



Publication Date : January 31, 2010 Company Website : www.taiwanmobile.com MOPS : newmops.twse.com.tw



Taiwan Mobile 2009 Annual Report

Spokesperson	Name	Rosie Yu
	Title	Vice President
	Telephone	(02) 6635-1880
	Email	spokesman1@taiwanmobile.com
Deputy Spokesperson	Name	Josephine Juan
	Title	Director
	Telephone	(02) 6636-6970
	Email	spokesman2@taiwanmobile.com
IR Contact	Email	ir@taiwanmobile.com
Stock Transfer Agent	Name	Fubon Securities Co., Ltd.
	Address	2F, No. 17, Syuchang St., Jhongjheng Dist., Taipei
	Telephone	(02) 2361-1300
	Website	www.fbs.com.tw
Taiwan Mobile Official Website	Website	www.taiwanmobile.com
Independent Auditor	Deloitte & Touche	Peter Fan, CPA, and S. C. Huang, CPA
	Address	12F, No. 156, Minsheng E. Rd., Sec. 3, Taipei
	Telephone	(02) 2545-9988
	Website	www.deloitte.com.tw
Listing of Foreign Securities	None	

Breaking Trough

The cover's design idea is based on Chang Xu's winning match of Go (Weichi) during the Go Master title competition. The Taiwanese Go Chess player living in Japan was using the White stones. His victorious play is a fitting representation of Taiwan Mobile's management strategy of acting cautiously and proactively while positioning a complete telecommunications and media domain to break the competition stalemate and reach a final victory.



Head Office (02) 6638-6888 13F-1, No. 172-1, Sec. 2, Ji-Lung Rd., Da-An Dist., Taipei
 Taichung Branch (04) 3600-8888 9F-1, No. 236, Sec. 2, Wucyuan W. Rd., Nantun Dist., Taichung City
 Kaohsiung Branch (07) 8600-999 6F-1, No. 91, Zhongshan 2nd Rd., Cianjhen Dist., Kaohsiung City

Taiwan Mobile Customer Service 0809-000-852

Northern Taiwan

- Taipei Daan Service Center**
No. 498, 172-3, 172-4, Sec. 2, Jilong Rd., Daan Dist., Taipei
- Taipei Vieshow Service Center**
No. 20, Songshou Rd., Xinyi Dist., Taipei
- Taipei Dinghao Service Center**
1F, No. 71, Sec. 4, Zhongxiao E. Rd., Daan Dist., Taipei
- Taipei Bade Service Center**
1F, No. 34, Sec. 3, Bade Rd., Songshan Dist., Taipei
- Taipei Zhongxiao Service Center**
Nos. 659, 661, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei
- Taipei Minsheng E. Service Center**
1F, No. 71, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei
- Neihu Guangding Service Center**
No. 498, Ruiguang Rd., Neihu Dist., Taipei
- Taipei Kunyang Service Center**
No. 378, Sec. 6, Zhongxiao E. Rd., Nangang Dist., Taipei
- Taipei Raohe Service Center**
No. 697, Sec. 4, Bade Rd., Songshan Dist., Taipei
- Taipei Guangfu S. Service Center**
No. 415-3, Guangfu S. Rd., Xinyi Dist., Taipei
- Nanjing Sanmin Service Center**
No. 84, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei
- Taipei Donghu Service Center**
No. 129, Donghu Rd., Neihu Dist., Taipei
- Taipei Yongji Service Center**
No. 84, Lane 30, Yongji Rd., Xinyi Dist., Taipei
- Taipei Zhanqian Service Center**
1F, No. 38, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei
- Taipei Ximending Service Center**
1F, No. 12, Ermei St., Wanhua Dist., Taipei
- Taipei Nanjing W. Service Center**
No. 42, Nanjing W. Rd., Datong Dist., Taipei
- Taipei Nanjing E. Service Center**
No. 204, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei
- Taipei Nongan Service Center**
No. 19, Nongan Street, Zhongshan Dist., Taipei
- Taipei Tianmu Service Center**
1F, No. 11, Tianmu W. Rd., Shilin Dist., Taipei
- Taipei Wenlin Service Center**
No. 678, Wenlin Rd., Shilin Dist., Taipei
- Danshui Jhonggheng Service Center**
1F, No. 124, Jhonggheng Rd., Danshui Township, Taipei County
- Taipei Changchun Service Center**
No. 374, Changchun Rd., Zhongshan Dist., Taipei
- Taipei Hengyang Service Center**
No. 55B, Hengyang Rd., Zhongzheng Dist., Taipei
- Taipei Jiuquan Service Center**
No. 100, Jiuquan St., Datong Dist., Taipei
- Taipei Minquan W. Service Center**
No. 141, Minquan W. Rd., Datong Dist., Taipei
- Taipei Fuxing N. Service Center**
No. 333, Fuxing N. Rd., Songshan Dist., Taipei
- Taipei Gongguan Service Center**
No. 289, Sec. 3, Roosevelt Rd., Daan Dist., Taipei
- Sindian Cijhang Service Center**
No. 165, Sec. 2, Beisin Rd., Sindian City, Taipei County
- Taipei Muzha Service Center**
No. 80, Sec. 3, Muzha Rd., Wenshan District, Taipei
- Taipei Yongkang Service Center**
1F, No. 174, Sec. 2, Xinyi Rd., Daan Dist., Taipei
- Taipei Sijih Service Center**
No. 206, Jhongssing Rd., Sijih City, Taipei
- Jilong Yiyi Service Center**
No. 38, Yiyi Rd., Jhonggheng Dist., Jilong City
- Luodong Singdong Service Center**
No. 150, Singdong Rd., Luodong Township, Yilan County
- Yilan Jhongshan II Service Center**
No. 37, Sec. 3, Jhongshan Rd., Yilan City, Yilan County
- Hualien Jhonggheng Service Center**
No. 155, Sanmin St., Hualien City, Hualien County
- Sindian Jhonggheng II Service Center**
No. 516-1, Jhonggheng Rd., Sindian City, Taipei County
- Taipei Muxin Service Center**
No. 163, Sec. 3, Muxin Rd., Wenshan Dist., Taipei
- Taipei Heping E. Service Center**
No. 232, Sec. 1, Heping E. Rd., Daan Dist., Taipei

- Taipei Nanchang Service Center**
No. 107, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei
- Banciao Minzu Service Center**
No. 33, Minzu Rd., Banciao City, Taipei County
- Banciao Sinjhan Service Center**
No. 112, Sec. 1, Wunhua Rd., Banciao City, Taipei County
- Banciao Jiangzhicui Service Center**
No. 320, Sec. 2, Wunhua Rd., Banciao City, Taipei County
- Banciao Guangqian E. Service Center**
No. 9, Guangqian E. Rd., Banciao City, Taipei County
- Banciao Siwei Service Center**
No. 233, Siwei Rd., Banciao City, Taipei County
- Yonghe Fuhe Service Center**
No. 137, Fuhe Rd., Yonghe City, Taipei County
- Yonghe Jhonggheng II Service Center**
No. 320, Jhonggheng Rd., Yonghe City, Taipei
- Jhonggheng Jhonggheng Service Center**
1-2F, No. 304, Jhonggheng Rd., Jhonggheng City, Taipei County
- Jhonggheng Nanshijiao Service Center**
No. 2, Lane 64, Sec. 1, Singnan Rd., Jhonggheng City, Taipei County
- Jhonggheng Liancheng Service Center**
No. 267-1, Liancheng Rd., Jhonggheng City, Taipei County
- Jhonggheng Jhongshan Service Center**
No. 44, Sec. 2, Jhongshan Rd., Jhonggheng City, Taipei County
- Banciao Fujhong Service Center**
No. 56, Fujhong Rd., Banciao City, Taipei County
- Sanchong Tomson Service Center**
1F-2, No. 2, Lane 609, Jhongssin Rd., Sec. 5, Sanchong City, Taipei County
- Sanchong Tiantai Service Center**
1F, No. 102, Sec. 2, Chongsin Rd., Sanchong City, Taipei County
- Taipei Sinjhuang Service Center**
1F, No. 299, Jhonggheng Rd., Sinjhuang City, Taipei County
- Sinjhuang Singfu II Service Center**
No. 690, Singfu Rd., Sinjhuang City, Taipei County
- Sinjhuang Fuguo II Service Center**
No. 41, Fuguo Rd., Sinjhuang City, Taipei County
- Taipei Tucheng Service Center**
1F, No. 261, Yumin Rd., Tucheng City, Taipei County
- Taoyuan Bade Service Center**
No. 807, Sec. 1, Jieshou Rd., Bade City, Taoyuan County
- Taoyuan Chenggong Service Center**
No. 86, Sec. 2, Chenggong Rd., Taoyuan City, Taoyuan County
- Taoyuan Damiao Service Center**
No. 142, Jhonggheng Rd., Taoyuan City, Taoyuan County
- Taoyuan Baoshan Service Center**
No. 165, Baoshan St., Taoyuan City, Taoyuan County
- Taoyuan Longtan Service Center**
No. 121, Zhongzheng Rd., Longtan Township, Taoyuan County
- Taipei Sansia Service Center**
No. 39, Wunhua Rd., Sansia Township, Taipei County
- Jhongli Huanbei Service Center**
No. 542, Huanbei Rd., Jhongli City, Taoyuan County
- Jhongli Sinsheng Service Center**
No. 132, Sinsheng Rd., Jhongli City, Taoyuan County
- Yangmei Dacheng Service Center**
No. 32, Dacheng Rd., Yangmei Township, Taoyuan County
- Jhubei Guangming Service Center**
No. 95, Guangming 6th Rd., Jhubei City, Hsinchu County
- Hsinchu Jhonggheng Service Center**
Nos. 9, 11, Jhonggheng Rd., Hsinchu City
- Hsinchu Jhuke Service Center**
No. 633, Guangfu Rd., East Dist., Sec. 1, Hsinchu City
- Hsinchu Minsheng Service Center**
No. 254, Minsheng Rd., East Dist., Hsinchu City
- Hsinchu Nanda Service Center**
No. 364, Nanda Rd., East Dist., Hsinchu City
- Jhongli Jhancian II Service Center**
No. 18, Jhonggheng Rd., Jhongli City, Taoyuan County
- Taoyuan Airport Terminal I Service Center**
No. 15, Hanghan S. Rd., Puxin Village, Dayuan Township, Taoyuan County (3F, Departure Hall)
- Taoyuan Airport Terminal II Service Center**
No. 9, Hanghan S. Rd., Dayuan Township, Taoyuan County (3F, Departure Hall)

