

Chap. 4 Financial Information

Capital and shares

1. History of capitalization

As of March 5, 2009

Unit: shares / NT\$

Date	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks	
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	Effective date & cert. no.
Feb.2007	10	6,000,000,000	60,000,000,000	4,999,325,082	49,993,250,820	CB conversion: NT\$9,491,450	N.A.
May2007	10	6,000,000,000	60,000,000,000	4,999,757,281	49,997,572,810	CB conversion: NT\$4,321,990	N.A.
Aug.2007	10	6,000,000,000	60,000,000,000	5,000,414,054	50,004,140,540	CB conversion: NT\$6,567,730	N.A.
Nov.2007	10	6,000,000,000	60,000,000,000	5,000,925,363	50,009,253,630	CB conversion: NT\$5,113,090	N.A.
Dec.2007	10	6,000,000,000	60,000,000,000	3,800,925,363	38,009,253,630	Cash capital reduction: NT\$12,000,000,000	Authority approval No.0960049978 on Oct. 17, 2007

As of March 5, 2009

Unit: shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,800,925,363	2,199,074,637	6,000,000,000	*: Including 16,909,000 treasury shares to be transferred to employees

2. Shareholder structure

As of July 7, 2008

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	0	18	199	36,391	642	37,250
Total shares owned	0	275,212,991	1,448,425,000	378,694,561	1,698,592,811	3,800,925,363
Holding percentage (%)	0.00	7.24	38.11	9.96	44.69	100.00

3. Shareholding distribution

As of July 7, 2008
Par value: NT\$10/share

Shareholding range	Number of shareholders	Total shares owned	Percentage holding
1 ~ 999	18,421	6,551,670	0.172%
1,000 ~ 5,000	13,236	29,353,600	0.772%
5,001 ~ 10,000	2,637	18,861,209	0.496%
10,001 ~ 15,000	794	9,680,537	0.255%
15,001 ~ 20,000	522	8,926,552	0.235%
20,001 ~ 30,000	397	9,669,097	0.254%
30,001 ~ 50,000	282	10,837,706	0.285%
50,001 ~ 100,000	237	16,938,732	0.446%
100,001 ~ 200,000	164	23,370,823	0.615%
200,001 ~ 400,000	117	34,310,434	0.903%
400,001 ~ 600,000	56	27,027,227	0.711%
600,001 ~ 800,000	59	41,327,488	1.087%
800,001 ~ 1,000,000	30	26,655,638	0.701%
1,000,001 and above	298	3,537,414,650	93.068%
Total	37,250	3,800,925,363	100.000%

4. Major shareholders

As of July 7, 2008

Name	Total shares owned	Percentage holding
Taiwan Fixed Network Co., Ltd.	456,294,760	12.005%
TFN Investment Co., Ltd.	355,622,851	9.356%
Ming Dong Co., Ltd.	172,909,725	4.549%
Dao Ying Co., Ltd.	116,616,380	3.068%
DLK Holding Co. LLC	114,006,661	2.999%
Fubon Securities Co., Ltd.	96,525,640	2.540%
Fubon Life Assurance Co., Ltd.	89,773,963	2.362%
Daniel Tsai	85,713,434	2.255%
Richard Tsai	85,688,154	2.254%
Macquarie Bank Ltd.	74,261,346	1.954%

5. Major shareholders of TWM's institutional investors

Institutional investors	Major shareholders
Taiwan Fixed Network Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)
TFN Investment Co., Ltd.	Taiwan Fixed Network Co., Ltd. (100%)
Fubon Securities Co., Ltd.	Fubon Financial Holding Co. Ltd. (100%)
Fubon Life Assurance Co., Ltd.	Fubon Financial Holding Co. Ltd. (100%)

Changes in shareholdings of directors, supervisors, managers and major shareholders

For 2008 and up to the publication date for 2009, the Company's directors, supervisors and major shareholders who own more than 10% of the Company's outstanding shares did not conduct any major share transfers or pledges, except for Taiwan Fixed Network's disposal of 300 million shares of the Company. The Company has maintained a good relationship with its directors, supervisors and major shareholders. With maximizing shareholder value as its goal, the Company is focused on maintaining a stable management to reduce shareholder risk. Below is a chart detailing net changes in shareholdings of directors, supervisors, managers and major shareholders.

