits. Because of the short maturities of these instruments, the carrying values represent a reasonable basis to estimate fair values.

- c. The fair values of financial assets and liabilities were not simultaneously determined by quoted prices in active markets and by estimations using valuation technique.
- d. The financial assets exposed to fair value interest rate risk amounted to \$5,731,890 thousand and \$11,168,906 thousand as of December 31, 2007 and 2006, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$28,375,093 thousand and \$6,314,448 thousand as of December 31, 2007 and 2006, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$1,295,434 thousand and \$1,195,118 thousand as of December 31, 2007 and 2006, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$5,051,665 thousand and \$7,791,046 thousand as of December 31, 2007 and 2006, respectively.

e. Information on financial risks:

1) Market risk

The interest rate swap (IRS) contracts are used to hedge interest rate fluctuation on its liabilities with anti-floating interest rates. Since the interest receivable and payable are settled at net amounts on the settlement date. The market risk is immaterial.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Corporation might encounter if counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount and other receivables. The Corporation's evaluation of credit risk exposure as of December 31, 2007 and 2006 were both zero because all of counter-parties are reputable financial institutions with good credit ratings.

The Group's maximum credit risk exposure of each financial instrument is the same as its carrying value.

The credit risk amount listed above is an evaluation over the contracts with positive fair value at the balance sheet date and the contracts of off-balance-sheet commitments and guarantees. Significant concentration of credit risk exists when counter-parties in financial instrument transactions significantly concentrate on one individual, or when there are a number of counter-parties in financial instrument transactions, but these counter-parties are engaged in similar business activities and have similar economic characteristics so that their abilities to perform contractual obligations would be concurrently affected in similar economic changes or other situations. The characteristics of credit risk concentration include the nature of the debtors' operating activities. The Group does not rely significantly on single transaction and transact with single client or in the same region.

3) Liquidity risk

The Group entered into IRS transactions to hedge cash flow risks. Because the IRS contracts are settled at net amounts, the expected cash demand is insignificant. The Group have sufficient working capital to meet cash demand.

4) Cash flow risk from interest rate fluctuations: None

- f. The purpose of derivative financial instruments held or issued and the strategies to meet the purpose

The Group uses IRS contracts to hedge fluctuation on its liabilities with anti-floating interest rates. The overall purpose of these contracts is to hedge the Group's exposure to cash flow risks. The Group uses interest rate swaps to hedge interest rate fluctuation risk and periodically evaluates the effectiveness of the hedging instruments.

25. RELATED-PARTY TRANSACTIONS

- a. The related parties and their relationships with the Group were as follows:

<u>Related Party</u>	<u>Relationship with the Group</u>
Taiwan Mobile Foundation	Over one third of the Foundation's issued fund came from the Corporation
Fubon Life Assurance Co., Ltd.	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
The former Taiwan Fixed Network Co., Ltd. (the former TFN)	Related party in substance (included in consolidation on April 17, 2007, and merged into TFN on December 28, 2007)
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd. (FSC)	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance
Fubon Property Management Co., Ltd.	Related party in substance
Fubon Direct Marketing Consulting Co., Ltd. (FDMC)	Related party in substance
Fubon Financial Holding Company	Related party in substance
Dai-Ka Ltd. (DKL)	Related party in substance
Howin Technologies Co., Ltd. (HTC)	Equity-method investee (all shares were sold in June 2006)

- b. Significant transactions with related parties are summarized below:

1) Operating revenues

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>% of Total Revenues</u>	<u>Amount</u>	<u>% of Total Revenues</u>
The former TFN	\$ 454,789	1	\$ 1,558,544	3
TFCB	53,981	-	28,895	-
FMT	41,038	-	77,346	-
FDMC	12,246	-	-	-
Fubon Financial Holding Company	<u>11,937</u>	-	<u>-</u>	-
	<u>\$ 573,991</u>		<u>\$ 1,664,785</u>	

The Group rendered mainly telecommunications services to the above companies. The average collection period for notes and accounts receivable was the same as transaction with non-related parties.

2) Operating costs

	<u>2007</u>		<u>2006</u>	
	<u>Amount</u>	<u>% of Total Costs</u>	<u>Amount</u>	<u>% of Total Costs</u>
The former TFN	\$ 256,212	1	\$ 921,696	4
Fubon Ins.	102,579	-	99,222	-
DKL	94,457	-	-	-
	<u>\$ 453,248</u>		<u>\$ 1,020,918</u>	

The above companies rendered mainly telecommunications, maintenance and copyright services to the Group. The average payment term for notes and accounts payable was the same as transaction with non-related parties.

3) Property transactions

Acquisition of property and equipment

		<u>2006</u>	
		<u>Description</u>	<u>Amount</u>
The former TFN	Land and buildings		<u>\$ 1,565,000</u>

For the real estate bought from the former TFN, the transaction amount was based on the appraisal value from the appraised institution.

Disposal of property and equipment

		<u>2006</u>	
		<u>Description</u>	<u>Amount</u>
The former TFN	Land and buildings		<u>\$ 152,000</u>

The above disposals were made at arm's length with the transaction amounts based on the appraisal value from the appraisal institution. And it resulted in a disposal loss of \$3,848 thousand for the year ended December 31, 2006.

4) Rental income

		<u>Leased Sites/Equipment</u>	<u>2007</u>	<u>2006</u>
The former TFN	Offices and BTS, etc.		<u>\$ 22,523</u>	<u>\$ 27,812</u>

The above lease transactions were based on market price and rent was collected monthly.

5) Cash in banks and bank loans

		<u>December 31</u>			
		<u>2007</u>		<u>2006</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
a) Cash in banks					
	TFCB	<u>\$ 576,786</u>	8	<u>\$ 417,924</u>	3

	December 31			
	2007		2006	
	Amount	%	Amount	%
b) Pledged time deposits				
TFCB	\$ 22,815	48	\$ 10,000	100

December 31, 2007

c) Secured loans				
<u>TFCB</u>				
Short-term secured loans				
Maximum balance for the period			\$ 2,180,000	
Ending balance			\$ -	
Rate (%)				2.1131-2.5941
Interest expenses			\$ 25,015	
Long-term secured loans				
Maximum balance for the period			\$ 2,500,000	
Ending balance			\$ -	
Rate (%)				2.3568-2.4516
Interest expenses			\$ 19,293	

6) Receivables and payables

	December 31			
	2007		2006	
	Amount	%	Amount	%
a) Accounts receivable				
TFCB	\$ 70,023	1	\$ -	-
FSC	19,059	-	-	-
The former TFN	-	-	241,998	4
Other	<u>31,552</u>	-	<u>7,940</u>	-
	<u>\$ 120,634</u>		<u>\$ 249,938</u>	
b) Other receivable				
The former TFN	<u>\$ -</u>	-	<u>\$ 10,645</u>	4
c) Prepayments				
Fubon Ins.	<u>\$ 56,278</u>	7	<u>\$ 76,450</u>	13
d) Accounts payable				
DKL	<u>\$ 11,869</u>	-	<u>\$ -</u>	-
e) Accrued expenses				
The former TFN	<u>\$ -</u>	-	<u>\$ 58,733</u>	1

	December 31			
	2007		2006	
	Amount	%	Amount	%
f) Other payables				
The former TFN	<u>\$ -</u>	-	<u>\$ 47,388</u>	1
g) Other current liabilities - collections and temporary credits for the following				
The former TFN	<u>\$ -</u>	-	<u>\$ 34,279</u>	5
		2007	2006	
7) Telecommunications service expenses				
The former TFN		<u>\$ 21,660</u>	<u>\$ 70,387</u>	
8) Insurance expenses				
Fubon Ins.		<u>\$ 21,069</u>	<u>\$ 12,766</u>	
9) Donation				
TWM Foundation		<u>\$ 18,000</u>	<u>\$ 21,000</u>	
10) Repairs and maintenance				
Fubon Property Management Co., Ltd.		<u>\$ 19,288</u>	<u>\$ -</u>	
11) Other expenses				
Fubon Property Management Co., Ltd.		<u>\$ 18,863</u>	<u>\$ 21,985</u>	
12) Endorsement/guarantee provided				
The Corporation and its subsidiaries provide guarantee contracts for related party. Please see Note 27.				
13) Other				

The Corporation bought a real estate from the former TFN based on the need for base station. Only a natural person could be the owner of the farmland due to the related regulations. The Corporation bought the farmland located in Yang-Mei, Taoyuan for the amount of \$12,000 thousand through setting up of a fiduciary contract with the landholder in December 2006 and is applying for the transfer of the ownership. The Corporation uses the land for operation purpose.

26. ASSETS PLEDGED

The assets pledged as collaterals for bank loans, credit line of deposit overdraft, guarantees and refundable deposits for construction contracts were as follows:

	<u>December 31</u>	
	<u>2007</u>	<u>2006</u>
Current assets - time deposits	\$ 47,706	\$ 10,000
Fixed assets, net carrying value	<u>945,693</u>	<u>-</u>
	<u>\$ 993,399</u>	<u>\$ 10,000</u>

The assets, which TFNM and its subsidiaries had pledged or mortgaged as collaterals for syndicated loan, amount to \$833,968 thousand. Since the loan was totally repaid in December 2007, these assets were redeemed on January 7, 2008.

27. COMMITMENTS AND CONTINGENT EVENTS

- a. To enhance 3G mobile communications, expand network coverage and increase the service functions, the Corporation entered into a 3G expansion contract with Nokia for \$4,800,000 thousand in September 2006. As of December 31, 2007, the purchase amount was \$1,127,795 thousand.
- b. Unused letters of credit for acquisition of equipment were EUR22 thousand as of December 31, 2007.
- c. The Corporation provided an \$18,000,000 thousand guarantee for TFN's bank loan. As of December 31, 2007, TFN had drawn down a bank loan of \$5,340,000 thousand under this guarantee.
- d. As of December 31, 2007, the Corporation had provided TFN \$50,000 thousand as performance guarantee for customers for IDD calling card business, in accordance with NCC's new policy, effective April 1, 2007.
- e. As of December 31, 2007, TAT had provided the Corporation \$1,000,000 thousand as performance guarantee for customers, when issuing prepaid card, in accordance with NCC's new policy effective April 1, 2007.
- f. As of December 31, 2007, TFN had NT\$19,380,000 thousand promissory notes outstanding in related to its borrowings with banks.
- g. As of December 31, 2007, TFN had \$2,800 thousand and US\$60 thousand performance guarantees issued by banks for TFN's construction and other projects.
- h. TFNI provided a \$50,000 thousand guarantee for WTVB's bank loan.
- i. TFNI concluded and signed the agreement with Pacific Great Holdings Limited on November, 2006. According to the agreement, TFNI (or the representative of TFNI) will acquire 6.94% equity in 11,660 thousand shares with purchase price of \$535,714 thousand from Pacific. The prompt date will be on January 31, 2008.
- j. As of December 31, 2007, VoPier provided a \$233 thousand guarantee for TTN's obligation of construction and equipment commerce.