Central Taiwan

- Jhunan Boai Service Center**
No. 142, Boai St., Jhunan Township, Miaoli County
- Miaoli Jhonggheng Service Center**
No. 501, Jhonggheng Rd., Miaoli City, Miaoli County
- Fongyuan Jhonggheng Service Center**
No. 448, Jhonggheng Rd., Fongyuan City, Taichung County
- Taichung Wunsin Service Center**
1F/2F, No. 151, Sec. 4, Wunsin Rd, Beitun Dist., Taichung City
- Taichung Zihyou Service Center**
1F, No. 43, Sec. 2, Zihyou Rd., Central Dist., Taichung City
- Taichung Liming Service Center**
No. 436, Sec. 2, Liming Rd., Nantun Dist., Taichung City
- Taiping Shusiao Service Center**
No. 69, Shusiao Rd., Taiping City, Taichung County
- Taichung Donghai Service Center**
No. 20, Dongyuan Lane, Taichunggang Rd., Longjing Township, Taichung County
- Fongjia Fusing Service Center**
No. 338, Fusing Rd., Situn Dist., Taichung City
- Taichung Shalu Service Center**
No. 124, Shatan Rd., Shalu Township, Taichung County
- Taichung Chongde Service Center**
No. 3, Sec. 2, Chongde Rd., Beitun Dist., Taichung City
- Taichung Yongfu Service Center**
1F, No. 155-1, Yongfu Rd., Situn Dist., Taichung City
- Taichung Syueshinh Service Center**
No. 157, Syueshinh Rd., North Dist., Taichung City
- Taichung Jhonggheng Service Center**
No. 7, Sec. 2, Taichung Port Rd., Situn Dist., Taichung City
- Taichung Meicun S. Service Center**
1F, No. 62, Meicun S. Rd., South Dist., Taichung City
- Changhua Jhonggheng Service Center**
No. 1, Sec. 1, Jhonggheng Rd., Changhua City, Changhua County
- Changhua Heping Service Center**
No. 9, Heping Rd., Changhua City, Changhua County
- Changhua Sihu Service Center**
1F, No. 370, Sihu Rd., Sihu Township, Changhua County
- Changhua Yuanlin Service Center**
No. 4, Jhongshan S. Rd., Yuanlin Township, Changhua County
- Caotun Jhonggheng Service Center**
No. 859, Jhonggheng Rd., Caotun Township, Nantou County
- Nantou Fusing Service Center**
1F, No. 207, Fusing Rd., Nantou City, Nantou County
- Yulin Huwei Service Center**
1F, No. 488-3, Sec. 1, Linsen Rd., Huwei Township, Yulin County
- Douliou Jhenbei Service Center**
Nos. 10, 12, Jhenbei Rd., Douliou City, Yulin County
- Taichung Dali Service Center**
No. 361-1, Sec. 2, Jhonggsing Rd., Dali City, Taichung County
- Dali Tucheng Service Center**
1F, No. 486, Tucheng Rd., Dali City, Taichung County
- Taichung Situn Service Center**
No. 28-1, Sec. 2, Situn Rd., Situn Dist., Taichung City

Southern Taiwan

- Chiayi Linsen Service Center**
No. 185, Linsen W. Rd., West Dist., Chiayi City
- Chiayi Cueiyang Service Center**
No. 636, Cueiyang Rd., Chiayi City
- Chiayi Puzih Service Center**
1F, Nos. 28, 30, Wunhua S. Rd., Puzih City, Chiayi County
- Tainan Sinying Service Center**
1F, No. 261, Mirjihh Rd., Sinying City, Tainan County
- Tainan Simen Service Center**
No. 357, Sec. 2, Simen Rd., West Central Dist., Tainan City
- Tainan Minsheng Service Center**
1F, No. 279, Sec. 2, Minsheng Road, West Central Dist., Tainan City
- Tainan Yongkang Service Center**
No. 663, Jhonghua Rd., Yongkang City, Tainan County
- Tainan Minzu Service Center**
No. 55-1, Sec. 2, Minzu Rd., West Central Dist., Tainan City
- Tainan Haidian II Service Center**
No. 163, Sec. 1, Haidian Rd., Annan District, Tainan City
- Tainan Kunshan Service Center**
No. 824, Dawan Rd., Yongkang City, Tainan County
- Yongkang Jhongshan S. II Service Center**
No. 28-1, Jhongshan S. Rd., Yongkang City, Tainan County
- Tainan Gongyuan Service Center**
No. 591-44, Gongyuan Rd., North Dist., Tainan City
- Tainan Jhonghua E. Service Center**
No. 48, Sec. 3, Jhonghua E. Rd., East Dist., Tainan City
- Tainan Rendu Service Center**
No. 497, Jhongshan Rd., Rendu Township, Tainan County
- Kaohsiung Lingya Service Center**
No. 149, Guanghou 1st St., Lingya Dist., Kaohsiung City
- Kaohsiung Mingcheng Service Center**
No. 288, Heli Rd., Sanmin Dist., Kaohsiung City
- Kaohsiung Sanduo Service Center**
1F, No. 262, Sanduo 3rd Rd., Lingya Dist., Kaohsiung City
- Kaohsiung Juemin Service Center**
No. 197, Juemin Rd., Sanmin Dist., Kaohsiung City
- Kaohsiung Jiyuan Service Center**
1F, No. 179, Sinjhuangzai Rd., Zuoying Dist., Kaohsiung City
- Kaohsiung Wufu Service Center**
No. 27, Wufu 3rd Rd., Cianjin District, Kaohsiung City
- Gangshan Lioucao E. Service Center**
1F, No. 32-5, Lioucao E. Rd., Gangshan Township, Kaohsiung County
- Kaohsiung Zihyou Service Center**
1-2F, No. 123, Zihyou 1st Rd., Sanmin District, Kaohsiung City
- Kaohsiung Nanzih Service Center**
No. 250, Nanzihsin Rd., Nanzih District, Kaohsiung City
- Tainan Jinhua II Service Center**
No. 152, Sec. 2, Jinhua Rd., South Dist., Tainan City
- Kaohsiung Huarong Service Center**
Nos. 339, 341, Huarong Rd., Gushan Dist., Kaohsiung City
- Kaohsiung Linsen Service Center**
No. 243-1, Linsen 1st Rd., Sinsing Dist., Kaohsiung City
- Kaohsiung Sansin Service Center**
1F, No. 279, Sanduo 1st Rd., Lingya Dist., Kaohsiung City
- Kaohsiung Rongzong Service Center**
No. 1, Rongzong Rd., Zuoying District, Kaohsiung City
- Kaohsiung Fongshan Service Center**
No. 148-1-3, Jhongshan Rd., Fongshan City, Kaohsiung County
- Fongshan Wuja Service Center**
No. 563-1, Wuja 2nd Rd., Fongshan City, Kaohsiung County
- Pingtung Fusing Service Center**
1F, No. 586-3, Zihyou Road, Pingtung City, Pingtung County
- Pingtung Minzu Service Center**
No. 174, Minzu Rd., Pingtung City, Pingtung County
- Pingtung Donggang Service Center**
1F, No. 73, Jhongshan Rd., Donggang Township, Pingtung County
- Taitung Jhonghua Service Center**
No. 518, Sec. 1, Jhonghua Rd., Taitung City, Taitung County
- Kaohsiung Ruelong Service Center**
No. 564, Ruelong Rd., Cianjhen District, Kaohsiung City
- Fongshan Cingnian II Service Center**
No. 474, Sec. 2, Cingnian Rd., Fongshan City, Kaohsiung County
- Kaohsiung Dachang Service Center**
No. 516, Dachang 2nd Rd., Sanmin Dist., Kaohsiung City
- Kaohsiung Wumiao Service Center**
No. 118-8, Wumiao Rd., Lingya Dist., Kaohsiung City