1. Insignificant changes in shareholder structure

Unit: Shares

Title	Name	2008		2009 (as of March 5)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Chairman	Richard Tsai, Representative of Fu-Chi Venture Corp.				
Vice Chairman	Daniel Tsai, Representative of Fu-Chi Venture Corp.	6,946	0	0	0
Director	Victor Kung, Representative of Fu-Chi Venture Corp.				
Director	Harvey Chang, Representative of TFN Investment Co., Ltd.	0	0	0	0
Director	Vivien Hsu, Representative of TFN Investment Co., Ltd.				
Director	Benny Chen, Representative of Taiwan Fixed Network Co., Ltd.	(444,058,002)	0	0	0
Director	Frank Lin, Representative of Taiwan Fixed Network Co., Ltd.				
Director (Note 1)	Harvey Chang, Representative of TFN Investment Co., Ltd.	(54,105)	0	NA	NA
Director (Note 1)	Nita Ing, Representative of Ching Shang Zhen Co., Ltd.	(539,089)	0	NA	NA
Independent Director	Jack J.T. Huang	0	0	0	0
Independent Director	Tsung-Ming Chung	0	0	0	0
Independent Director	Wen-Li Yeh	0	0	0	0
Independent Director	J. Carl Hsu	0	0	0	0
President & Chief Executive Officer	Harvey Chang	(3,774,220)	0	968,000	0
Chief Strategy Officer	JC Dornig	(118,393)	0	60,000	0
Chief Financial Officer	Vivien Hsu	(1,038,000)	0	175,000	0
Chief Technology Officer	Frank Lin	(69,989)	0	73,000	0
Chief Operating Officer of Consumer Business Group	Cliff Lai	(98,389)	0	42,000	0
Chief Operating Officer of Enterprise Business Group	George C. Chou	(19,245)	0	60,000	0
Chief Operating Officer of Enterprise Business Group	James Jeng	NA	NA	90,000	0
Vice President	C.A. Chuang	(40,073)	0	(50,000)	0
Vice President	Ariel Hwang	(33,000)	0	12,000	0
Vice President	Jay Hong	(30,000)	0	33,000	0
Vice President	Simon Wang	(74,918)	0	10,000	0
Vice President	Andrew Wong	(83,236)	0	48,000	0
Vice President	James Chang	(28,795)	0	55,000	0
Vice President	Rosie Yu	(120,000)	0	0	0
Vice President	Ruth Liaw	(114,398)	0	(5,602)	0
Vice President	Techi Juan	(72,931)	0	33,000	0
Vice President	Egon Chen	(80,045)	0	30,000	0
Vice President	Chien Chen	(72,118)	0	(17,882)	0
Vice President	Jeff Ku	(90,396)	0	55,000	0
Vice President	Sean Hsieh	(88,226)	0	0	0
Vice President	Jerry Chu	(150,216)	0	50,000	0
Vice President	Paul Huang	(41,513)	0	33,000	0
Vice President	HS Wang	(56,796)	0	25,000	0
Vice President	Joseph Yang	(7,199)	0	33,000	0
Vice President	D.S. Chiou	(76,841)	0	39,000	0

Note 1: The fourth board of directors and supervisors resigned on June 13, 2008.

Note 2: The holdings of directors, supervisors, managers and major shareholders declined partly due to the 24% capital reduction on February 9, 2008.

2. Stock trade with related party

Title	Name	Reasons for trading	Trading date	Counter party	Relationship	Shares	Trading price (NT\$)
Representative of institutional investor	Vivien Hsu	Disposal	2008.06.10	Han-wen Investment Preparatory Office	Designated party	788,926	55.40

3. Stock pledged with related party None

4. Direct and indirect investments in affiliated companies

As of December 31, 2008

Unit: shares, %

Long-term investments	Investment by TWM		Direct & indirect investment by TWM's directors, supervisors and management		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
Taiwan Cellular Co., Ltd.	149,958,330	100.00%	--	--	149,958,330	100.00%
Wealth Media Technology Co., Ltd.	27,200,000	100.00%	--	--	27,200,000	100.00%
Bridge Mobile Pte. Ltd.	2,200,000	10.00%	--	--	2,200,000	10.00%

5. Share price, net worth, earnings, dividends and related information

Unit: NT\$, shares in thousand

		2007	2008	As of Mar. 5, 2009 (Note 3)	
Share price (NT\$)	High	45.80	60.50	49.00	
	Low	31.65	40.05	44.25	
	Average	38.22	52.49	45.70	
Net worth per share (NT\$)	Before earnings appropriation	11.54	17.17	17.17	
	After earnings appropriation	8.71	Note 1	Note 1	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares		3,928,228	2,966,368	2,966,368
	Earnings per share	Before adjustment	1.68	5.18	5.18
		After adjustment	1.68	Note 1	Note 1
Dividends per share (NT\$)	Cash dividends		2.54	Note 1	-
	Stock dividends	Retained earnings	-	Note 1	-
		Capital surplus	-	-	-
	Accumulated unpaid dividends		-	-	-
PE and dividend yield (Note 2)	Price earnings ratio (x)	Before adjustment	22.75	10.13	-
		After adjustment	22.75	Note 1	-
	Price to cash dividend (x)		15.05	-	-
	Cash dividend yield (%)		6.65%	-	-

Note 1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The appropriation amount for 2008 has not yet been approved.

