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Our Values

Taiwan Mobile is committed to developing quality clients, promoting an excellent brand image, pursuing innovative research and development and enhancing corporate social responsibility. Based on its belief in the four values of "Simplicity, Innovation, Passion and Integrity," the Company strives to create the best mobile experience for its customers by pursuing intensive research and development and continuous product and service upgrade. Besides maximizing corporate value, the Company is also keen on giving back to society to fulfill its role as a responsible corporate citizen. The Company was a recipient of the the "Best Social Responsibility Award – Corporate Category" at the fourth Taiwan Business Awards in 2006 and "Excellence in Corporate Social Responsibility" by *Common Wealth* magazine In 2007.

Quality Customers

High revenue and loyal customers are the basis for the Company's continuing success. In 2006, the growth of total revenue of the Company outperformed the industry. This can be attributed to the effects of its drive to attract and retain quality customers, as detailed below:

1. Existing subscribers' churn rate dropped and mid-to-high revenue subscribers' churn rate was lower than average: Since the implementation of mobile number portability in the fourth quarter of 2005, the Company has enhanced its customer relations management by formulating policies based on a careful study of market competition.

2. Increase in ratio of mid-to-high revenue customers: The number of customers with average monthly bills exceeding NT$600 grew around 10% YoY in 2006 on the back of a better customer mix.

3. Increased satisfaction of VIP customers: Launched in the fourth quarter of 2005, the Company's "my VIP"

program rated a high 4.2 average in a scale of 5 in a customer satisfaction survey in 2006.

Excellent Brand Image

Taiwan Mobile's primary aim is to connect people in their daily lives. But what the Company offers transcends mere products and services, as what it values most is the end customer experience.

Taiwan Mobile has long been recognized and praised for its outstanding customer service. To carry on this tradition, the Company has placed "people" at the center of everything it does. The Company aims to transform the power of technology into simple, user-friendly mobile solutions that enable our customers to pursue their lives with ease and confidence.

Working on the principle of customer first, the Company endeavors to give its customers the satisfaction of "Enjoying Worry-free Communications" based on the following values:

- SIMPLICITY
- INNOVATION
- PASSION
- INTEGRITY

The Company seeks to provide a holistic Brand Experience – from product design to public campaigns, promotions, advertising and distribution. The Company hopes that customers will be able to transform each product and service experience into trust in Taiwan Mobile and loyalty to Taiwan Mobile.

Innovative Research and Development

The Company is focused on providing better service quality and more comprehensive service areas to maintain its technological leadership. Its research and development efforts range from basic voice and messaging services to integrated wireless and intelligent network services, including 3G and future wireless broadband communications technology. The Company's goal is to provide the best mobile services and let mobile communications enable a new lifestyle of ease and convenience for its customers.

1. **Research and Development Spending**

The cost of research and development and its ratio as a percentage of total revenue are shown in the table below. In 2007. the Company plans to spend another NT$34mn to research and develop more advanced technologies designed to increase customer satisfaction which in turn, boosts revenues and overall operations.

Year	R&D expense (NT$'000)	As a % of total revenue
2005	34,197	0.07%
2006	18,999	0.04%
As of Jan. 31, 2007	1,744	0.04%

2. **Major Research and Development Achievements**

Project name	Details
3G applications in indoor/outdoor optimal planning and radio positioning technique	Development of a 3G radio coverage and electronic magnitude simulation platform, as well as 3G applications such as location-based service.
M-Taiwan M-Campus multi-network integrated services	Development of VoIP and GSM integrated platforms and customized WiFi/GSM VoIP handsets to pioneer the launch of VoIP and other dual-network services in Tamkang and Feng Chia universities.
Billing consolidation	Development of a consolidated but simplified billing system platform to improve billing and rating, providing 2G/3G users with a unified service to boost customer satisfaction, reduce operation cost and enhance TWM's competitiveness.
Enterprise resource planning (ERP) management system	Development of an ERP system that utilizes the latest software technology to integrate and unify enterprise resource data. The new system provides better support to the operational decision-making process, bolstering enterprise revenue. With an optimized process flow, it also reduces operational costs, allowing the Company to focus on its core business.
Data warehouse synergy	Establishment of a consolidated data warehouse platform for TWM/TAT/MBT. The platform transforms raw data into intelligent information on changes in the business environment and customer demand, allowing management to make better and faster decisions.