Contents

Letter to Shareholders 04

Chapter 1 Company Highlights 07

- Vision 07
- Core Competency 07
- Company Profile 08
- Milestones 08
- Awards and Recognitions 10

Chapter 2 Organization 12

- Organization Chart 12
- Board of Directors 14
- Employee Bonus and Compensation to Directors and Supervisors 18
- Management Team 25
- Human Resources 38

Chapter 3 Corporate Governance 39

- Corporate Governance Principles 39
- Corporate Governance Implementation 40
- Achievements and Recognitions 44
- Certified Public Accountants (CPA) Information 44
- Internal Control System 45

Chapter 4 Financial Information 48

- Capital and Shares 48
- Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders 50
- Corporate Bond Issuance 56
- Other Significant Issues 57



Chapter 5 Operating Strategy 59

- Macro Environment 59
- Overall Operating Results 59
- Consumer Business Group 60
- Home Business Group 65
- Enterprise Business Group 69

Chapter 6 Risk Management Analysis 73

- Industry Risk 73
- Financial Risk 76
- Operating Risk 76
- Risk Management 79

Chapter 7 Our Values 81

- Premium Service 81
- Excellent Brand Image 81
- Green Company 82
- Corporate Social Responsibility 83
- Innovative Research and Development 93

Chapter 8 Financial Report 96

- Financial Status 96
- Financial and Operating Results Analysis 100
- Affiliates 107
- Audit Committee Report 110
- 2009 Financial Statements 111
- 2009 Consolidated Financial Statements 151

Letter to Shareholders

Dear Shareholders,

In spite of the global financial crisis and weak domestic private consumption, Taiwan Mobile (“TWM” or “the Company”) delivered satisfactory results last year, surpassing its peers in various key performance indexes.

Outperforming industry peers

In 2009, the Company posted consolidated revenue of NT\$68.47bn, edging down 1% from a year ago. Its consolidated EBITDA of NT\$29.29bn and net income of NT\$13.89bn, which translates into earnings per share of NT\$4.66, met 101% and 100% of the Company’s respective annual targets.

Despite an intensely competitive environment, the Company managed to outperform its peers because of double-digit growth rates in its cable and mobile broadband businesses.

1. Cable broadband

With CATV penetrating most households in Taiwan, the Company was able to offer premium quality cable broadband services at a lower price and increase its ratio of high-speed service subscribers, resulting in a 31% and 44% YoY increase in cable broadband subscriber numbers and service revenue, respectively. TWM launched digital TV services in 2009, which are expected to further enhance revenue growth.

2. Mobile broadband

With the popularity of data cards, netbooks and smartphones, TWM attracted an increasing number of users to subscribe to data rate plans in addition to voice services to enjoy more convenient and higher-speed mobile internet services, thereby boosting its mobile internet service revenue up 65% from a year ago.

As the broadband technology evolution continues to boost transmission speeds and expand multimedia



content, gradually replacing telecom's traditional focus on voice-oriented businesses, TWM has accelerated its implementation of an all IP-based network infrastructure to facilitate voice, data and multimedia transmission. This will keep us from duplicating capex investment as well as enhance the independence of IP peering.

A role model for corporate governance and customer satisfaction

1. Enterprise sustainability

Aside from focusing on its core business and protecting shareholders' interests, the Company has won wide recognition domestically and internationally for its commitment to corporate governance and corporate social responsibility. In 2009, TWM was awarded the "Corporate Governance Asia Recognition Award" by Corporate Governance Asia for the third year in a row; received an A+, the highest ranking, and ranked among the top 10 listed companies in "Transparency and Information Disclosure" by the Securities and Futures Institute for the fourth consecutive year; and was granted the "Environmental Protection Award" from the Environmental Protection Administration of the Executive Yuan, the first awardee in the service industry. TWM was recognized as a role model for companies in Taiwan for its compliance with the strict rules on corporate governance and enterprise sustainability development.

2. Customer satisfaction

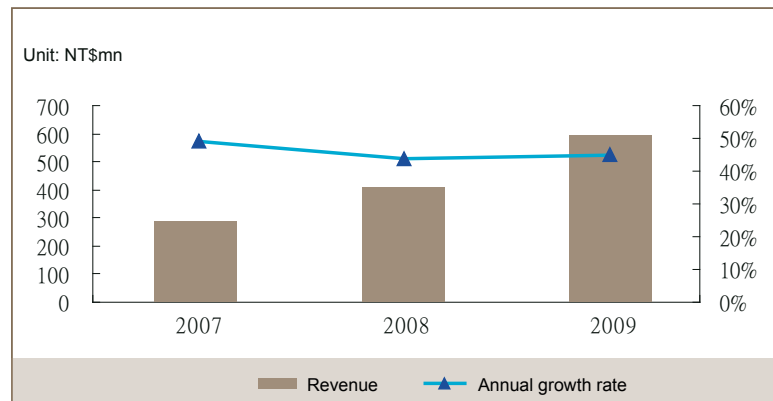
The Company is committed to creating the best customer experience by continually introducing innovative products and services, for which it has won numerous recognitions. TWM received the "Gold Trusted Brand" from *Reader's Digest* for the sixth year in a row and the "Top Service Awards" from *Next Magazine* for five times. The Company also ranked sixth in the "Info tech 100 Taiwan" by *Business Next Magazine*, placing it ahead of its telecom peers, and won the highest recognition in the "Enterprise Internet Service Satisfaction Survey 2009" conducted by the Institute for Information Industry.



Looking to lead digital convergence

Global telecoms companies are now moving toward the development of TIME – telecommunications, internet, media and entertainment. With the completion of its merger of Taiwan Fixed Network and TFN Media (TFNM) in 2007, TWM was able to expand its pure mobile business into the fixed-line and cable markets. In 2009, the Company continued its expansion with the announcement to acquire Kbro's cable business (pending regulatory approval), leapfrogging the competition to become the largest multiple system operator in Taiwan. Through the acquisition, the Company obtained access not only to the “last mile,” but also content distribution agency rights from TFNM and Kbro. This should aid TWM in its goal to become the leading company in the TIME digital convergence era.

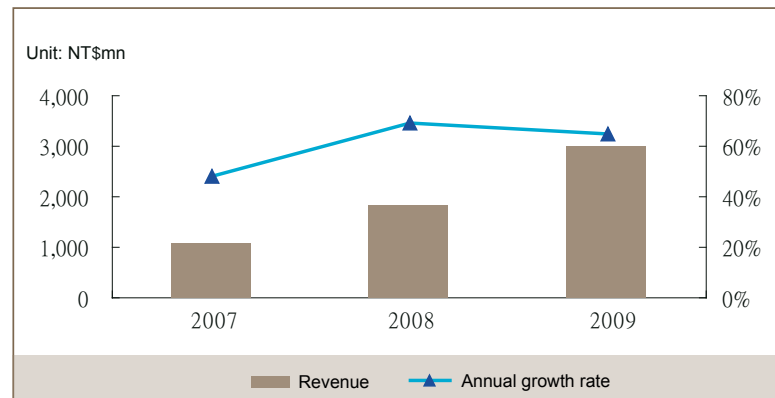
▼ Cable Broadband



Challenges ahead

Although the global economy is gradually emerging from the financial crisis, the National Communications Commission's announcement of the second round of the mandatory tariff cuts will inevitably weigh on the telecom industry's operations and revenue. In the face of these challenges, TWM will continue to focus on businesses with promising growth potential and offer richer multimedia content through its consolidated mobile, fixed-line and cable service platform. TWM aims to provide a comprehensive digital life to users and to create maximum value for its shareholders.