Note 2: Price earnings ratio = Average closing price / earnings per share
 Price to cash dividend = Average closing price / cash dividend per share
 Cash dividend yield = Cash dividend per share / average closing price

Note 3: Net worth per share and earnings per share are based on the most recent audited financial statements. All others are as of March 5, 2009.

6. Relationship among TWM's top 10 shareholders

Name (A)	Current shareholding		Spouse's/minor's shareholding	
	Shares	%	Shares	%
Taiwan Fixed Network Co., Ltd.	456,294,760	12.005%	-	-
Chairman: Richard Tsai				
TFN Investment Co., Ltd.	355,622,851	9.356%	-	-
Chairman: Richard Tsai				
Ming Dong Co., Ltd.	172,909,725	4.549%	-	-
Chairman: Chin-Neng Kao				
Dao Ying Co., Ltd.	116,616,380	3.068%	-	-
Chairman: Chao-Nan Kuo				
DLK Holding Co. LLC	114,006,661	2.999%	-	-
Fubon Securities Co., Ltd.	96,525,640	2.540%	-	-
Chairman: Kung-Liang Yeh				
Fubon Life Assurance Co., Ltd.	89,773,963	2.362%	-	-
Chairman: Richard Tsai				
Daniel Tsai	85,713,434	2.255%	6,745,863	0.177%
Richard Tsai	85,688,154	2.254%	5,651,663	0.149%
Macquarie Bank Ltd.	74,261,346	1.954%	-	-

As of July 7, 2008

Name and relationship among TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6

Name (B)	Relationship
TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai Richard Tsai	B is A's subsidiary Related party Related party Related party Related party B is A's Vice Chairman B is A's Chairman
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai	A is B's Chairman A is B's Chairman Related party Related party Related party A is B's Chairman B is A's relative within two degrees
Taiwan Fixed Network Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai Richard Tsai	B is A's parent company Related party Related party Related party Related party B is A's Director B is A's Chairman
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai	A is B's Chairman A is B's Chairman Related party Related party Related party A is B's Chairman B is A's relative within two degrees
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai Richard Tsai	Related party Related party Related party Related party Related party Related party Related party
-	-
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai Richard Tsai	Related party Related party Related party Related party Related party Related party Related party
-	-
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai Richard Tsai	Related party Related party Related party Related party A and B are subsidiaries of Fubon Financial Holding Co., Ltd. Related party Related party
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Daniel Tsai Richard Tsai	Related party Related party Related party Related party A and B are subsidiaries of Fubon Financial Holding Co., Ltd. Related party Chairman
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai	A is B's Chairman A is B's Chairman Related party Related party Related party A is B's Chairman B is A's relative within two degrees
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Richard Tsai	A is B's Director A is B's Director Related party Related party Related party B's chairman is A's relative within two degrees B is A's relative within two degrees
Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Fubon Life Assurance Co., Ltd. Daniel Tsai	A is B's Chairman A is B's Chairman Related party Related party Related party A is B's Chairman B is A's relative within two degrees
-	-

7. Dividend policy

1. Dividend policy under Articles of Incorporation

Stock dividends should not exceed 80% of total dividends distributed in a single year and should take into account the Company's major capital expenditure plans for the year. The dividend payout proposed by the board of directors has to be approved at the annual shareholders' meeting.

2. Proposed dividend allocation for approval at the annual shareholders' meeting

Cash dividend is proposed to be NT\$13,968,864,135. The Company received letters of agreement on January 15, 2009, from TFN and TFN Investment on giving up their share of the dividends. After deducting the 811,917,611 shares held by TFN and TFNI and 16,909,000 in treasury shares, the net number of shares that will be entitled to receive dividends is 2,972,098,752, translating into dividend of NT\$4.7 per share.

8. Impact of stock dividend distribution on business performance and EPS

Not applicable. The board of directors proposed to distribute only cash dividends this year.