- k. Future minimum rental payments as of December 31, 2007 for significant operating lease agreements were summarized as follows:

	Amount
2008	\$ 43,056
2009	20,878
2010	16,766
2011	11,642
2012	5,367

28. ADDITIONAL DISCLOSURES

Following were the additional disclosures required by the Securities and Futures Bureau for the Corporation and its investees:

- a. Financing provided: Table 1 (attached)
- b. Endorsement/guarantee provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$100 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least \$100 million or 20% of the paid-in capital: None
- g. Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Names, locations, and related information of investees on which the Corporation exercised significant influence: Table 7 (attached)
- j. Derivative transactions
 - 1) The Corporation entered into interest rate swap (IRS) contracts in December 2002 to hedge fluctuation on anti-floating interest rates of bonds, which are settled semiannually. Please refer to Note 24 for the related information.

Financial Instrument	Term	Contract Amount
Interest rate swap contracts	Anti-floating interest rate in exchange for fixed interest rate of 2.25%	\$ 2,500,000
	Anti-floating interest rate in exchange for fixed interest rate of 2.45%	5,000,000

The Corporation entered into IRS contracts to hedge anti-floating interest rate fluctuation. For the years ended December 31, 2007 and 2006, the Corporation recognized losses of \$157,945 thousand and \$141,434 thousand, respectively, recorded as addition to interest expense.

- 2) The former TFN entered into IRS contracts in June 2005 to hedge interest floating rate fluctuations on syndicated loans, which are settled quarterly. The IRS contracts were all cleared on June 25, 2007, and the related information is as follows:

Financial Instrument	Term	Contract Amount
Interest rate swap contracts	Floating interest rate in exchange for fixed interest rate of 1.61%	\$ 500,000
	Floating interest rate in exchange for fixed interest rate of 1.60%	500,000
	Floating interest rate in exchange for fixed interest rate of 1.63%	500,000

The former TFN entered into IRS contracts to hedge anti-floating interest rate fluctuation. The former TFN recognized gains of \$894 thousand in 2007.

k. Investment in Mainland China:

- 1) The name of the investee company in Mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, investment gain or loss, ending balance, amount received as earnings distributions from the investment, and the limitation on investment: Table 8 (attached)
- 2) Significant direct or indirect transactions with the investee company, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: None

- l. Business relationships and significant intercompany transactions: Table 9 and Table 10 (attached).

29. SEGMENT INFORMATION

a. Industry

	2007				Adjustments and Elimination	Consolidated
	Mobile	Fixed-line	Cable TV	Others		
Revenues from outside of the Group	\$ 57,982,556	\$ 5,169,368	\$ 2,847,335	\$ 95,902	\$ -	\$ 66,095,161
Revenues from other segments in the Group (Note 2)	<u>1,269,486</u>	<u>798,252</u>	<u>18,174</u>	<u>13,500</u>	<u>(2,099,412)</u>	<u>-</u>
Total revenues	<u>\$ 59,252,042</u>	<u>\$ 5,967,620</u>	<u>\$ 2,865,509</u>	<u>\$ 109,402</u>	<u>\$ (2,099,412)</u>	<u>\$ 66,095,161</u>
Gross profit (loss) (Note 3)	<u>\$ 19,390,294</u>	<u>\$ 122,401</u>	<u>\$ 1,163,485</u>	<u>\$ (77,873)</u>	<u>\$ 718,716</u>	\$ 21,317,023
Interest income						258,123
Investment income, net						172,777
Other income						813,589
Interest expenses						(943,585)
Operating expenses						-
Other expenses						<u>(12,668,200)</u>
Income before income tax						<u>\$ 8,949,727</u>

(Continued)

	2007				Adjustments and Elimination	Consolidated
	Mobile	Fixed-line	Cable TV	Others		
Identifiable assets (Note 4)	<u>\$ 78,023,888</u>	<u>\$ 11,797,459</u>	<u>\$ 12,486,697</u>	<u>\$ 350,827</u>	<u>\$ (9,890,692)</u>	\$ 92,768,179
Financial assets						2,235,376
Long-term investment						3,026,701
General assets						-
Total assets						<u>\$ 98,030,256</u>
Depreciation expenses	<u>\$ 7,145,513</u>	<u>\$ 267,401</u>	<u>\$ 332,554</u>	<u>\$ 18,254</u>		
Amortization expenses	<u>\$ 954,232</u>	<u>\$ 28,140</u>	<u>\$ 88,988</u>	<u>\$ 958</u>		
Capital expenditure	<u>\$ 5,389,700</u>	<u>\$ 432,101</u>	<u>\$ 462,229</u>	<u>\$ 420</u>		

(Concluded)

Note 1: The Group is divided into mobile, fixed-line and cable TV service business.

Note 2: Represents sales or labor service between segments.

Note 3: Represents revenue minus cost and expenses on segment basis, not included the Group's general and administrative expenses.

Note 4: Represents tangible and intangible assets which can be separately allocated to each segment. However, these assets do not include:

- 1) Asset not for use by any specific segment.
- 2) Advances or loans to another segment.
- 3) Investments accounted for using equity method.

For 2006, the Group is primarily engaged in wireless communication services and wholesale retailing of telecommunication equipment, which are accordingly classified into a telecommunication segment and another sales segment. Under SFAS No. 20, "Disclosure of Segment Financial Information," no industry information needs to be disclosed herein because the net income (loss) of the sales segment was less than 10% of the aggregate segment income (loss).

b. Foreign operations

The Corporation has no revenue-generating unit that operates outside the ROC.

c. Foreign revenues

The Corporation has no foreign revenues.

d. Customers with revenues exceeding 10% of the total net operating revenues were as follows:

Company	2007		2006	
	Amount	Percentage of Operating Revenues (%)	Amount	Percentage of Operating Revenues (%)
Chunghwa Telecom Co., Ltd.	\$ 11,151,044	17	\$ 11,712,979	20

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Note)	Financing Company's Financing Amount Limits (Note)
											Item	Value		
0	The Corporation	The former Taiwan Fixed Network Co., Ltd.	Other receivables	\$ 3,500,000	\$ -	2.94%	Short-term financing	\$ -	To finance subsidiaries to pay off the syndicate loan	\$ -	-	-	\$ 12,741,172 (Note 1)	\$ 12,741,172 (Note 1)
0	The Corporation	Taiwan Fixed Network Co., Ltd.	Other receivables	12,500,000	-	2.474%	Short-term financing	-	To meet its financing needs in acquiring the former TFN	-	-	-	12,741,172 (Note 1)	12,741,172 (Note 1)
0	The Corporation	Tai Fu Media Technology Co., Ltd.	Other receivables	2,005,000	2,005,000	2.554%-2.568%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	12,741,172 (Note 1)	12,741,172 (Note 1)
0	The Corporation	TFN Media Ltd.	Other receivables	250,000	250,000	2.538%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	1,500,000 (Note 1)	12,741,172 (Note 1)
1	TransAsia Telecommunications Inc. (Note 4)	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Other receivables	900,000	900,000	2.477%	Short-term financing	-	To meet its financing needs in setting up subsidiaries	-	-	-	- (Note 4)	4,532,266 (Note 1)
2	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taiwan Fixed Network Co., Ltd.	Other receivables	2,500,000	2,500,000	2.558%	Short-term financing	-	To pay off bank loan	-	-	-	22,799,215 (Note 1)	22,799,215 (Note 1)
2	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	TFN Media Ltd.	Other receivables	1,250,000	1,250,000	2.538%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	1,500,000 (Note 1)	22,799,215 (Note 1)
3	TFN Investment Co., Ltd.	The former Taiwan Fixed Network Co., Ltd.	Other receivables	1,200,000	-	2.501%	Short-term financing	-	To finance parent company to pay off bank loan.	-	-	-	21,256,008 (Note 2)	27,223,560 (Note 2)
3	TFN Investment Co., Ltd.	TFN Media Ltd.	Other receivables	1,000,000	1,000,000	2.538%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	-	1,267,798 (Note 2)	27,223,560 (Note 2)
4	Union Cable TV Co., Ltd.	TFN Media Ltd.	Other receivables - related parties	460,000	460,000	2.538%-3.7947%	Transactions	229,923	Business requirements	-	-	-	13,500,000 (Note 3)	13,500,000 (Note 3)
5	North Coast Cable TV Co., Ltd.	TFN Media Ltd.	Other receivables - related parties	140,000	140,000	2.538%-3.7947%	Transactions	60,910	Business requirements	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
6	Mangrove Cable TV Corporation	TFN Media Ltd.	Other receivables - related parties	43,000	43,000	2.538%-3.7947%	Transactions	13,401	Business requirements	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
7	Globalview Cable TV Co., Ltd.	TFN Media Ltd.	Other receivables - related parties	210,000	210,000	2.538%-3.7947%	Transactions	199,423	Business requirements	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)
8	Shin Ho Cable TV Co., Ltd.	TFN Media Ltd.	Other receivables - related parties	207,700	207,700	2.538%-3.7947%	Transactions	13,707	Business requirements	-	-	-	12,000,000 (Note 3)	12,000,000 (Note 3)

(Continued)

Note 1: For the entities which have short-term financing needs (loaning entities), the aggregate amount of loaning fund shall not exceed 40 percent of the financing company's net worth. The individual loaning fund shall be limited to the lowest amount of the following items: 1) 40 percent of the financing company's net worth; 2) the amount that the financing company invests in the loaning entities; or 3) the amount = (the share portion of the loaning entities that the financing company invests)² (the total loaning amounts of the loaning entities). In the event that a financing company directly or indirectly 100% owns a counter-party, the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the financing company's net worth.

Note 2: (a) The amount of financing provided, including transactions, business cooperation and short-term financing, should not exceed the higher amount between the net worth of the corporation or the amount of transactions plus business cooperation. (b) The limited amount of financing provided for short-term financing should not exceed 40% of the net worth of the financing company, and the amount financed to each counter-party should not exceed 40% of the net worth of the counter-party.

Note 3 Where funds are loaned for reasons of business dealings, the individual lending amount and the aggregate amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the financing company's capital, or 2) the amount of business dealing.