▼ Mobile Broadband



Richard Tsai
Chairman

Harvey Chang
President

Chap. 1 Company Highlights

Vision

The Company's core vision is to provide the best communication experience for its customers. Its aim is to become a leader in digital convergence, offering integrated information, telecommunication and media services to enhance the Company's value and maximize shareholders' interests.

Core Competency

The Company has established an expanded platform covering mobile, fixed-line, cable TV and broadband services. Through integration, the Company is able to provide "Quadruple Play" services that meet the demands of the consumer, household and corporate markets for excellent service and information security.



Company Profile

Taiwan Mobile Co., Ltd. was incorporated in the Republic of China (“ROC”) on February 25, 1997, and awarded a Type I telecom license in the same year. TWM was the first private telecommunications company to go public and the first wireless operator to launch 3G services using Wideband Code Division Multiple Access (WCDMA) technology.

TWM’s shares began trading on the ROC’s Over-the-Counter Securities Exchange in 2000. In 2002, the Company’s shares were listed on the Taiwan Stock Exchange (Ticker: 3045) and included in the Taiwan 50 Index and Morgan Stanley Composite Index.

To expand its operational scale, the Company acquired a southern regional operator, TransAsia Telecommunications Inc. (TAT), in July 2001 and a central regional operator, Mobitai Communications Co., Ltd. (Mobitai), in August 2004, lifting its combined market share to around 30% in terms of telecom service revenue. In September 2008, TAT and Mobitai were merged into the Company, marking the first telecom industry consolidation in Taiwan.

The Company further acquired Taiwan Fixed Network Co. Ltd. and Taiwan Telecommunication Network Services Co., Ltd. in 2007, making it the second-largest internet service provider (ISP) in Taiwan and allowing it to offer “Quadruple Play” services – covering mobile, fixed-line, cable TV and broadband. In 2008, the Company launched three brands – “Taiwan Mobile”, “TWM Broadband” and “TWM Solution” – to promote its Quadruple Play services for the consumer, household and enterprise markets.

The Company launched “new TV” digital TV services in July 2009. Two months later, TWM announced the acquisition of Carlyle Group’s cable TV and content agency businesses in Taiwan (pending regulatory approval), making the Company the biggest multiple system operator (MSO) in the domestic market and the leader in the digital convergence era.

The Company has, for more than 10 years, won extensive recognition at home and abroad for its outstanding performance in information security management, customer service, corporate governance and corporate social responsibility. It has been recognized as one of

the most admired and trusted enterprises in Taiwan.

The Company will continue its brand equity of providing premium services and enhancing corporate governance to strengthen its competitiveness in the marketplace and achieve its goal of becoming the most reliable telecom and media operator in Taiwan, and create a paradigm for telecom and media services in the new era.

Milestones

September 2009	Announced its acquisition of Carlyle Group’s cable TV business in Taiwan (pending regulatory approval) to make TWM the leader in the digital convergence era.
August 2009	Introduced TWM’s first Android phone – the Samsung Galaxy i7500 – and at the same time, launched a brand new “match” portal to lead customers into the mobile internet era.
July 2009	Launched “new TV” digital TV service.
March 2009	Launched TWM’s own brand netbook W101.
January 2009	Founded Taipei New Horizons Co., Ltd. (TNH) with Fubon Land Development Co., Ltd., to develop a cultural park in the old Songshan Tobacco Plant site for headquarter use under a 50-year BOT contract with Taipei City Government.
September 2008	Launched “New Line 299” rate plan, which offers mobile-to-fixed line rates that are lower than fixed-to-fixed line calls.
September 2008	Merged TransAsia Telecommunications.
August 2008	Taiwan Fixed Network Co., Ltd. (TFN), a TWM subsidiary, merged Taiwan Telecommunication Network Services Co., Ltd. (TTN).
June 2008	Richard Tsai and Daniel Tsai were elected Chairman and Vice Chairman, respectively, at the first meeting of the Fifth Board of Directors.



▲ Richard Tsai (on the right hand side), the chairman of TWM, announced the acquisition of Carlyle Group’s cable TV assets in Taiwan.

April 2008	Acquired Hurray! Times Communications Co. from Hurray! Holdings in China to facilitate development of mobile content.
February 2008	Introduced three new brands – Taiwan Mobile, TWM Broadband and TWM Solution – to provide consumers, households and enterprises with integrated telecommunication services, including wireless communication, cable TV and fixed-line services.
December 2007	Acquired full ownership of Taiwan Fixed Network.
December 2007	To simplify its investment structure, TWM subsidiary TransAsia Telecommunication merged Mobitai Communications Co., Ltd.
December 2007	Company's capital dropped to NT\$38bn after a capital reduction of NT\$12bn.
September 2007	Acquired the Videoland Hunters basketball team and renamed it Taiwan Mobile Cloud Leopards.
August 2007	Acquired 45% stake in TTN, one of the top three internet service providers in Taiwan, to expand its footprint in the corporate market.
April 2007	Acquired 84% stake in TFN, combining telecommunications and media businesses to enhance its competitiveness.
January 2007	Launched 3.5G (HSDPA) service.
December 2006	Became the first in Taiwan to provide BlackBerry service, the world's No.1 mobile email solution.
August 2006	Richard Tsai and Daniel Tsai were elected Chairman and Vice Chairman, respectively, at the tenth meeting of the Fourth Board of Directors.
June 2006	Acquired full ownership of TransAsia Telecommunications by purchasing the remaining minority stake.
January 2006	Launched a revolutionary rate plan – My Zone – which allows customers to select one of five zones as their home zone and enjoy discounted rates when making calls to off-net people within this designated zone.
January 2006	Acquired full ownership of Mobitai by purchasing the remaining minority stake.
May 2005	Became the first in Taiwan to launch 3G services, heralding the start of a new era in mobile communications.
November 2004	Joined Bridge Mobile Alliance, the largest mobile alliance in Asia.
August 2004	Acquired 67% stake in Mobitai, increasing its subscriber base to 8.2 million.
July 2003	Harvey Chang was appointed President at the 15th meeting of the Third Board of Directors.
July 2003	Daniel Tsai and Richard Tsai were elected Chairman and Vice Chairman, respectively, at the second meeting of the Third Board of Managing Directors.
June 2003	Taiwan Telecom Group's operating model was discontinued.

August 2002	Moved from the OTC exchange to the Taiwan Stock Exchange's mainboard.
May 2002	C. S. Chen was appointed President at the second meeting of the Third Board of Directors.
May 2002	Set up Taiwan Telecom Group to centralize administration of Taiwan Cellular Corp., TFN and other affiliates. The group was headed by Chairman Jack T. Sun, Vice Chairman Richard Tsai, CEO Joseph Lee, COO S. T. Chang and CSO Ray-Ying Fan.
April 2002	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the first meeting of the Third Board of Directors.
February 2002	Granted 3G license.
July 2001	Teamed up with an affiliate to acquire 95.62% of TransAsia Telecommunications, boosting its subscriber base to 6.42 million.
November 2000	Ray-Ying Fan was appointed President at the eighth meeting of the Second Board of Directors.
September 2000	Became the first private telecom operator to start trading on Taiwan's Over-the-Counter market.
June 1999	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the first meeting of the Second Board of Directors.
January 1998	Started commercial services. Launched mobile numbers with the "0935" prefix.
December 1997	Became the first nationwide private operator to obtain a GSM 1800 network operating license.
February 1997	Taiwan Cellular Corp. incorporated.
January 1997	Jack T. Sun and Joseph Lee were elected Chairman and Vice Chairman, respectively, while Lai-Ting Zou was appointed President at the first meeting of the First Board of Directors.
May 1996	Preparation for the Company's incorporation.



▲ TWM expanded its footprints in the media entertainment business and announced the launch of digital TV service, "newTV", leading subscribers into a new digital lifestyle.

Awards and Recognitions

December 2009	Granted AA1000 and GRIG3 certifications for its Corporate Social Responsibility Report (2007~2008), making it the first telecom company whose CSR report was granted dual credit.
December 2009	Awarded the Gold Prize in the "The Athletics Promoters' Awards" by the Sports Affairs Council of the Executive Yuan.
December 2009	Rosie Yu, Vice President, received the "National Manager Excellence Award in Finance" at the Chinese Professional Management Association's 27th annual awards. She was the sole awardee in the telecom industry.
November 2009	Won the "R.O.C. Enterprises Environmental Protection Award" by the Environmental Protection Administration of the Executive Yuan. TWM was the first enterprise in the service sector to be granted this national award.
November 2009	Harvey Chang, President and CEO, was recognized as the "Benchmark Entrepreneur of the Year" by Ernst & Young, Taiwan's "Entrepreneur of the Year 2009 Taiwan Awards."
October 2009	Awarded two prizes in <i>Next Magazine's</i> "2009 Top Service Awards," placing 2nd in mobile/fixed-line communications and 3rd in 3C store channels. For the second year in a row, TWM was the only double winner in the telecom industry.
September 2009	TWM Solution received the highest rating in an online satisfaction survey on corporations conducted by Foreseeing Innovative New Digservices (FIND) of the Institute for Information Industry.
July 2009	Received an "A+" ranking and ranked as one of the top 10 listed companies in "Transparency and Information Disclosure" from the Securities and Futures Institute for the fourth year in a row.
June 2009	Ranked 6th in the "Info Tech 100 Taiwan" by <i>Business Next Magazine</i> , putting it ahead of its telecom rivals.
June 2009	Received the "Corporate Governance Asia Recognition Award" in the Asia-Pacific region by <i>Corporate Governance Asia</i> for the third year in a row.