3. Future Research and Development Plans

(1) Strategic plans:

Project name	Details	Status	Completion date
M-Taiwan 3G/GSM/WiFi multinetwork integrated service development	Develop customized GSM/WiFi dual mode handsets to promote VoIP and other multinetwork integrated services for colleges and enterprise accounts	SIP voice/IM service platform completed; focus now on fixed and mobile convergence	Dec. 2007
DVB-H mobile TV service platform development	Develop DVB-H related service platforms, including TV program management platform, return path interactive services, ESG/CA/DRM integrated service platforms, etc.	Working on system requirement analysis and system design for DVB-H mobile TV service platform development	Dec. 2007
Billing system enhancement	Utilize the latest hardware and software technologies, including modular design, object-oriented design, multi-tier architecture and database, to improve the flexibility and capacity of the Company's billing platform. The new platform will significantly improve system performance, support additional 2G/3G customers, and meet future business requirements	System requirement and system design phase completed; currently testing system deployment	Apr. 2007
Enterprise architecture	Establish a systems architecture based on the international telecom standard – New Generation Operations Systems and Software – to facilitate integration of business applications	Assessment of current applications and comparison with the industry standard architecture completed; currently in the process of defining the architecture roadmap	Apr. 2007

(2) System plans:

Project name	Details	Status	Completion date
Information security and management for 3G communication	Study and analyze information security management for broadband data access via mobile network	Currently interpreting and discussing security status of the Company's existing networks	Feb. 2008
Integrated network platform for RF optimization	Utilize optimized network algorithms to fine-tune BTS' performance in each service area to provide better 2G/3G service quality	In progress	Apr. 2008
WBA technology research	Research and study developing standards for WBA and 3G's long-term evolution and use these technologies as a basis for future network design	In progress	Apr. 2008
Customer portal enhancement (Phase-II)	Project team works with a marketing consulting firm to deploy a new generation e-business platform. The new customer portal will let the Company provide new and faster services to customers	In progress	June 2007

(3) Value-added services:

Project name	Details	Status	Completion date
Real-time rating system	The conventional billing method used in the telecom industry is to calculate a customer's bill based on the minutes consumed, with the monthly bill being sent to customers on a fixed date. However, charges for value-added services vary widely. TWM has thus decided to adopt online stores' system of charging based on real-time rates. This would make prices more transparent for customers as well as make it easier for operators to develop more price-competitive VAS. The system can be applied to both prepaid and postpaid customers	Plotting and designing system specs	Dec. 2007
Service delivery and management platform (SDMP, Phase II)	When completed, the SDMP Phase II system will enable and support more new 2G/3G value-added services, providing better management and application interface for service providers	Completed system specs and design; system implementation currently in progress.	July 2007
Mobile location and assisted global positioning system	Unlike traditional GPS, cell ID based positioning doesn't have the same constraints as GPS terminal devices' limitations in outdoor use. AGPS has similar constraints, but it leverages the online capability of the GPRS network to shorten TTFF (time to first fix), increase sensitivity, and lengthen battery life. The objective of this project is to combine the competitive edges of these two techniques to develop a mobile location platform that can support location-based services.	Plotting and designing system specs	Dec. 2007

Corporate Social Responsibility

Corporate Social Responsibility

Corporate social responsibility is not only a key measurement of a Company's competitiveness, but also a demonstration of a Company's core value. The Company formed a foundation in 1999 as a way of giving back to society and has received numerous recognitions for its efforts. These include the "Best Social Responsibility Award – Corporate Category" at the fourth Taiwan Business Awards ceremony in 2006 and the "Excellence in Corporate Social Responsibility" from *Common Wealth* magazine in 2007.

1. Social care

The Company allocates NT$50mn to NT$60mn annually to its corporate social responsibility division to undertake various social welfare activities, including education for children living in remote areas, development of teenagers' character and integrity, care for the disadvantaged, art and cultural activities, and environmental protection.

In 2006, the Taiwan Mobile Foundation devoted 69% of its budget to social welfare, 13% to telecom research, 11% to telecom forums, and 7% to emergency rescue. The major beneficiaries and targets were teenagers and children; minorities and the disadvantaged; and arts and culture promotion.

2. Customer care

Keen to create the best mobile experience for its customers, the Company has provided world-class information security protection, clean and secure content, and quality cross-platform communications. TWM launched an "Excel Customer Experience" project to combine performance and services closely in 2006 and demonstrate its customer care in action.

3. Environmental care

Environmental protection is a key factor to sustainable corporate development. The Company promotes efficient use of resources, energy conservation, waste reduction, and pollution prevention. The Company has taken steps in this direction with the introduction of paper-less stores, environmental care concepts introduced in products, office greening, and resources recycling.

4. Prospects

The Company will continue carrying its core value forward and bringing its core technology into full play. In cooperation with more social welfare groups, the Company will support social activities as a way of giving back to society.