Note 4: Assumed all MBT's financing provided to others due to merger.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
 YEAR ENDED DECEMBER 31, 2007
 (In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Allowed for Receiving Party	Maximum Balance for the Period (Note 4)	Ending Balance (Note 4)	Value of Collaterals	Ratio of Accumulated Amount of Endorsement/ Guarantee to Net Equity of the Receiving Party (Note 4)	Maximum Total Guarantee/ Endorsement Allowed to Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	The Corporation	Taiwan Fixed Network Co., Ltd.	(Note 1)	\$ 80,000,000 (Note 5)	\$ 18,050,000	18,050,000	\$ -	56.67%	\$ 31,852,929 (Note 5)
1	TransAsia Telecommunications Inc.	The Corporation	(Note 2)	18,000,000 (Note 6)	1,000,000	1,000,000	-	8.83%	11,330,665 (Note 6)
2	TFN Investment Co., Ltd.	WinTV Broadcasting Co., Ltd.	(Note 3)	27,223,560 (Note 7)	50,000	50,000	-	0.18%	27,223,560 (Note 7)
3	VoPier Communications (Taiwan) Co., Ltd.	Taiwan Telecommunication Network Services Co., Ltd.	(Note 2)	240,000 (Note 8)	262	233	-	1.87%	12,447 (Note 8)
4	TFN Media Ltd.	TFN Media Ltd.	(Note 1)	15,000,000 (Note 9)	7,000,000 (Note 10)	-	- (Note 10)	-	15,000,000 (Note 9)
5	Union Cable TV Co., Ltd.	Union Cable TV Co., Ltd.	(Note 1)	1,350,000 (Note 9)				-	1,350,000 (Note 9)
6	North Coast Cable TV Co., Ltd.	North Coast Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 9)				-	12,000,000 (Note 9)
7	Mangrove Cable TV Corporation	Mangrove Cable TV Corporation	(Note 1)	12,000,000 (Note 9)				-	12,000,000 (Note 9)
8	Globalview Cable TV Co., Ltd.	Globalview Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 9)				-	12,000,000 (Note 9)
9	Phoenix Cable TV Co., Ltd.	Phoenix Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 9)				-	12,000,000 (Note 9)
10	Shin Ho Cable TV Co., Ltd.	Shin Ho Cable TV Co., Ltd.	(Note 1)	12,000,000 (Note 9)				-	12,000,000 (Note 9)
11	Yeong Jialeh Cable TV Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	(Note 1)	24,000,000 (Note 9)				-	24,000,000 (Note 9)

(Continued)

Note 1: Direct/indirect subsidiary

Note 2: Parent company

Note 3: Direct subsidiary

Note 4: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.

Note 5: The Corporation limits the endorsement/guarantee amount for the company that directly or indirectly entitled the whole percentage of voting rights within net value of the Corporation, and the endorsement/guarantee amount for each counter-party.

Note 6: The Corporation limits the endorsement/guarantee amount for directly or indirectly entitled the whole percentage of TAT within the net value of TAT, and the endorsement/guarantee amount should not exceed double TAT's investment amount.

Note 7: The individual lending amount and the aggregate amount of loaning funds to subsidiaries shall be both limited to the higher amount of the following items: 1) the financing company's net worth, or 2) the amount of business dealing.

Note 8: TTN wholly owns VoPier Communications. The total guarantee/endorsement amount for VoPier's to provide shall not exceed its net worth. The guarantee/endorsement amount to each shareholder provided by VoPier limits to 2 times of its stake.

Note 9: The individual lending amount and the aggregate amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the financing company's capital, or 2) the amount of business dealing.

Note 10: TFNM, FYM, UCTV, NCCTV, MCTV, GCTV, PCTV, SHCTV and YJCTV are sureties for each other to obtain a syndicate loan from Chinatrust Commercial Bank and other financial institutions. The credit line was \$7,000,000 thousand. Those nine companies are jointly liable for this loan. As of December 31, 2007, those companies had paid off all the syndicate loan. The amount of collaterals refers to Note 26.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

YEAR ENDED DECEMBER 31, 2007

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
Taiwan Mobile Co., Ltd.	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,957 (Note 9)	\$ 177,112	0.028%	\$ 177,112 (Note 2)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	71,596	10.00%	61,225	
	TransAsia Telecommunications Inc.	Subsidiary	Long-term investments - equity method	900,000	11,330,665	100.00%	11,330,665	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,700	82,715	100.00%	82,715	
	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Subsidiary	Long-term investments - equity method	364,958	3,791,398 (Note 3)	100.00%	56,998,037	
TransAsia Telecommunications Inc.	<u>Stock</u> Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	- (Note 5)	0.19%	- (Note 4)	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,500	80,876	100.00%	80,876	
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	84,975	100.00%	84,975	
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	117,100	2,001,211	100.00%	2,001,211	
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	900	100.00%	900	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,460	84,039	6.18%	40,715	
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	<u>Stock</u> Arcoa Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21%	- (Note 4)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	22,202	3.00%	- (Note 4)	
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	- (Note 5)	12.00%	- (Note 4)	
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773	3.17%	- (Note 4)	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	249,986	100.00%	249,986	
	Tai Yi Digital Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	2,495	23,507	49.90%	23,507	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US\$ 7,650	100.00%	US\$ 7,650	
Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	4,000,000	53,140,019	100.00%	53,140,019		
Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	11,172	100.00%	11,172		

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT&T Life Insurance Agency Co., Ltd.	Subsidiary	Long-term investments - equity method	300	\$ 3,009	100.00%	\$ 3,009	
	TT&T Casualty & Property Insurance Agency Co., Ltd.	Subsidiary	Long-term investments - equity method	300	2,672	100.00%	2,672	
	TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments - equity method	1,300	US\$ 1,316	100.00%	US\$ 1,316	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments - equity method	2,000	20,046	100.00%	20,046	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 1,312	100.00%	US\$ 1,312	
TWM Holding Co. Ltd.	<u>ADS</u> Hurray! Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,080	US\$ 4,309	4.97%	US\$ 4,309 (Note 2)	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd.	The Corporation	Available-for-sale financial assets - non-current	900,353 (Note 9)	37,004,498	18.00%	37,004,498 (Note 2)	
	TFN Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,061,939	24,215,585	100.00%	27,223,560	
	Taiwan United Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,190	1,507,621	98.93%	1,507,621	
	TFN HK Limited	Subsidiary	Long-term investments - equity method	1,299	3,075	99.99%	3,075	
TFN Investment Co., Ltd.	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.97%	241,036 (Note 8)	
	<u>Stock</u> Taiwan Mobile Co., Ltd.	The Corporation	Available-for-sale financial assets - non-current	467,897 (Note 9)	19,230,586	9.36%	19,230,586 (Note 2)	
	Reach & Range Inc.	Subsidiary	Long-term investments - equity method	2,400	32,355	100.00%	25,284	
	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	59,100	254,942	98.50%	252,141	
	TFN Media Ltd.	Subsidiary	Long-term investments - equity method	214,518	2,951,824	93.06%	2,949,532	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	50,528	6.67%	50,528 (Note 8)	
	Fubon Financial Holding Company	Related parties	Available-for-sale financial assets - current	62,023	1,786,256	0.80%	1,786,256 (Note 2)	
TFN Media Ltd.	<u>Preferred stock</u> Taiwan High Speed Rail Corporation - Unlisted Convertible Preferred Stock - series A	-	Bonds measured at amortized cost-non - current	50,000	500,000	1.03%	-	
	<u>Stock</u> Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,078,790	100.00%	554,455	
	Shin Ho Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	20,000	729,647	100.00%	242,792 (Note 7)	

(Continued)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2007				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Assets Value (Note 1)	
	Mangrove Cable TV Corporation	Subsidiary	Long-term investments - equity method	21,160	\$ 518,552	100.00%	\$ 255,405 (Note 7)	
	North Coast Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	21,160	518,645	100.00%	226,805	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	47,663	2,069,063	70.00%	656,023	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	2,014,883	99.99%	1,810,283	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,231,162	92.38%	608,710	
Taiwan United Communication Co., Ltd.	<u>Stock</u> Taiwan Telecommunication Network Services Co., Ltd.	Subsidiary	Long-term investments - equity method	108,193	1,493,729	99.53%	942,065	
Taiwan Telecommunication Network Services Co., Ltd.	<u>Stock</u> VoPier Communications (Taiwan) Co., Ltd.	Subsidiary	Long-term investments - equity method	12,000	12,447	100.00%	12,447	
	<u>Preferred Stock</u> New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	33,684	239,817	0.84%	- (Note 4)	
	<u>Beneficiary certificates</u> Fuh-Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	2,272	30,775	-	30,775 (Note 6)	
	Fuh-Hwa Yuli Bond Fund	-	Financial assets at fair value through profit or loss - current	4,043	50,988	-	50,988 (Note 6)	
	ING Taiwan Income Fund	-	Financial assets at fair value through profit or loss - current	2,556	41,120	-	41,120 (Note 6)	
VoPier Communications (Taiwan) Co., Ltd.	<u>Beneficiary certificates</u> CAPITAL Income Fund	-	Financial assets at fair value through profit or loss - current	71	1,072	-	1,072 (Note 6)	
	IBT 1699 Bond Fund	-	Financial assets at fair value through profit or loss - current	210	2,649	-	2,649 (Note 6)	
	E. Sun ERA Bond Fund	-	Financial assets at fair value through profit or loss - current	145	1,598	-	1,598 (Note 6)	
	Fuh-Hwa Bond Fund	-	Financial assets at fair value through profit or loss - current	278	3,771	-	3,771 (Note 6)	

Note 1: Based on the investee's net value as shown in its latest financial statements

Note 2: Based on the closing price on December 31, 2007.

Note 3: Taiwan Mobile shares held indirectly by Taiwan Cellular Co., Ltd. (TCC) are classified as treasury shares. Therefore, TWM's carrying cost of TCC was reduced from NT\$56,998,037 thousand by NT\$40,844,007 thousand and another NT\$12,362,632 thousand unrealized gain.

Note 4: As of December 31, 2007, the independent auditors' report date, the investee's net value was not available.

Note 5: Impairment loss recognized in 2004 reduced the value to zero.

(Continued)

Note 6: Based on the net assets value of the fund on December 31, 2007.

Note 7: Partial shares are held under trustee accounts.

Note 8: Calculation was based on unaudited financial statements.