April 2009	Received the "Trusted Brand Gold Award" by <i>Reader's Digest</i> for the sixth consecutive year.
March 2009	Awarded for "Excellence in Corporate Social Responsibility" by <i>CommonWealth</i> magazine for the third year in a row.
February 2009	Won seven commendations from the National Communications Commission of the Executive Yuan – the most among its peers – for its work on bridging the digital gap in remote areas.
December 2008	James Chang, Vice President, received the "National Manager Excellence Award in Information Technology" from the 26th Chinese Professional Management Association Awards. He was the sole awardee in the telecom industry.
November 2008	Harvey Chang, President and CEO, was recognized for his outstanding contributions in corporate governance by the CFA Association of Taiwan.
November 2008	TWM's myfone e-store won an "e-21 Golden Website Award" in the large enterprise sector from the Ministry of Economic Affairs of the Executive Yuan.
November 2008	Awarded two prizes by <i>Next Magazine</i> in its "2008 Top Service Awards," placing 2nd in mobile/fixed-line communications and 3rd in 3C store channels. TWM was the only double winner and the first telecommunications company to win in the 3C store channels category.
November 2008	TWM and TWM Foundation won the 9th WenXin Gold Award by the Council of Cultural Affairs of the Executive Yuan.
July 2008	Received an "A+" ranking and ranked as one of the top 10 listed companies in "Transparency and Information Disclosure" from the Securities and Futures Institute for the third year in a row.
June 2008	Won the highest customer satisfaction rating among peers in a survey released by the Consumers' Foundation in 2008.
April 2008	Received the "Trusted Brand Gold Award" by <i>Reader's Digest</i> for the fifth year in a row.
March 2008	Ranked among Taiwan's Top 10 in <i>The Wall Street Journal's</i> "Asia's 200 Most Admired Companies." TWM was the sole telecom awardee.
March 2008	Awarded for "Excellence in Corporate Social Responsibility" by <i>CommonWealth</i> magazine for the second year in a row.
August 2007	Received the "Happy Worker – Best Employer Award" in Taiwan and Asia by <i>Cheers</i> magazine in its 2nd annual survey. TWM was the sole telecom awardee.
July 2007	Received an "A+" ranking and ranked as one of the top 10 listed companies in "Transparency & Information Disclosure" from the Securities and Futures Institute for the second year in a row.