9. Share buyback

As of March 5, 2009
Unit: NT\$, shares, %

Share buyback	5th
Purpose	Transfer to employees
Buyback period	2008.10.08 ~ 2008.12.07
Buyback price range	NT\$40.40 ~ NT\$49.90
Total number of shares bought back	24,193,000
Buyback amount (NT\$)	1,059,731,914
Number of shares canceled/transferred	7,284,000
Treasury stock balance (shares)	16,909,000
As a % of the Company's total issued shares	0.44%

Corporate bond issuance

1. Corporate bonds

As of March 5, 2009

Issuance		First unsecured corporate bonds	Second unsecured corporate bonds
Issue date		December 13~31, 2002	November 14, 2008
Denomination		NT\$5,000,000	NT\$10,000,000
Issuance and listing		Not applicable	Not applicable
Issue price		100%	100%
Total amount		NT\$15,000,000,000	NT\$8,000,000,000
Coupon		IA ~ IL: 2.60% p.a. IIA ~ IIL: 5.21% p.a. minus floating rate but not lower than 0% IIIA ~ IIIM: 2.80% p.a. IVA ~ IVM: 5.75% p.a. minus floating rate but not lower than 0% The floating rate is based on the USD 6-month LIBOR rate quoted on page 3750 of Hong Kong Bridge Telerate at 11 a.m. London time	2.88% p.a.
Term		5 years, maturing from Dec. 13-30, 2007 7 years, maturing from Dec. 13-31, 2009	5 years, maturing on Nov. 14, 2013
Guarantor		None	None
Trustee		Bank SinoPac, Trust Division	Hua Nan Bank, Trust Division
Underwriter		None	None
Legal counsel		Cai-Sheng Lin, Attorney	Jim Chen, Attorney
Auditor		Peter Lin, CPA, and Morris Yang, CPA Deloitte & Touche	Vita Kuo, CPA Deloitte & Touche
Repayment		IA ~ IL: repayment of 50% of the principal at the end of the 4th year and the remaining 50% at the end of the 5th year IIA ~ IIL: repayment in full upon maturity IIIA ~ IIIM: repayment of 50% of the principal at the end of the 6th year and the remaining 50% at the end of the 7th year IVA ~ IVM: repayment in full upon maturity	Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year
Outstanding balance		NT\$7,500,000,000	NT\$8,000,000,000
Early repayment clause		None	None
Covenants		None	None
Credit rating agency, rating date, Company credit rating		Taiwan Rating Co., Ltd., 2002.11.20, twAA- Taiwan Rating Co., Ltd., 2003.03.18, twA+ Taiwan Rating Co., Ltd., 2004.12.22, twAA Taiwan Rating Co., Ltd., 2006.03.01, twAA+ Taiwan Rating Co., Ltd., 2007.04.24, twAA Taiwan Rating Co., Ltd., 2008.06.05, twAA	Taiwan Rating Co., Ltd., 2008.09.15, twAA
Ancillary rights	Amount converted/exchanged into common shares, ADRs or other securities	Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable	Not applicable
Dilution and other effects on shareholders' equity		Not applicable	Not applicable
Custodian		Not applicable	Not applicable

2. Convertible bond information None

3. Exchangeable bond None

4. Shelf registration issuance None

5. Bond with warrant None

Other significant issues

1. Mergers and acquisitions by issuing new shares None

2. Other Issuance

1. Preferred shares None

2. Depositary receipt issuance None

3. Employee stock options None

4. Private placement of company shares None

5. Utilization plan and progress of rights issue None

3. TWM shares held / sold by subsidiaries:

Unit : NT\$ '000 ; share%

Subsidiary	Taiwan Fixed Network Co., Ltd.			TFN Investment Co., Ltd.		
	January 2008	February 2008 (TWM capital reduction)	As of March 5, 2009	February 2008 (TWM capital reduction)	As of March 5, 2009	
Paid-in capital		40,000,000		20,619,388		
Source of funding		Equity		Equity		
% owned by the Company		100%		100%		
Acquisition / disposal date	January 2008	February 2008 (TWM capital reduction)	As of March 5, 2009	February 2008 (TWM capital reduction)	As of March 5, 2009	
No. of shares acquired and cost payment	-	-	-	-	-	
No. of shares sold and proceeds	300,000,000 shares NT\$13,560,000 (or NT\$13,509,828, net of fee charge and transaction tax)	144,058,002 shares NT\$1,440,580	-	112,274,612 shares NT\$1,122,746	-	
Investment income	\$3,487,150	-	-	-	-	
Ending balance: Total No. of shares and value (Note 1)	600,352,762 shares NT\$20,057,141 (Note 2)	456,294,760 shares NT\$18,616,561	456,294,760 shares NT\$18,616,561	355,622,851 shares NT\$14,862,525	355,622,851 shares NT\$14,862,525	
Pledges	None	None	None	None	None	
Guarantees / endorsements provided by the Company	\$11,430,000	\$10,980,000	\$24,666,750	-	-	
Financing provided by the Company	-	-	-	-	-	

Note 1: Ending balance of value is carrying cost, not including evaluation gains / losses.

Note 2: Figures before capital reduction.

4. Other significant events affecting shareholders' equity or stock price None