Note 9: Shares held before capital reduction.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance (Note 1)			
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount	
Taiwan Mobile Co., Ltd.	<u>Beneficiary certificate</u> Fuhwa Bond Fund	Financial assets at fair value through profit or loss - current	-	-	45,175	\$ 602,192	-	\$ -	45,175	\$ 604,649	\$ 604,649	\$ -	-	\$ -	
	ING Taiwan Income Fund	Financial assets at fair value through profit or loss - current	-	-	25,387	401,917	-	-	25,387	403,656	403,656	-	-	-	
	ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	126,959	1,913,171	-	-	126,959	1,920,610	1,920,610	-	-	-	
	ING Taiwan Select Bond Fund	Financial assets at fair value through profit or loss - current	-	-	35,432	401,565	-	-	35,432	401,827	401,827	-	-	-	
	AIG Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	153,928	1,962,733	-	-	153,928	1,968,901	1,968,901	-	-	-	
	Dresdner Bond Dam Fund	Financial assets at fair value through profit or loss - current	-	-	130,038	1,506,803	-	-	130,038	1,512,928	1,512,928	-	-	-	
	Fubon Jin-Ju-I Fund	Financial assets at fair value through profit or loss - current	-	-	81,999	1,002,954	-	-	81,999	1,007,112	1,007,112	-	-	-	
	NITC Bond Fund	Financial assets at fair value through profit or loss - current	-	-	17,122	2,817,260	-	-	17,122	2,826,608	2,826,608	-	-	-	
	Prudential Financial Bond Fund	Financial assets at fair value through profit or loss - current	-	-	13,686	200,015	-	-	13,686	200,500	200,500	-	-	-	
	JF (Taiwan) Bond Fund	Financial assets at fair value through profit or loss - current	-	-	19,702	300,597	-	-	19,702	301,824	301,824	-	-	-	
	<u>Stock</u> Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Long-term investments - equity method	-	-	325,000	3,877,659	39,958	39,958,330	-	-	-	-	-	364,958	3,791,398 (Note 2)
	The Former Taiwan Fixed Network Co., Ltd.	Financial assets carried at cost - non-current	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Subsidiary	637,000	3,700,944	-	-	637,000	5,287,100	3,700,944	-	(Note 3)	-	-
	TransAsia Telecommunications Inc.	<u>Beneficiary certificate</u> ING Taiwan Bond Fund	Financial assets at fair value through profit or loss - current	-	-	46,758	704,606	-	-	46,758	706,382	706,382	-	-	-
AIG Taiwan Bond Fund		Financial assets at fair value through profit or loss - current	-	-	71,000	905,330	-	-	71,000	907,488	907,488	-	-	-	
Prudential Financial Bond Fund		Financial assets at fair value through profit or loss - current	-	-	37,966	554,861	-	-	37,966	556,205	556,205	-	-	-	
JF (Taiwan) Bond Fund		Financial assets at fair value through profit or loss - current	-	-	42,808	653,130	-	-	42,808	654,757	654,757	-	-	-	
Fubon Jin-Ju-I Fund		Financial assets at fair value through profit or loss - current	-	-	12,267	150,035	24,522	300,000	36,789	451,112	451,112	-	-	-	
<u>Stock</u> Mobitai Communications		Long-term investments-equity method.	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Related party	-	-	200,000	-	200,000	-	-	(Note 7)	(Note 7)	-	-
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> Fu Jia Leh Media Technology Co., Ltd.	Long-term investments - equity method	-	-	-	-	117,100	2,001,700	-	-	-	-	117,100	2,001,211 (Note 10)	
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	<u>Stock</u> Taiwan Fixed Network Co., Ltd.	Long-term investments - equity method	-	-	-	-	4,000,000	40,000,000	-	-	-	-	4,000,000	53,140,019 (Note 4)	
	The former Taiwan Fixed Network Co., Ltd.	Financial assets carried at cost - non-current	Taiwan Mobile Co., Ltd.	Parent	4,900	42,864	637,000	5,287,100	641,900	5,327,770	5,329,964	-	(Note 5)	-	
	Taiwan Digital Communications Co., Ltd.	Long-term investments - equity method	-	-	-	-	26,000	260,000	-	-	-	-	1,200	11,172 (Note 6)	

(Continued)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance (Note 1)			
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> The former Taiwan Fixed Network Co., Ltd.	Long-term investments - equity method			-	\$ -	5,624,640	\$ 46,677,052	5,624,640	\$ -	\$ 46,677,052	\$ -	-	\$ -	
	Taiwan United Communication Co., Ltd.	Long-term investments - equity method			-	-	1,190	1,509,887	-	-	-	(Note 8)	1,190	1,507,621 (Note 9)	
	<u>Beneficiary certificate</u> Fubon Jin-Ju-I Fund	Available-for-sale financial assets - current	-	-	57,696	705,702	-	-	57,696	710,087	697,743	12,344	-	-	
	Fubon Chi-Hsiang Fund	Available-for-sale financial assets - current	-	-	32,588	474,301	-	-	32,588	477,065	460,272	16,793	-	-	
	ING Taiwan Income Fund	Available-for-sale financial assets - current	-	-	31,345	496,241	-	-	31,345	499,590	482,440	17,150	-	-	
	ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	28,577	430,627	-	-	28,577	433,302	482,521	4,781	-	-	
	NITC Bond Fund	Available-for-sale financial assets - current	-	-	2,303	378,968	-	-	2,303	381,266	376,422	4,844	-	-	
	Fuhwa Apex Bond Fund	Available-for-sale financial assets - current	-	-	10,426	123,066	-	-	10,426	123,396	123,031	365	-	-	
	JF (Taiwan) Bond Fund	Available-for-sale financial assets - current	-	-	13,110	200,016	-	-	13,110	201,238	200,000	1,238	-	-	
	Capital Income Fund	Available-for-sale financial assets - current	-	-	13,432	200,009	-	-	13,432	201,269	200,000	1,269	-	-	
	Prudential Financial Bond Fund	Available-for-sale financial assets - current	-	-	6,842	100,000	-	-	6,842	100,602	100,000	602	-	-	
	Fuhwa Advantage Bond Fund	Available-for-sale financial assets - current	-	-	11,510	120,005	-	-	11,510	120,322	120,000	322	-	-	
	Fuhwa Bond Fund	Available-for-sale financial assets - current	-	-	-	-	19,009	243,719	19,009	244,487	243,719	768	-	-	
	TFN Investment Co., Ltd.	<u>Beneficiary certificate</u> ING Taiwan Bond Fund	Available-for-sale financial assets - current	-	-	26,669	401,881	46,329	700,000	72,998	1,107,087	1,100,000	7,087	-	-
		ING Taiwan Income Fund	Available-for-sale financial assets - current	-	-	9,837	155,733	23,108	368,000	32,945	526,976	523,000	3,976	-	-
JF (Taiwan) Bond Fund		Available-for-sale financial assets - current	-	-	6,624	101,072	13,095	200,000	19,719	302,760	300,529	2,231	-	-	
JF (Taiwan) First Bond Fund		Available-for-sale financial assets - current	-	-	-	-	14,192	200,000	14,192	200,663	200,000	663	-	-	
Capital Income Fund		Available-for-sale financial assets - current	-	-	-	-	56,930	850,000	56,930	853,129	850,000	3,129	-	-	
NITC Bond Fund		Available-for-sale financial assets - current	-	-	61	10,083	1,031	170,000	1,092	180,849	179,834	1,015	-	-	
NITC Taiwan Bond Fund		Available-for-sale financial assets - current	-	-	-	-	38,924	550,000	38,924	551,907	550,000	1,907	-	-	
Fubon Chi-Hsiang Fund		Available-for-sale financial assets - current	-	-	12,322	179,343	-	-	12,322	180,423	178,086	2,337	-	-	
Fubon Jin-Ju-I Fund		Available-for-sale financial assets - current	-	-	28,751	351,658	84,371	1,034,237	113,122	1,392,522	1,384,237	8,285	-	-	
Pca Well Pool Fund		Available-for-sale financial assets - current	-	-	-	-	23,896	300,000	23,896	301,054	300,000	1,054	-	-	
Upame James Bond Fund		Available-for-sale financial assets - current	-	-	-	-	16,160	250,000	16,160	250,827	250,000	827	-	-	
Fuhwa Bond Fund		Available-for-sale financial assets - current	-	-	-	-	23,399	300,000	23,399	301,006	300,000	1,006	-	-	
<u>Stock</u> Fubon Financial Holding Company		Available-for-sale financial assets - current	-	-	53,293	1,625,432	34,645	1,032,419	25,915	835,250	680,310	154,940	62,023	1,786,256	
Taiwan United Communication Co., Ltd.	<u>Stock</u> Taiwan Telecommunication Network Services Co., Ltd.	Long-term investments - equity method	-	-	-	-	108,193	1,497,701	-	-	-	-	108,193	1,493,729 (Note 11)	
Globalview Cable TV Co., Ltd.	<u>Beneficiary certificate</u> IBT Ta Chong Bond Fund	Available-for-sale financial assets - current	-	-	7,679	100,003	-	-	7,679	100,700	100,000	700	-	-	
Shin Ho Cable TV Co., Ltd.	<u>Beneficiary certificate</u> Fubon Jin-Ju-I Fund	Available-for-sale financial assets - current	-	-	5,724	70,009	-	-	5,724	70,523	70,000	523	-	-	

(Continued)

Note 1: The amount of beginning and ending fund balance that belongs to marketable securities included the revaluation gain on financial assets.

Note 2: The amount included (a) the cash dividend adjustment of \$544,114 thousand; (b) the investment income adjustment of \$1,784,640 thousand; (c) the recognition of cumulative translation adjustments of \$1,904 thousand; (d) unrealized loss of \$113,063 thousand on financial asset; (e) capital surplus \$331,485 thousand; and (f) net loss not recognized as pension cost 1,534 thousand. Moreover, the Corporation's shares held by its subsidiaries are treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock, amount to \$40,844,007 thousand.

Note 3: For its reorganization, the Corporation resolved to inject capital into Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.) with all its shares of Taiwan Fixed Network Co., Ltd. (the former TFN). The difference between the original cost and the disposal price of the former TFN shares, \$1,586,156 thousand, was recognized by the Corporation as deferred credits. There was no gain or loss on this transaction.

Note 4: The amount included (a) the investment income adjustment of \$809,140 thousand; (b) the recognition of cumulative translation adjustment of \$751 thousand; (c) unrealize loss of \$12,327,281 thousand on financial assets; (d) capital surplus \$1,313 thousand; and (e) net loss not recognized as pension cost \$1,534 thousand.

Note 5: For its reorganization, TCC resolved to inject capital into Taihsing International Telecommunications Co., Ltd. with all its shares of Taiwan Fixed Network Co., Ltd. (the former TFN). The difference between the original cost and the disposal price of the former TFN shares, \$2,194 thousand, was recognized by TCC as deferred debits. There was no gain or loss on this share transaction.

Note 6: The amount included the capital reduction adjustment of \$248,000 thousand and the investment loss adjustment of \$828 thousand.