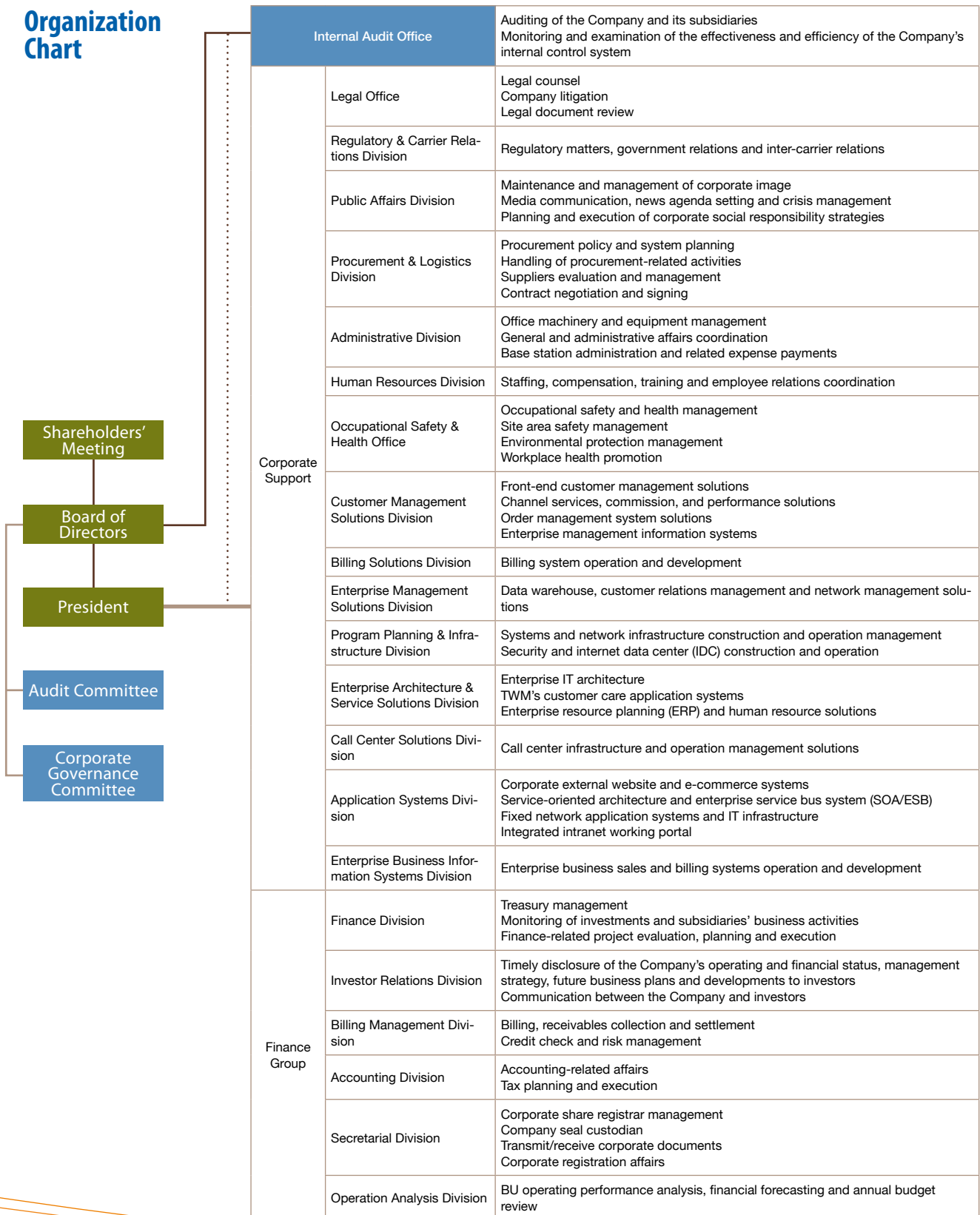




May 2007	Won the "Corporate Social Responsibility Award – Service Sector Category" at <i>Global Views Monthly's</i> third annual awards.	October 2005	Awarded "2005 Most Admired Company in Taiwan" by <i>CommonWealth</i> magazine and ranked No.1 in Taiwan's telecommunications services sector.
April 2007	Received the "Trusted Brand Gold Award" by <i>Reader's Digest</i> for the fourth year in a row.	October 2005	Awarded "2005 Excellent Service Award" by <i>Global Views Monthly</i> and ranked No.1 in Taiwan's telecommunications services sector.
April 2007	Received the "2007 Information Security Contribution Award" by iSecuTech magazine and the Executive Yuan's Research, Development and Evaluation Commission for its outstanding contributions in the field of information security. TWM was the sole telecom awardee.	May 2005	Awarded the "Corporate Social Responsibility Award" by <i>Global Views Monthly</i> and ranked No.1 in Taiwan's service sector.
March 2007	Awarded for "Excellence in Corporate Social Responsibility" and ranked No.1 in corporate governance sector by <i>CommonWealth</i> magazine.	April 2005	Awarded the "Gold Trusted Brand Award" by <i>Reader's Digest</i> for the second year in a row.
March 2007	Received "CG6002 certification" from the Corporate Governance Association for the second year in a row.	October 2004	Awarded the "Best Customer Service – Mobile Telecom Operator in Taiwan" by <i>Next Magazine</i> .
November 2006	Harvey Chang, President and CEO, received the "Best Social Responsibility Award – Corporate Category" and the "Outstanding Management Award" during the Fourth Taiwan Business Awards, marking the first time that a company received multiple awards at the annual event.	September 2004	Ranked No. 1 by <i>Euromoney</i> for "Best Corporate Governance in Taiwan."
September 2006	Ranked No. 1 by <i>Euromoney</i> for "Best Corporate Governance in Taiwan" – the second time TWM received such recognition.	July 2004	Ranked No. 1 by <i>Institutional Investor</i> for "Most Improved Corporate Governance."
July 2006	TWM and TWM Foundation won the 8th WenXin Gold and Silver awards from the Council of Cultural Affairs of the Executive Yuan in recognition of the Company's contribution to local cultural affairs.	June 2004	Ranked No. 1 by the Directorate-General of Telecommunications among telecom companies in managing and protecting personal information and privacy.
June 2006	Received an "A+" ranking and ranked as one of the top 10 listed companies in "Transparency and Information Disclosure" from the Securities and Futures Institute.	April 2004	Received the "Trusted Brand Gold Award" by <i>Reader's Digest</i> .
May 2006	Won distinctions for "Best Managed Company," "Best Corporate Governance" and "Best Commitment to Strong Dividends" by <i>Finance Asia's</i> "Taiwan's Best Managed Companies Poll."	December 2003	Ranked No. 1 and No. 2 by <i>Asiamoney</i> for "Most Improved Corporate Governance" and "Most Improved Investor Relations," respectively.
April 2006	Received the "Gold Trusted Brand Award" by <i>Reader's Digest</i> for the third year in a row.	January 2002	Ranked as the most desirable brand among telecom operators in Taiwan by <i>Breakthrough Marketing</i> magazine.
February 2006	Received the first CG6001 certification from the Corporate Governance Association.	December 2001	Ranked as one of the top 10 companies in Taiwan by <i>Far Eastern Economic Review</i> magazine.
January 2006	TWM and its subsidiary, Taiwan Teleservices & Technologies, obtained the first worldwide ISO 27001 Information Security Management System certification. Also received certifications from the UK, Sweden and Norway, demonstrating the Company's commitment to providing information security.	October 2001	Voted by mobile subscribers as the "Best Mobile Service Provider" in Taiwan in a poll conducted by the Institute for Information Industry.
November 2005	Led Taiwan's delegation in participating in the first World Cyber Game Mobile Tournament and won one gold and one silver medal. Also placed first and second in the first Asia Mobile Tournament held by SingTel.	September 2001	Ranked the 7th largest mobile operator in Asia Pacific by <i>Asia Pacific Mobile Analyst</i> .
		January 2001	Selected by <i>Asiamoney</i> magazine's poll as the "Best New Taiwan Listed Company."
		March 2000	Network engineering management accredited with ISO 9002 certification.
		December 1999	Rated "excellent" by the Directorate-General of Telecommunications for service quality, based on three criteria – downtime, blocking rate and coverage in tunnel.
		July 1999	Customer service system granted ISO 9002 certification.

Chap. 2 Organization

Organization Chart



Techno- logy Group	Systems Design Division	Planning and design for core, radio, IP and transmission network system of mobile and fixed network Development of new technologies and verification testing of network elements
	Network Engineering Division	Mobile telecom and fixed network business infrastructure budget, control and management Supervision of outsourced engineering and construction projects Management of cables and conduits in government agencies Fixed network service management, project evaluation and coordination Inter-communication between different divisions within Technology Group and assistance on SD (System Design Team) for developing next generation technologies
	Network Assurance & Technical Support Division	Mobile network technical support Fixed network technical support IP based network technical support Network quality assurance
	Network Management Division	24-hour supervision of mobile and fixed system network operation and maintenance Technical support for network operations and customer issues Management of network quality and critical events
	Network Operations and Maintenance - North I, North II, Central and Southern Regions	2G/3G network construction, expansion, operation, maintenance and optimization, including core, transmission and radio networks Fixed network construction, expansion, operation, maintenance and optimization
Consumer Business Group	Customer Service Division	Customer service and call center management Telemarketing sales and retention
	Channel Strategy and Management Office	Channel strategy planning and performance management Sales planning and store management Training and point-of-sale system administration
	Open Channel Sales Division	Open channel development and business execution
	Franchise Division	Supervision of franchisees' product promotion, distribution and customer service
	Direct Store Division	Product sales and customer service at company stores
	Quality Management Division	Cross-function business process improvement and management Customer service quality measurement and monitoring; hosting service quality committee Information security policy making and procedure maintenance; hosting information security management system committee
	Brand Management & Customer Communication Division	Management of brand identity, strategic development, integrated marketing communication, and implementation of ad campaigns Execution of store signage/interior design and cost control Company websites integration and operation, e-marketing implementation, including on-line sales and services
	Business Operations Management Division	Front-end sales/service operation process planning and implementation Back-end resource management and channel performance award management Sales channel logistics and service fulfillment
	Loyalty & VAS Marketing Division	Design and implementation of retention strategy Development and implementation of plans to raise customer loyalty, stimulate usage rate, and lower churn rate Launch of value-added services marketing campaigns Customer behavior analysis and market surveys
	Customer Acquisition & Terminal Marketing Division	Strategy development and execution to attract new customers Strategy implementation to promote and develop customized and promotional handsets, smartphones, netbooks, data cards and accessories Rate plan design and marketing
	Prepaid Business Division	Management of revenue and profit for prepaid cards and calling cards Development and implementation of product offerings, distribution, marketing communication and sales for prepaid cards and calling cards
	Value-added Services (VAS) Business Division	Overall VAS business management and product quality assurance Business strategy setting, product planning, development and management Platform integration and device customization
Product Technology Division	Technical consultation and solution analysis for VAS products and CPE technologies Solution design, system development and delivery for VAS products and marketing promotion VAS platform operation, administration and maintenance	
Home Business Group	Household integrated and innovative digital convergence services, including video (CATV/DTV), broadband internet access (cable modem/FTTx), and wireless voice Implementation of integrated technology solutions for development of new products and VAS to increase video and broadband internet access penetration rate and overall revenue Expansion of two-way optical network to broaden coverage and ensure better internet access quality and stable cable signal	
Enterprise Business Group	Strategy development and business analysis Channel development, sales and customer loyalty management Enterprise ICT integration and bundled products, marketing campaign, operation and execution Enterprise customer services and billing matters Inter-carrier relations and international business (including international roaming) plan and implementation	

Board of Directors

The board of directors, acting on behalf of the Company's shareholders, is charged with the task of supervising the management team. The board, elected and approved during the AGM on June 13, 2008, includes four independent directors, which more than fulfill current regulations requiring public companies to have at least two independent directors. The Audit Committee, composed entirely of independent directors, replaced the position of supervisors. Information regarding the Company's Fifth Board of Directors is detailed below:



Chairman **Richard Tsai**

Vice Chairman **Daniel Tsai**

Director **Harvey Chang**

Representative of Fu-Chi Venture Corp.

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :
Shares 4,849,515
% 0.128

Current shareholding :
Shares 6,387,515
% *91,466,154
0.168
*2.406

Spouse/minor's shareholdings :
Shares 5,651,663
% 0.149%

Education and experience :
· MBA, Stern School, New York University
· Chairman, Fubon Securities Co., Ltd.

Current position(s) in other companies :
· Vice Chairman, Fubon Financial Holding Co., Ltd.
· Chairman, Fubon Life Assurance Co., Ltd.
· Vice Chairman, Taipei Fubon Commercial Bank Co., Ltd.
· Chairman, Taiwan Fixed Network Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :
Title Vice Chairman
Name Daniel Tsai
Relationship Brother

Representative of Fu-Chi Venture Corp

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :
Shares 4,849,515
% 0.128

Current shareholding :
Shares 6,387,515
% *96,644,434
0.168
*2.543

Spouse/minor's shareholdings :
Shares 8,646,863
% 0.227%

Education and experience :
· LL.B., National Taiwan University
· LL.M., Georgetown University
· Chairman, Fubon Insurance
· Chairman, Fubon Land Development Co., Ltd.

Current position(s) in other companies :
· Chairman, Fubon Financial Holding Co., Ltd.
· Chairman, Taipei Fubon Commercial Bank Co., Ltd.
· Vice Chairman, Taiwan Fixed Network Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :
Title Chairman
Name Richard Tsai
Relationship Brother

Representative of TCC Investment Co., Ltd. (Note 1)

Date elected 2009.09.19
Term expires 2011.06.12

Shareholding when elected :
Shares 222,774,179
% 5.861

Current shareholding :
Shares 222,774,179
% *1,526,780
5.861
*0.040

Spouse/minor's shareholdings :
Shares -
% -

Education and experience :
· MBA, Wharton School, University of Pennsylvania
· Senior Vice President, Trust and Foreign departments of Chiao Tung Bank
· Founding President of Grand Cathay Securities Corp.
· President, China Development Corp.
· Chairman, China Securities Investment Trust Corp.
· Vice Chairman, KG Telecommunications Co., Ltd.
· Senior Vice President and Chief Financial Officer, Taiwan Semiconductor Manufacturing Co., Ltd.