Note 7: For its recognition, Mobitai Communications merged into TAT. There was no gain or loss on this share transaction.

Note 8: For its recognition, the former TFN merged into TFN. There was no gain or loss on this share transaction.

Note 9: The amount included (a) the investment loss adjustment of \$3,579 thousand; and (b) capital surplus \$1,313 thousand.

Note 10: The amount included the investment loss adjustment of \$489 thousand.

Note 11: The amount included (a) the investment income adjustment of \$8,955 thousand; and (b) the difference between the cost of acquisition and the equity in the investee's net asset value, amount to \$12,927 thousand.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Other Transaction		Notes/Accounts Payable or Receivable		Note		
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total			
Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	Subsidiary	Sale	\$ (584,457)	1	Based on contract terms	-	-	\$ 73,498	1			
			Purchase	295,200	1	Based on contract terms	-	-	(19,609)	1			
	Taiwan Fixed Network Co., Ltd. (including the former Taiwan Fixed Network Co., Ltd.)	Subsidiary	Sale	(1,638,666)	3	Based on contract terms	-	-	218,970	4			
			Purchase	901,022	4	Based on contract terms	-	-	-	-			
	Mobitai Communications	Subsidiary	Sale	(242,924)	-	Based on contract terms	-	-	-	-			
Purchase			185,391	1	Based on contract terms	-	-	-	-				
Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	875,660	(Note 1)	Based on contract terms	-	-	(159,147)	-	(Note 2)			
TransAsia Telecommunications Inc.	The Corporation	Parent	Sale	(295,200)	5	Based on contract terms	-	-	19,754	3			
			Purchase	584,457	21	Based on contract terms	-	-	(75,158)	20			
Mobitai Communications	The Corporation	Ultimate parent	Sale	(185,009)	6	Based on contract terms	-	-	-	-			
			Purchase	242,924	15	Based on contract terms	-	-	-	-			
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(875,715)	95	Based on contract terms	-	-	158,849	93			
Taiwan Fixed Network Co., Ltd. (including the former Taiwan Fixed Network Co., Ltd.)	The Corporation	Ultimate parent	Sale	(979,542)	12	Based on contract terms	-	-	351,873	37	(Note 3)		
			Purchase	1,593,670	24	Based on contract terms	-	-	(1,013)	-			
TFN Media Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Sale	(282,163)	19	Based on contract terms	-	-	24,689	16			
			Phoenix Cable TV Co., Ltd.	Subsidiary	Sale	(427,388)	29	Based on contract terms	-	-		37,396	25
			Union Cable TV Co., Ltd.	Subsidiary	Sale	(191,523)	13	Based on contract terms	-	-		16,758	11
			Globalview Cable TV Co., Ltd.	Subsidiary	Sale	(165,656)	11	Based on contract terms	-	-		14,495	10
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	282,163	61	Based on contract terms	(Note 4)	(Note 4)	(24,689)	76			
Union Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	191,523	53	Based on contract terms	(Note 4)	(Note 4)	(16,758)	47			
Globalview Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	165,656	62	Based on contract terms	(Note 4)	(Note 4)	(14,495)	55			
Phoenix Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Royalty	427,388	65	Based on contract terms	(Note 4)	(Note 4)	(37,396)	62			

Note 1: Recognized as operating expenses.

Note 2: Recognized as accrued expenses.

Note 3: Shown as TFN's ending balance.

Note 4: No comparables on such kind of transactions.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2007
 (In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts					
					Amount	Action Taken							
Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	Subsidiary	Accounts receivable \$ 73,498	7.6	\$ -	-	\$ -	\$ -					
			Other receivables 217,895						-	-	-		
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable 218,970	7.42 (Note 1)	-	-	-	-	-				
			Other receivables 55,636							-	-	6,181	-
			Other receivables 2,009,353							-	-	-	-
TFN Media Ltd.	Subsidiary	Other receivables 250,487	-	-	-	-	-						
TransAsia Telecommunications Inc.	The Corporation	Parent	Accounts receivable 19,754	13.51	-	-	-	-					
			Other receivables 491,482						-	-	-	-	
			Other receivables 902,871						-	-	-	-	
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taiwan Fixed Network Co., Ltd.	Subsidiary	Other receivables 2,501,051	-	-	-	-	-					
			TFN Media Ltd.						Subsidiary	Other receivables 1,252,434	-	-	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 158,849	5.62	-	-	-	-					
			Other receivables 303						-	-	-	-	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 351,873	3.06 (Note 1)	-	-	70,497	-					
TFN Investment Co., Ltd.	TFN Media Ltd.	Subsidiary	Other receivables 1,000,000						-	-	-	-	
North Coast Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Accounts receivables 442	-	-	-	-	-					
			Other receivables 144,388						-	-	-	-	
Shin Ho Cable TV C., Ltd.	TFN Media Ltd.	Parent	Accounts receivables 671	-	-	-	-	-					
			Other receivables 211,705						-	-	-	-	
Union Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Accounts receivable 6,549	-	-	-	-	-					
			Other receivables 467,239						-	-	-	-	
Globalview Cable TV Co., Ltd.	TFN Media Ltd.	Parent	Accounts receivable 1,831	-	-	-	-	-					
			Other receivables 215,688						-	-	-	-	

Note 1: Including accounts receivable of the former TFN.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2007			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2007	January 1, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd.	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taipei, Taiwan	Equipment installation and IT service	\$ 43,208,330	\$ 3,250,000	364,958	100	\$ 3,791,398 (Note 1)	\$ 1,768,315	\$ 1,784,640	
	TransAsia Telecommunications Inc. Wealth Media Technology Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Wireless service provider Investment	9,000,000 87,000	12,458,463 -	900,000 8,700	100 100	11,330,665 82,715	1,838,396 (4,285)	1,881,453 (4,285)	
Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	85,000	-	8,500	100	80,876	(4,124)	NA	
Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Taipei Country, Taiwan	Investment	84,000	-	8,400	100	84,975	975	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	2,001,700	-	117,100	100	2,001,211	(489)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,000	-	100	100	900	(100)	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Sijhih Township	Cable television system	82,882	-	3,460	6.18	84,039	87,701	NA	
Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service	5,294	405,294	30,000	100	249,986	106,713	NA	
	Tai Yi Digital Broadcasting Co., Ltd.	Taipei, Taiwan	Broadcasts business and cell phone number agency	24,950	24,950	2,495	49.9	23,507	(1,810)	NA	
	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 9,000	US\$ 9,000	1 share	100	US\$ 7,650	US\$ 64	NA	
Taiwan Fixed Network Co., Ltd.	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed network service	40,000,000	-	4,000,000	100	53,140,019	809,140	NA	
	Taiwan Digital Communications Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service	12,000	-	1,200	100	11,172	(828)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Life Insurance Agency Co., Ltd.	Taipei, Taiwan	Insurance agent	3,000	3,000	300	100	3,009	(4)	NA	
	TT&T Casualty & Property Insurance Agency Co., Ltd.	Taipei, Taiwan	Insurance agent	3,000	3,000	300	100	2,672	(31)	NA	
	TT&T Holdings Co., Ltd.	Samoa	Investment	US\$ 1,300	US\$ 1,300	1,300	100	US\$ 1,316	US\$ (43)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management and relative business	20,000	-	2,000	100	20,046	46	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	Xiamen	Call center service	US\$ 1,300	US\$ 1,300	-	100	US\$ 1,312	US\$ (42)	NA	
Taiwan Fixed Network Co., Ltd.	TFN Investment Co., Ltd.	Taipei, Taiwan	Investment	17,897,639	17,500,000	2,061,939	100	24,215,585	1,093,693	NA	
	Taiwan United Communication Co., Ltd.	Taipei, Taiwan	Equipment installation and IT service	1,509,887	-	1,190	98.93	1,507,621	(3,677)	NA	
	TFN HK Limited	Hong Kong	Telecommunications	5,816	5,816	1,299	99.99	3,075	(489)	NA	
TFN Investment Co., Ltd.	Reach & Range Inc.	Taipei, Taiwan	Service, telecommunication equipment installment and IT service	31,764	60,258	2,400	100	32,355	1,022	NA	
	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	Broadcasts business	591,000	-	59,100	98.50	254,942	(142,674)	NA	
	TFN Media Ltd.	Taipei, Taiwan	Type II telecommunication services	1,500,000	-	214,518	93.06	2,951,824	751,015	NA	
Taiwan United Communication Co., Ltd.	Taiwan Telecommunication Network Services Co., Ltd.	Taipei, Taiwan	Telecommunications	1,497,701	-	108,193	99.53	1,493,729	(6,077)	NA	
Taiwan Telecommunication Network Services Co., Ltd.	VoPier Communications (Taiwan) Co., Ltd.	Taipei, Taiwan	International simple resales and prepaid card	120,000	120,000	12,000	100	12,477	(706)	NA	
TFN Media Ltd.	Globalview Cable TV Co., Ltd.	Sijhih Township	Cable television system	841,413	841,413	51,733	92.38	1,231,162	87,701	NA	
	Yeong Jialeh Cable TV Co., Ltd.	Sinjhuangshih Township	Cable television system	1,616,824	1,616,824	33,940	100	2,078,790	161,612	NA	
	Shin Ho Cable TV Co., Ltd.	Sinjhuangshih Township	Cable television system	661,781	661,781	20,000	100	729,647	36,609	NA	
	Mangrove Cable TV Corporation	Danshueijhen Township	Cable television system	397,703	397,703	21,160 (Note 2)	100	518,552	30,321	NA	
	North Coast Cable TV Co., Ltd.	Danshueijhen Township	Cable television system	399,193	399,193	21,160 (Note 2)	100	518,645	2,416	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County	Cable television system	1,229,257	1,229,257	47,663	70	2,069,063	195,131	NA	
Union Cable TV Co., Ltd.	Yilan City	Cable television system	1,904,440	1,904,440	170,441	99.99	2,014,883	106,163	NA		

Note 1: Taiwan Mobile shares held indirectly by Taiwan Cellular Co., Ltd. (TCC) are classified as treasury shares. Therefore, TWM's carrying cost of TCC was reduced from NT\$56,998,037 thousand by NT\$40,844,007 thousand and another NT\$12,362,632 thousand unrealized gain.

Note 2: Partial shares are held as trusts.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA

DECEMBER 31, 2007

(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of December 31, 2006	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2007	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2007	Accumulated Inward Remittance of Earnings as of December 31, 2007
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US\$ 1,300 (NT\$ 42,249)	Indirect investment in the Company in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 42,249)	\$ -	\$ -	US\$ 1,300 (NT\$ 42,249)	100% ownership of indirect investment by the Corporation's subsidiary	(US\$ 42) (NT\$ 1,378)	US\$ 1,312 (NT\$ 42,650)	\$ -

Accumulated Investment in Mainland China as of December 31, 2007	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US\$1,300 (NT\$42,249)	US\$1,300 (NT\$42,249)	\$99,994

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.499 and RMB1=NT\$4.4491 as of December 31, 2007.

Note 2: The indirect investment made by Taiwan Teleservices & Technologies Co., Ltd., a subsidiary of the Corporation.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2007
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	Taiwan Mobile Co., Ltd.	TransAsia Telecommunications Inc.	1	Accounts receivable	\$ 73,498	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts receivable	(20)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	218,970	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accounts receivable	108	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other receivables	217,895	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Other receivables	2,009,353	Based on regular terms	2%
		Tai Yi Digital Broadcasting Co., Ltd.	1	Other receivables	60	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	935	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	55,636	Based on regular terms	-
		TFN Media Ltd.	1	Other receivables	250,487	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Prepayments	71	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	238	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current assets	204	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accounts payable	19,609	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	6	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accrued expenses	767	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	159,147	Based on regular terms	-
		Taipei Fubon Commercial Bank Co., Ltd.	1	Accrued expenses	13,500	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	134,734	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued expenses	30	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other payables	251,648	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	94,611	Based on regular terms	2%
		TransAsia Telecommunications Inc.	1	Advance receipts	465	Based on regular terms	-
		Mobitai Communications	1	Advance receipts	192	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Tai Yi Digital Broadcasting Co., Ltd.	1	Advance receipts	43	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taipei Fubon Commercial Bank Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
Taiwan United Communication Co., Ltd.	1	Advance receipts	34	Based on regular terms	-		
The former Taiwan Fixed Network Co., Ltd.	1	Advance receipts	24	Based on regular terms	-		