Current position(s) in other companies :
· President, Taiwan Mobile Co., Ltd.
· Director and President, Taiwan Fixed Network Co., Ltd.
· Chairman, Taiwan Teleservices & Technologies Co., Ltd.
· Director and President, Taiwan Cellular Co., Ltd.
· Director and President, TCC Investment Co., Ltd.
· Director, Taiwan Super Basketball Co., Ltd.
· Director, TFN Media Co., Ltd.
· Director, Union Cable TV Co., Ltd.
· Director, Yeong Jia Leh Cable TV Co., Ltd.
· Director, Phoenix Cable TV Co., Ltd.
· Director, Globalview Cable TV Co., Ltd.
· Director, Taipei New Horizons Co., Ltd.
· Director and President, Wealth Media Technology Co., Ltd.
· Chairman, TWM Communications (Beijing) Co., Ltd.
· Chairman, IC Broadcasting Co., Ltd.
· Chairman, Taiwan Fund Inc.
· Director, CX Technology Corp.
· Independent Director, Lite-on Technology Corp.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :
Title - Name - Relationship -



Director **Vivien Hsu**

Director **Victor Kung**

Independent Director **Jack J.T. Huang**

Representative of TCC Investment Co., Ltd. (Note 1)

Date elected 2009.09.19
Term expires 2011.06.12

Shareholding when elected :
Shares 222,774,179
% 5.861

Current shareholding :
Shares 222,774,179
% *None
5.861
*None

Spouse/minor's shareholdings :
Shares -
% -

Education and experience :

- MBA, University of New South Wales, Australia
- MBA, National Chengchi University
- Executive Vice President and Chief Financial Officer, KG Telecommunications Co., Ltd.
- President and CEO, Lambda Net Co.
- President and CEO, KGEx.com Co.
- President and CEO, KG Satellite Communication Co., Ltd.
- Chief Financial Officer, Cathay Financial Holding Co.
- Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd.
- Chairman, Taiwan Tele-Shop Co., Ltd.
- Senior Consultant and Acting President, Taiwan Fixed Network Co., Ltd.
- Chairman, WinTV Broadcasting Co., Ltd.

Current position(s) in other companies :

- SVP & CFO, Taiwan Mobile Co., Ltd.
- Director and President, Taipei New Horizons Co., Ltd.
- Director, Taiwan Fixed Network Co., Ltd.
- Director, Taiwan Cellular Co., Ltd.
- Director, Union Cable TV Co., Ltd.
- Director, Yeong Jia Leh Cable TV Co., Ltd.
- Director, Phoenix Cable TV Co., Ltd.
- Director, Globalview Cable TV Co., Ltd.
- Director, Wealth Media Technology Co., Ltd.
- Supervisor, TFN Media Ltd.
- Supervisor, TCC Investment Co., Ltd.
- Supervisor, WinTV Broadcasting Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

Representative of Fu-Chi Venture Corp.

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :
Shares 4,849,515
% 0.128

Current shareholding :
Shares 6,387,515
% *None
0.168
*None

Spouse/minor's shareholdings :
Shares -
% -

Education and experience :

- MA in Economics and MBA in Finance, New York University
- Executive Vice President, Walden International Investment Group
- Executive Director, Citicorp Capital Asia Ltd.
- Director of Direct Investments, AIG Investment Corp.

Current position(s) in other companies :

- Director and President, Fubon Financial Holding Co., Ltd.
- Director, Fubon Insurance Co., Ltd.
- Director, Taipei Fubon Commercial Bank Co., Ltd.
- Director, Fubon Asset Management Co., Ltd.
- Director, Fubon Bank (HK) Limited
- Director, Fubon Life Insurance Co., Ltd.
- Supervisor, Fubon Asset Management Consulting Co., Ltd.
- Supervisor, Fubon Financial Holding Venture Capital Co., Ltd.
- Supervisor, Fubon Multimedia Technology Co., Ltd.
- Supervisor, WinTV Broadcasting Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :
Shares -
% -

Current shareholding :
Shares -
% -

Spouse/minor's shareholdings :
Shares -
% -

Education and experience :

- LL.B., National Taiwan University
- LL.M., Northwestern University
- S.J.D., Harvard University

Current position(s) in other companies :

- Partner-in-charge, Jones Day Taipei
- Director, Yulon Motor Co., Ltd.
- Independent Director, WPG Holdings Ltd.
- Independent Director, Systex Corp.
- Independent Director, Chinatrust Financial Holding Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

Note 1: Former institutional director, TFN Investment Co., Ltd., was merged into TCC Investment Co., Ltd. on September 19, 2009.

Independent Director **Tsung-Ming Chung**Independent Director **Wen-Li Yeh**Independent Director **J. Carl Hsu**

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :

Shares -
% -

Current shareholding :

Shares -
% -

Spouse/minor's shareholdings :

Shares -
% -

Education and experience :

- BBA, National Taiwan University
- MBA, National Chengchi University
- CPA, ROC
- CPA, Connecticut, USA
- Partner, T.N. Soong & Co.
- Instructor, Department of Accounting, National Chengchi University

Current position(s) in other companies :

- Chairman and CEO, Dynapack Technology Corp.
- Independent Director, Chroma Ate, Inc.
- Director, Far Eastern International Commercial Bank
- Director, Unity Opto Technology Co., Ltd.

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :

Shares -
% -

Current shareholding :

Shares -
% -

Spouse/minor's shareholdings :

Shares -
% -

Education and experience :

- Department of Architecture, Chung-Yuan Christian University
- MA and Ph.D. candidate, University of Paris
- EMBA Studies, University of California, Berkeley
- Planner, Council for Economic Planning & Development under the Executive Yuan
- Managing Director, United Pacific International, Inc.
- President, United Communications
- Managing Director and Vice Chairman, United Advertising Co.
- Chairman, Carat-United Media Services (Taiwan) Ltd.
- Chairman, Aegis Media Taiwan

Current position(s) in other companies :

- Chairman of Greater China, Aegis Media

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

Date elected 2008.06.13
Term expires 2011.06.12

Shareholding when elected :

Shares -
% -

Current shareholding :

Shares -
% -

Spouse/minor's shareholdings :

Shares -
% -

Education and experience :

- BSEE, National Taiwan University
- Ph.D. and MS in Computer Science, UCLA
- Senior executive, AT&T, Bell Labs and Lucent Technologies Communications Software Group
- Professor, National Tsing Hua University in Taiwan, Peking University and others

Current position(s) in other companies :

- Professor, Peking University and other universities
- Board member of Rogers Corp., USA

Officer, director, or supervisor is a spouse or consanguineous within two degrees :

Title -
Name -
Relationship -

* Personal shareholding

1. Major shareholders of TWM's institutional investors

As of January 31, 2010

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

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

As of January 31, 2010

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

3. Independence criteria of directors and supervisors

As of January 31, 2010

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

"V" denotes meeting the conditions specified above

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

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

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

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

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

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

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

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

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

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

Employee Bonus and Compensation to Directors and Supervisors

1. Earnings distribution plan according to the Company's Articles of Incorporation

According to the Company's Articles of Incorporation, annual net income after deducting previous years' losses, appropriating 10% thereof for legal reserves, and setting aside special reserves, shall be distributed in the following order:

1. Dividends and bonuses to preferred stockholders;
2. Maximum of 0.3% as compensation to directors;
3. 1% to 3% as bonuses to employees;
4. Remainder thereafter to be set aside for stock/cash dividends to shareholders as determined in the annual shareholders' meeting.

The board of directors is empowered to decide the allocation of stock bonuses to employees. Recipients are to include qualified employees of subsidiaries. Compensation to specific directors is calculated based on their respective involvement in the Company's operations and contribution to the Company.

2. Earnings distributed as employee bonus and compensation to directors and supervisors in the previous year

An employee cash bonus of NT\$414,697,375 and compensation to directors of NT\$41,469,738, as approved in the 2009 board of directors' and shareholders' meetings, were duly paid in 2009.

3. 2009 employee bonus and compensation to directors and supervisors proposal adopted by the board of directors

1. The board of directors proposed to distribute an employee cash bonus of NT\$374,825,512 and compensation to directors of NT\$37,482,551.
2. Proposed employee stock bonus as a percentage of retained earnings distributed: None.
3. Pro forma earnings per share after employee bonus and compensation to directors: NT\$4.66. (Equals to EPS, as employee bonuses and directors' compensation were expensed since January 1, 2008)
4. Pro forma earnings per share after employee stock bonus: NT\$4.66. (Equals to EPS, as the Company distributed employee bonus in the form of cash)

The above-mentioned proposals are subject to BOD and 2010 AGM approval.