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TransAsia Telecommunications Inc.	1	Other current liabilities	\$ 239,384	Based on regular terms	-
		Tai Yi Digital Broadcasting Co., Ltd.	1	Other current liabilities	75	Based on regular terms	-
		Taipei Fubon Commercial Bank Co., Ltd.	1	Other current liabilities	48	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	334,846	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	830	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating revenues	584,457	Based on regular terms	1%
		Mobitai Communications	1	Operating revenues	242,924	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating revenues	6	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	24,799	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	405	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Operating revenues	1,186,217	Based on regular terms	2%
		Reach & Range Inc.	1	Operating revenues	1,385	Based on regular terms	-
		TFN Media Ltd.	1	Operating revenues	448	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating revenues	95	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	586	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	151	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	305	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	261	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	99	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,162	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	539	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating costs	295,200	Based on regular terms	-
		Mobitai Communications	1	Operating costs	185,391	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	55	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	1,943	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Operating costs	656,116	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	873,106	Based on regular terms	1%
		Taipei Fubon Commercial Bank Co., Ltd.	1	Operating expenses	13,500	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	468	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Operating expenses	64,008	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	206	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	40	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	246	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating expenses	50	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating expenses	30	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	633	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	175	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	4,353	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest income	213,510	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Interest income	4,793	Based on regular terms	-
		TFN Media Ltd.	1	Interest income	487	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Rental income	2	Based on regular terms	-
		Mobitai Communications	1	Rental income	18	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	14	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	9	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Tai Yi Digital Broadcasting Co., Ltd.	1	Rental income	\$ 34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	20	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taipei Fubon Commercial Bank Co., Ltd.	1	Rental income	10	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan United Communication Co., Ltd.	1	Rental income	26	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Rental income	51,331	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Rental income	10	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	32,504	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	1	Interest expenses	6	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Miscellaneous expense	698	Based on regular terms	-
1	TransAsia Telecommunications Inc.	The Corporation	2	Accounts receivable	19,754	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accounts receivable	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	5,150	Based on regular terms	-
		Reach & Range Inc.	3	Accounts receivable	108	Based on regular terms	-
		The Corporation	2	Other receivables	491,482	Based on regular terms	1%
		Taiwan Cellular Co., Ltd.	3	Other receivables	902,871	Based on regular terms	1%
		The Corporation	2	Prepayments	656	Based on regular terms	-
		The Corporation	2	Accounts payable	75,158	Based on regular terms	-
		The Corporation	2	Accrued expenses	148,344	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	4,048	Based on regular terms	-
		The Corporation	2	Other payables	67,871	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	1,426	Based on regular terms	-
		The Corporation	2	Advance receipts	71	Based on regular terms	-
		The Corporation	2	Other current liabilities	58	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other current liabilities	3,822	Based on regular terms	-
		The Corporation	2	Operating revenues	295,200	Based on regular terms	-
		Mobitai Communications	3	Operating revenues	6,235	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	552	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Operating revenues	30,599	Based on regular terms	-
		Reach & Range Inc.	3	Operating revenues	1,892	Based on regular terms	-
		The Corporation	2	Operating costs	584,457	Based on regular terms	1%
		Mobitai Communications	3	Operating costs	3,169	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating costs	(148)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	30,666	Based on regular terms	-
		The Corporation	2	Operating expenses	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	112	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	3	Interest income	1,038	Based on regular terms	-
		The Corporation	2	Rental income	19	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Rental income	284	Based on regular terms	-
		The Corporation	2	Miscellaneous revenue	698	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
2	Mobitai Communications	The Corporation	2	Operating revenues	\$ 185,009	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating revenues	3,169	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	10	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Operating revenues	5,663	Based on regular terms	-
		The Corporation	2	Operating costs	242,924	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating costs	6,235	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Operating costs	2,329	Based on regular terms	-
		Reach & Range Inc.	3	Operating costs	1,723	Based on regular terms	-
		The Corporation	2	Operating expenses	34	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Operating expenses	679	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	3	Interest income	12,826	Based on regular terms	-
		The Corporation	2	Rental income	382	Based on regular terms	-
		3	Taiwan Cellular Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	1	Accounts receivable	101
Taiwan Teleservices & Technologies Co., Ltd.	1			Other receivables	215	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	1			Other receivables	2,501,051	Based on regular terms	3%
TFN Media Ltd.	1			Other receivables	1,252,434	Based on regular terms	1%
The Corporation	2			Prepayments	34	Based on regular terms	-
TransAsia Telecommunications Inc.	1			Short-term loans	900,000	Based on regular terms	1%
TransAsia Telecommunications Inc.	3			Accrued interest expenses	2,871	Based on regular terms	-
The Corporation	2			Operating expenses	34	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	1			Interest income	1,051	Based on regular terms	-
TFN Media Ltd.	1			Interest income	2,434	Based on regular terms	-
TT&T Holdings Co., Ltd.	1			Miscellaneous revenue	95	Based on regular terms	-
Xiamen Taifu Teleservices & Technologies Ltd.	1			Miscellaneous revenue	95	Based on regular terms	-
TransAsia Telecommunications Inc.	3			Interest expenses	1,038	Based on regular terms	-
Mobitai Communications	1	Interest expenses	12,826	Based on regular terms	-		
4	Wealth Media Technology Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating expenses	14	Based on regular terms	-
5	Tai Fu Media Technology Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Accrued interest expenses	4,353	Based on regular terms	-
		The Corporation	2	Other payables	2,005,000	Based on regular terms	2%
		The Corporation	2	Operating expenses	9	Based on regular terms	-
		The Corporation	2	Interest expenses	4,353	Based on regular terms	-
6	Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	3	Prepayments	34	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accrued expenses	42	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating expenses	6	Based on regular terms	-
7	Tai Yi Digital Broadcasting Co., Ltd.	The Corporation	2	Prepayments	43	Based on regular terms	-
		The Corporation	2	Refundable deposits	15	Based on regular terms	-
		The Corporation	2	Operating expenses	35	Based on regular terms	-
8	Taiwan Digital Communications Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating expenses	20	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
9	Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	2	Accounts receivable	\$ 158,849	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	4,938	Based on regular terms	-
		The Corporation	2	Other receivables	303	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other receivables	431	Based on regular terms	-
		The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Accrued expenses	934	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	216	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Accrued expenses	(1,266)	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Accrued expenses	8,707	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	148	Based on regular terms	-
		The Corporation	2	Operating revenues	875,715	Based on regular terms	1%
		TransAsia Telecommunications Inc.	3	Operating revenues	(148)	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	3	Operating revenues	14,323	Based on regular terms	-
		The Corporation	2	Operating expenses	6,602	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Operating expenses	10,646	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Operating expenses	55,246	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,786	Based on regular terms	-		
The Corporation	2	Rental income	4,015	Based on regular terms	-		
10	TT&T Life Insurance Agency Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating expenses	34	Based on regular terms	-
11	TT&T Casualty & Property Insurance Agency Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating expenses	34	Based on regular terms	-
12	Taipei Fubon Commercial Bank Co., Ltd.	The Corporation	2	Accounts receivable	13,548	Based on regular terms	-
		The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating revenues	13,500	Based on regular terms	-
		The Corporation	2	Operating expenses	10	Based on regular terms	-
13	TT&T Holdings Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	2,447	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts payable	3,701	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	10,682	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	101	Based on regular terms	-
14	Xiamen Taifu Teleservices & Technologies Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	8,780	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	102	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	55,176	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	100	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating expenses	8	Based on regular terms	-
15	Taiwan Fixed Network Co., Ltd.	Taiwan Telecommunication Network Services Co., Ltd.	1	Notes receivable	1,794	Based on regular terms	-
		The Corporation	2	Accounts receivable	351,873	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	6,516	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accounts receivable	148	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Accounts receivable	3,382	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TFN Investment Co., Ltd.	1	Accounts receivable	\$ 1,260	Based on regular terms	-
		Reach & Range Inc.	1	Accounts receivable	5,311	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Accounts receivable	11,055	Based on regular terms	-
		TFN Media Ltd.	1	Accounts receivable	16,471	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	6	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	153	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Accounts receivable	65	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Accounts receivable	21	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	814	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	82	Based on regular terms	-
		The Corporation	2	Other receivables	1,775	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Other receivables	234,263	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Other receivables	45	Based on regular terms	-
		TFN Media Ltd.	1	Other receivables	1,702	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other receivables	94	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other receivables	143	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other receivables	48	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other receivables	139	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	201	Based on regular terms	-
		The Corporation	2	Prepayments	64	Based on regular terms	-
		The Corporation	2	Refundable deposits	830	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Short-term loans	2,500,000	Based on regular terms	3%
		TFN Media Ltd.	1	Notes payable	1	Based on regular terms	-
		The Corporation	2	Accounts payable	1,013	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts payable	1,931	Based on regular terms	-
		Reach & Range Inc.	1	Accounts payable	10,879	Based on regular terms	-
		TFN Media Ltd.	1	Accounts payable	3,912	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts payable	17	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts payable	16	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	201	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	15	Based on regular terms	-
		TFNHK	1	Accounts payable	494	Based on regular terms	-
		The Corporation	2	Accrued expenses	64,057	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accrued expenses	5,245	Based on regular terms	-
		Reach & Range Inc.	1	Accrued expenses	3	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Accrued interest expenses	1,036	Based on regular terms	-
		The Corporation	2	Advance receipts	233	Based on regular terms	-
		TFN Media Ltd.	1	Other liabilities	8,875	Based on regular terms	-
		The Corporation	2	Operating revenues	2,176	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating revenues	42	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	4	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Operating revenues	1	Based on regular terms	-
		TFN Media Ltd.	1	Operating revenues	640	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	1	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	2	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	1	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating costs	\$ 24,775	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating costs	552	Based on regular terms	-
		TFN Media Ltd.	1	Operating costs	472	Based on regular terms	-
		The Corporation	2	Operating expenses	51	Based on regular terms	-
		TFN Media Ltd.	1	Operating expenses	(8)	Based on regular terms	-
		The Corporation	2	Interest expenses	213,510	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	1,051	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Interest expenses	329	Based on regular terms	-
		The Corporation	2	Miscellaneous expense	32,425	Based on regular terms	-
16	Taiwan United Communication Co., Ltd.	The Corporation	2	Prepayments	34	Based on regular terms	-
		The Corporation	2	Operating expenses	26	Based on regular terms	-
17	Taiwan Telecommunication Network Services Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	24	Based on regular terms	-
		Reach & Range Inc.	3	Accounts receivable	208	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Notes payable	1,794	Based on regular terms	-
		The Corporation	2	Accounts payable	8	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	3,717	Based on regular terms	-
		The Corporation	2	Accrued expenses	104	Based on regular terms	-
		Reach & Range Inc.	3	Accrued expenses	126	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	122	Based on regular terms	-
		Reach & Range Inc.	3	Operating revenues	791	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Operating revenues	9	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	12	Based on regular terms	-
		The Corporation	2	Operating costs	115	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	8,304	Based on regular terms	-
		The Corporation	2	Operating expenses	243	Based on regular terms	-
18	The former Taiwan Fixed Network Co., Ltd.	The Corporation	2	Operating revenues	713,317	Based on regular terms	1%
		TransAsia Telecommunications Inc.	3	Operating revenues	30,667	Based on regular terms	-
		Mobitai Communications	3	Operating revenues	2,746	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	365	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	4,548	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Operating revenues	1,585	Based on regular terms	-
		Hong Yuan Investment Co., Ltd.	1	Operating revenues	417	Based on regular terms	-
		Reach & Range Inc.	1	Operating revenues	5,316	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Operating revenues	(56)	Based on regular terms	-
		TFN Media Ltd.	1	Operating revenues	38,413	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating revenues	(2,917)	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	663	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	6,691	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	435	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	40	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	3,484	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	401	Based on regular terms	-
		TFNHK	1	Operating revenues	533	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating costs	\$ 1,174,546	Based on regular terms	2%
		TransAsia Telecommunications Inc.	3	Operating costs	30,760	Based on regular terms	-
		Mobitai Communications	3	Operating costs	5,676	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating costs	99	Based on regular terms	-
		Reach & Range Inc.	1	Operating costs	14,661	Based on regular terms	-
		TFN Media Ltd.	1	Operating costs	564	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating costs	14,359	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating costs	155	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	186	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	1,386	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	127	Based on regular terms	-
		TFN HK	1	Operating costs	2,096	Based on regular terms	-
		The Corporation	2	Operating expenses	60,417	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	11,427	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Operating expenses	(43)	Based on regular terms	-
		Hong Yuan Investment Co., Ltd.	1	Operating expenses	(22)	Based on regular terms	-
		Reach & Range Inc.	1	Operating expenses	232	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Operating expenses	(151)	Based on regular terms	-
		TFN Media Ltd.	1	Operating expenses	(1,196)	Based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	1	Operating expenses	(1,290)	Based on regular terms	-
		The Corporation	2	Interest income	6	Based on regular terms	-
		The Corporation	2	Penalty income	(1)	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Penalty income	1	Based on regular terms	-
		The Corporation	2	Rental income	7,035	Based on regular terms	-
		TFN Media Ltd.	1	Miscellaneous revenue	5,368	Based on regular terms	-
		The Corporation	2	Interest expenses	4,793	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Interest expenses	10,854	Based on regular terms	-
		The Corporation	2	Miscellaneous expense	77	Based on regular terms	-
19	TFN Investment Co., Ltd.	TFN Media Ltd.	1	Other receivables	4,051,336	Based on regular terms	4%
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	4	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	234,259	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	8	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	1,748	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Interest income	329	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Interest income	10,854	Based on regular terms	-
		TFN Media Ltd.	1	Interest income	1,947	Based on regular terms	-
20	Reach & Range Inc.	Taiwan Telecommunication Network Services Co., Ltd.	3	Accounts receivable	246	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	12,149	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	(4)	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Accounts payable	208	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	5,312	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Other current liabilities	1,216	Based on regular terms	-
		Mobitai Communications	3	Operating revenues	1,114	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating revenues	358	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The former Taiwan Fixed Network Co., Ltd. The Corporation	2	Operating revenues	\$ 13,568	Based on regular terms	-
		TransAsia Telecommunications Inc.	2	Operating costs	1,845	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	1,892	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	1,015	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating costs	790	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd. The Corporation	2	Operating costs	(694)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	19	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	7,079	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	(869)	Based on regular terms	-
21	Win TV Broadcasting Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Notes payable	65	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	3,464	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	7,221	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Long-term accounts payables	3,327	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	399	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	74	Based on regular terms	-
22	TFN Media Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	3,913	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	27,386	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	32,422	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accounts receivable	842	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Accounts receivable	4,432	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	47,045	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	15,638	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other current assets	5	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other intangible assets	8,875	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Notes payable	4,960	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Notes payable	(4,960)	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts payable	1,640	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Accounts payable	597	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts payable	2,114	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accounts payable	489	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		North Coast Cable TV Co., Ltd.	1	Accounts payable	\$ 442	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	3,518	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	1,463	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	15,150	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	(4,960)	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	4,910	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Accrued expenses	74	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued expenses	2,863	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accrued expenses	295	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Accrued expenses	43	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	3,899	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	417	Payment terms varied depend on the agreements	-
		The Corporation	2	Accrued interest expenses	504	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Accrued interest expenses	2,521	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Accrued interest expenses	2,016	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accrued interest expenses	5,368	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Accrued interest expenses	2,134	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accrued interest expenses	772	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Accrued interest expenses	2,512	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accrued interest expenses	3,768	Payment terms varied depend on the agreements	-
		The Corporation	2	Other payables	250,000	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Other payables	1,250,000	Payment terms varied depend on the agreements	1%
		Taiwan Fixed Network Co., Ltd.	2	Other payables	1,305	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TFN Investment Co., Ltd.	2	Other payables	\$ 4,049,389	Payment terms varied depend on the agreements	4%
		Union Cable TV Co., Ltd.	1	Other payables	461,871	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Other payables	209,571	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	1,871	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Other payables	44,871	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Other payables	141,871	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	1,871	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Other payables	211,871	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other liabilities	5,336	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Other liabilities	4,477	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Other liabilities	4,477	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Other liabilities	5,835	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	1,037	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating revenues	136,768	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	573	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	201,987	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating revenues	887	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	36,409	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	305,208	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	118,664	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	264	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	640	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	42,649	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating costs	18,946	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Shin Ho Cable TV Co., Ltd.	1	Operating costs	\$ 568	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	11,332	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating costs	1,236	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating costs	421	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	16,784	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	2,457	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	132	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	3,411	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	2,400	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	471	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	1,237	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating expenses	254	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating expenses	90	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	2,114	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	409	Payment terms varied depend on the agreements	-
		The Corporation	2	Miscellaneous revenue	2	Based on regular terms	-
		The Corporation	2	Interest expenses	504	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	2,521	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Interest expenses	2,016	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	1,002	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Interest expenses	441	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Interest expenses	96	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Interest expenses	311	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	467	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Shin Ho Cable TV Co., Ltd.	1	Miscellaneous expense	\$ 1,871	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Miscellaneous expense	1,871	Payment terms varied depend on the agreements	-
23	Fu Yang Multimedia Co., Ltd.	The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	14,058	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	12,231	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Operating revenues	4,285	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	21,696	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	6,619	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating revenues	5,001	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	27,342	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	13,331	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	6	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	128	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating costs	11,437	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Operating costs	4,067	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating costs	13,536	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating costs	3,287	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Operating costs	3,265	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating costs	23,264	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating costs	9,750	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating expenses	\$ 59	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	194	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	2,833	Payment terms varied depend on the agreements and based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Miscellaneous revenue	1,100	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Miscellaneous revenue	1,100	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Interest expenses	5,335	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	3	Interest expenses	2,346	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Interest expenses	937	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Interest expenses	3,049	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Interest expenses	4,574	Payment terms varied depend on the agreements	-
24	Union Cable TV Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	18	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts receivable	6,549	Payment terms varied depend on the agreements or based on regular terms	-
		Mangrove Cable TV Corporation	3	Accounts receivable	16	Based on regular terms	-
		TFN Media Ltd.	2	Other receivables	467,239	Payment terms varied depend on the agreements or based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Prepayments	1	Based on regular terms	-
		TFN Media Ltd.	2	Accounts payable	16,758	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Accounts payable	2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	94	Based on regular terms	-
		TFN Media Ltd.	2	Other payables	10,628	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	206	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	146	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	20,757	Payment terms varied depend on the agreements or based on regular terms	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	11,437	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	75	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	32	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating costs	\$ 191	Based on regular terms	-
		TFN Media Ltd.	2	Operating costs	135,130	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	129	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	977	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	1,638	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	12,231	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Interest income	1,002	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	5,335	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,409	Based on regular terms	-
25	Shin Ho Cable TV Co., Ltd.	TFN Media Ltd.	2	Accounts receivable	671	Based on regular terms	-
		TFN Media Ltd.	2	Other receivables	211,705	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	40	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	568	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	4,067	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	48	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	16	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating expenses	574	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	4,284	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Interest income	441	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	2,346	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,341	Based on regular terms	-
26	Yeong Jialeh Cable TV Co., Ltd.	The Corporation	2	Accounts receivable	30	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	49	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts receivable	4,977	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other receivables	1,871	Based on regular terms	-
		TFN Media Ltd.	2	Other current assets	22	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TFN Media Ltd.	2	Other intangible assets	\$ 4,851	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Other intangible assets	485	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	67	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts payable	24,689	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	59	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	143	Based on regular terms	-
		TFN Media Ltd.	2	Other payables	7,733	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	247	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	153	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	12,190	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	13,536	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	193	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	191	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating costs	199,082	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	21	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	629	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	2,906	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	22,796	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,250	Payment terms varied depend on the agreements	-
27	Mangrove Cable TV Corporation	TFN Media Ltd.	2	Accounts receivable	774	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	3	Accounts receivable	27	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other receivables	4	Based on regular terms	-
		TFN Media Ltd.	2	Other receivables	45,652	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other intangible assets	4,477	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accounts payable	16	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	67	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Taiwan Fixed Network Co., Ltd.	2	Other payables	\$ 48	Based on regular terms	-
		TFN Media Ltd.	2	Other payables	842	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	50	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	1,294	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	3,287	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	84	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	48	Payment terms varied depend on the agreements	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	9	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	562	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	887	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	6,618	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Interest income	96	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	937	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,067	Payment terms varied depend on the agreements	-
28	North Coast Cable TV Co., Ltd.	TFN Media Ltd.	2	Accounts receivable	442	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other receivables	144,387	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other current assets	38	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other intangible assets	4,477	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts payable	4,432	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Accounts payable	27	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	19	Based on regular terms	-
		The Corporation	2	Operating revenues	30	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	421	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	3,265	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	42	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		TFN Media Ltd.	2	Operating costs	\$ 35,738	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating expenses	19	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	85	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	670	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	6,100	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Interest income	311	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	3,049	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	1,960	Payment terms varied depend on the agreements	-
29	Phoenix Cable TV Co., Ltd.	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	201	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts receivable	7,384	Payment terms varied depend on the agreements	-
		The Corporation	2	Other receivables	29	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other receivables	1,904	Based on regular terms	-
		TFN Media Ltd.	2	Accounts payable	37,396	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	466	Based on regular terms and payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	139	Based on regular terms	-
		TFN Media Ltd.	2	Other payables	9,649	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	576	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	1,336	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	18,099	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	23,264	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating costs	215	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating costs	2,558	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating costs	301,546	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
30	Globalview Cable TV Co., Ltd.	The Corporation	2	Operating expenses	\$ 274	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	1,028	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	3,662	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	27,342	Payment terms varied depend on the agreements	-
		The Corporation	2	Rental income	29	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,670	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	15	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Accounts receivable	1,831	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-
		Global Wealth Media Technology Co., Ltd.	3	Other receivables	42	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other receivables	215,688	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Other current assets	1	Based on regular terms	-
		TFN Media Ltd.	2	Other intangible assets	5,835	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	72	Based on regular terms	-
		TFN Media Ltd.	2	Accounts payable	14,495	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	77	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	129	Based on regular terms	-
		TFN Media Ltd.	2	Other payables	1,143	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	3	Advance receipts	34	Payment terms varied depend on the agreements	-
		The Corporation	2	Operating revenues	175	Payment terms varied depend on the agreements	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	120	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating revenues	2,530	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating revenues	9,750	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	3	Based on regular terms	-
		The Corporation	2	Operating costs	104	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Operating costs	116,880	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating expenses	\$ 96	Payment terms varied depend on the agreements	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	15	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	615	Based on regular terms	-
		TFN Media Ltd.	2	Operating expenses	1,786	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Operating expenses	14,618	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Interest income	467	Payment terms varied depend on the agreements	-
		Fu Yang Multimedia Co., Ltd.	3	Interest income	4,574	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	3	Rental income	6	Payment terms varied depend on the agreements	-
		TFN Media Ltd.	2	Miscellaneous revenue	2,199	Payment terms varied depend on the agreements	-
31	TFNUS	The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	197	Based on regular terms	-
32	TFNHK	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	474	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	39	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	2,407	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating revenues	(240)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	398	Based on regular terms	-
		The former Taiwan Fixed Network Co., Ltd.	2	Operating expenses	(191)	Based on regular terms	-

Note 1: Parent to subsidiary.

Note 2: Subsidiary to parent.

Note 3: Between subsidiaries.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEAR ENDED DECEMBER 31, 2006
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	The Corporation	TransAsia Telecommunications Inc.	1	Accounts receivable	\$ 80,210	Based on regular terms	-
		Mobitai Communications	1	Accounts receivable	29,897	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts receivable	1	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other receivables	139,777	Based on regular terms	-
		Mobitai Communications	1	Other receivables	99,075	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	1,505	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Prepayments	70	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Accounts payable	23,937	Based on regular terms	-
		Mobitai Communications	1	Accounts payable	644	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	2	Based on regular terms	-
		Mobitai Communications	1	Accrued expenses	3,426	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	153,397	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other payables	96,570	Based on regular terms	-
		Mobitai Communications	1	Other payables	63,717	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Advance receipts	251	Based on regular terms	-
		Mobitai Communications	1	Advance receipts	56	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Other current liabilities	202,048	Based on regular terms	-
		Mobitai Communications	1	Other current liabilities	95,391	Based on regular terms	-
		TransAsia Telecommunications Inc.(including the former TAT)	1	Operating revenues	693,065	Based on regular terms	1%
		Mobitai Communications	1	Operating revenues	285,050	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating revenues	6,921	Based on regular terms	-
		TransAsia Telecommunications Inc.(including the former TAT)	1	Operating costs	341,631	Based on regular terms	1%
		Mobitai Communications	1	Operating costs	193,763	Based on regular terms	-
		TransAsia Telecommunications Inc.(including the former TAT)	1	Marketing expenses	(5)	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Marketing expenses	855,316	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Administrative expenses	147,713	Based on regular terms	-
		TransAsia Telecommunications Inc.(including the former TAT)	1	Rental income	5,625	Based on regular terms	-
Mobitai Communications	1	Rental income	890	Based on regular terms	-		
Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-		
1	TransAsia Telecommunications Inc. (including the former TAT)	The Corporation	2	Accounts receivable	23,937	Based on regular terms	-
		Mobitai Communications	3	Accounts receivable	1,282	Based on regular terms	-
		The Corporation	2	Other receivables	297,019	Based on regular terms	-
		The Corporation	2	Prepayments	261	Based on regular terms	-
		The Corporation	2	Accounts payable	42,095	Based on regular terms	-
		Mobitai Communications	3	Accounts payable	12	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		Taiwan Teleservices & Technologies Co., Ltd. The Corporation	3 2	Accounts payable Accrued expenses	\$ 9 170,432	Based on regular terms Based on regular terms	- -
		Mobitai Communications The Corporation	3 2	Accrued expenses Other payables	6 6,063	Based on regular terms Based on regular terms	- -
		The Corporation	2	Advance receipts	70	Based on regular terms	-
		The Corporation	2	Other current liabilities	7	Based on regular terms	-
		The Corporation	2	Operating revenues	337,170	Based on regular terms	1%
		Mobitai Communications The Corporation	3 2	Operating revenues Operating costs	13,123 698,651	Based on regular terms Based on regular terms	- 1%
		Mobitai Communications The Corporation	3 2	Operating costs Marketing expenses	7,454 39	Based on regular terms Based on regular terms	- -
		Taiwan Teleservices & Technologies Co., Ltd.	3	Marketing expenses	(1,755)	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	3	Interest income	3,209	Based on regular terms	-
		The Corporation	2	Rental income	4,456	Based on regular terms	-
						Based on regular terms	-
2	Mobitai Communications	The Corporation	2	Accounts receivable	4,107	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	18	Based on regular terms	-
		The Corporation	2	Other receivables	159,229	Based on regular terms	-
		The Corporation	2	Prepayments	67	Based on regular terms	-
		The Corporation	2	Accounts payable	19,612	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts payable	1,282	Based on regular terms	-
		The Corporation	2	Other payables	95,053	Based on regular terms	-
		The Corporation	2	Accrued expenses	14,312	Based on regular terms	-
		The Corporation	2	Operating revenues	193,763	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating revenues	7,454	Based on regular terms	-
		The Corporation	2	Operating costs	285,940	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Operating costs	13,123	Based on regular terms	-
3	Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	593	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Other receivables	100	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Other receivables	100	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Interest expense	3,209	Based on regular terms	-
4	Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	2	Accounts receivable	152,601	Based on regular terms	-
		TransAsia Telecommunications Inc.	3	Accounts receivable	9	Based on regular terms	-
		The Corporation	2	Other receivables	841	Based on regular terms	-
		The Corporation	2	Accrued expenses	1,513	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	2	Accrued expenses	593	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Accrued expenses	4,785	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Accrued expenses	2,799	Based on regular terms	-
		The Corporation	2	Operating revenues	989,361	Based on regular terms	2
		TransAsia Telecommunications Inc.	3	Operating revenues	(1,755)	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Operating revenues	298	Based on regular terms	-

Number	Company Name	Counterparty	Transaction Details				Percentage of Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
		The Corporation	2	Operating costs	\$ 6,920	Based on regular terms	-
		The Corporation	2	Marketing expenses	10,441	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Marketing expenses	58,244	Based on regular terms	-
		The Corporation	2	Administrative expenses	1	Based on regular terms	-
		The Corporation	2	Administrative expenses	34	Based on regular terms	-
		TT&T Life Insurance Agency Co., Ltd.	1	Rental income	4	Based on regular terms	-
		TT&T Casualty & Property Insurance Agency Co., Ltd.	1	Rental income	4	Based on regular terms	-
		The Corporation	2	Miscellaneous revenue	24,109	Based on regular terms	-
5	TT&T Life Insurance Agency Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Marketing expenses	298	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Rental expense	4	Based on regular terms	-
6	TT&T Casualty & Property Insurance Agency Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Rental expense	4	Based on regular terms	-
7	TT&T Holdings Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	908	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts payable	3,708	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	2	Accrued expenses	100	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	58,244	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Marketing expenses	14,542	Based on regular terms	-
8	Xiamen Taifu Teleservices & Technologies Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	10,391	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Other receivables	2	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Accrued expenses	10	Based on regular terms	-
		Taiwan Cellular Co., Ltd. (formerly Taihsing Den Syun Co., Ltd.)	2	Accrued expenses	100	Based on regular terms	-
		TT&T Holdings Co., Ltd.	2	Operating revenues	14,542	Based on regular terms	-

Note 1: Parent to subsidiary.

Note 2: Subsidiary to parent.

Note 3: Between subsidiaries.

(Concluded)