4. Compensation to directors and supervisors over the past two years

Unit: NT\$

Type	Year	Compensation to directors	As a % of net profit	Compensation to supervisors	As a % of net profit	Net profit
On a stand-alone basis	2008	153,186,899	1.00%	1,471,522*	0.01%	15,371,385,543
	2009	150,669,456	1.08%	NA	NA	13,888,862,693
On a consolidated basis	2008	157,837,315	1.03%	1,471,522*	0.01%	15,382,248,644
	2009	152,591,867	1.10%	NA	NA	13,890,516,183

*Compensation paid from January to June 2008 before supervisors were replaced by the Audit Committee.

5. Compensation to managers over the past two years

Unit: NT\$

Type	Year	Compensation to managers	As a % of net profit	Net profit
On a stand-alone basis	2008	269,733,515	1.75%	15,371,385,543
	2009	267,370,076	1.93%	13,888,862,693
On a consolidated basis	2008	279,305,499	1.82%	15,382,248,644
	2009	279,175,395	2.01%	13,890,516,183

6. Compensation to directors, supervisors and managers

Guiding principles for compensation to directors and supervisors:

1. Remuneration policies, standards and package

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

2. Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation to directors and supervisors shall not exceed 0.3% of the Company's annual net income after deducting previous years' losses, appropriating 10% thereof for legal reserves, and setting aside special reserves.
- (2) Transportation allowances are subject to discussion and assessment by the Corporate Governance Committee, and then forwarded to the Board for approval.

3. Performance factor

Compensation to each director or supervisor is assessed based on his/her contribution to the operation of the Company and the Board. The Corporate Governance Committee and the Board review the compensation mechanism periodically, taking the Company's future operating risks into consideration.

1. Compensation to directors

Title		Chairman	Vice Chairman	Director	Director		
Name		Richard Tsai, Representative of Fu-Chi Venture Corp.	Daniel Tsai, Representative of Fu-Chi Venture Corp.	Harvey Chang, Representative of TCC Invest- ment Co., Ltd. (Note 1)	Vivien Hsu, Representative of TCC Invest- ment Co., Ltd. (Note 1)		
Director's compensation	Cash compensa- tion (A)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Retirement pay (B)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
	Earnings paid as compensation to directors (C)	Stand-alone	5,407,970	4,055,977	2,703,984	4,055,977	
		Consolidated	5,407,970	4,055,977	2,703,984	4,055,977	
	Professional fee (D)	Stand-alone	210,000	120,000	140,000	340,000	
		Consolidated	369,000	261,000	398,000	340,000	
	A+B+C+D as % of net profit		Stand-alone	0.04%	0.03%	0.02%	0.02%
			Consolidated	0.04%	0.03%	0.02%	0.02%
Total employee compensation	Performance- based salary (E)	Stand-alone					
		Consolidated					
	Retirement pay of employees (F)	Stand-alone					
		Consolidated					
	Earnings paid as bonus to em- ployees (G)	Stand-alone	Cash bonus				
			Stock bonus	-	-	-	-
		Consolidated	Cash bonus				
			Stock bonus	-	-	-	-
	Employee stock option granted (H)	Stand-alone	-	-	-	-	
		Consolidated	-	-	-	-	
A+B+C+D+E+F+G+H as % of net profit		Stand-alone					
		Consolidated					
Compensation from investees other than subsidiaries							
Other allowances							

Unit: NT\$

	Director	Independent Director	Independent Director	Independent Director	Independent Director	Director	Director	
	Victor Kung, Representative of Fu-Chi Venture Corp.	Jack J.T. Huang	Tsung-Ming Chung	Wen-Li Yeh	J. Carl Hsu	Benny Chen, Representative of Taiwan Fixed Network Co., Ltd. (Note 2)	Howard Lin, Representative of Taiwan Fixed Network Co., Ltd. (Note2)	Total
	-	-	-	-	-	-	-	-
	-	-	-	-	-	1,032,000	-	1,032,000
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	2,703,984	4,055,977	4,055,977	4,055,977	4,055,977	1,841,372	1,841,372	37,482,551
	2,703,984	4,055,977	4,055,977	4,055,977	4,055,977	1,841,372	1,841,372	37,482,551
	120,000	340,000	380,000	320,000	320,000	120,000	120,000	2,330,000
	120,000	340,000	380,000	320,000	320,000	120,000	120,000	3,092,000
	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.01%	0.29%
	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.01%	0.30%
								84,638,726
								84,767,128
								216,000
								216,000
								26,002,188
	-	-	-	-	-	-	-	-
								26,002,188
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
								1.08%
								1.10%
								None
								2,242,476

Note 1: Former institutional director, TFN Investment Co., Ltd., was merged into TCC Investment Co., Ltd. on September 19, 2009.

Note 2: The representative of Taiwan Fixed Network Co., Ltd. was discharged as director on September 18, 2009 following the transfer of more than half of TFN's shares in the Company.

2. Range of compensation to directors

Since no net loss was reported for two consecutive years and none of the directors' holding fell below requirements for three consecutive months in the most recent year, the Company will distribute compensation to directors as follows:

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

3. Compensation to supervisors:

Not applicable

4. Compensation to managers

Guiding principles for compensation to the president and vice presidents are as follows:

- (1) Compensation to the president and vice presidents comprises a fixed monthly salary and performance bonus.

- (2) Performance bonuses are determined based on the president's or the vice presidents' contribution to the Company and the results of an annual performance appraisal.
- (3) The Human Resources Department is tasked with preparing the annual compensation to the president and vice presidents and submitting a report to the independent directors of the Corporate Governance Committee.

Title and name	President and Chief Executive Officer, Harvey Chang; Chief Operating Officer of the Consumer Business Group, Cliff Lai; Chief Operating Officer of the Enterprise Business Group, George C. Chou; Chief Technology Officer and Chief Operating Officer of Home Business Group, James Jeng; Chief Financial Officer, Vivien Hsu; Vice President, C.A. Chuang; Vice President, Ariel Hwang; Vice President, Jay Hong; Vice President, H.S. Wang; Vice President, Andrew Wong; Vice President, James Chang ;Vice President, Ruth Liaw; Vice President, Rosie Yu; Vice President, Techí Juan; Vice President, Egon Chen; Vice President, Chien Chen; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Vice President, Sean Hsieh; Vice President, Jerry Chu; Vice President, Paul Huang; Vice President, Simon Wang; Vice President, Joseph Yang		Resigned managers/ Managers transferred to affiliated companies	Total	
Salary (A)	Stand-alone	105,877,607	17,300,813	123,178,420	
	Consolidated	111,327,607	19,059,146	130,386,753	
Pension (B) (Note 1)	Stand-alone	2,097,000	153,000	2,250,000	
	Consolidated	2,268,000	216,000	2,484,000	
Performance-based salary (C)	Stand-alone	74,578,654	4,694,571	79,273,225	
	Consolidated	77,716,640	5,919,571	83,636,211	
Employee profit sharing (D)	Stand-alone	Cash	62,668,431	-	62,668,431
		Stock	-	-	-
	Consolidated	Cash	62,668,431	-	62,668,431
		Stock	-	-	-
A+B+C+D as a % of net profit	Stand-alone	1.77%	0.16%	1.93%	
	Consolidated	1.83%	0.18%	2.01%	
Employee stock options	Stand-alone	-	-	-	
	Consolidated	-	-	-	
Compensation from investees other than subsidiaries		-	-	-	
Other allowances	Stand-alone	3,065,691	1,072,326	4,138,017	
	Consolidated	4,447,392	1,072,326	5,519,718	

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

Names of managers and their employee bonus distribution were the same as the table above.

Range of compensation to managers

Range of compensation to management	Name of senior management	
	2009	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	-	-
NT\$2,000,000~NT\$4,999,999	Vice President, Joseph Yang	-
NT\$5,000,000~NT\$9,999,999	Chief Technology Officer and Chief Operating Officer of the Home Business Group, James Jeng; Former Chief Technology Officer, Frank Lin; Former Chief Strategy Officer, Dr. JC Dorng; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Vice President, Rosie Yu; Vice President, C.A. Chuang; Vice President, Ruth Liaw; Vice President, Ariel Hwang; Vice President, Simon Wang; Vice President, Jerry Chu; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tech Juan; Vice President, Jay Hong; Vice President, Andrew Wong; Vice President, H.S. Wang; Vice President, Paul Huang; Vice President, Sean Hsieh; Former Vice President, D.S. Chiou	Former Chief Strategy Officer, Dr. JC Dorng; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Former Chief Technology Officer, Frank Lin; Vice President, Rosie Yu; Vice President, C.A. Chuang; Vice President, Ruth Liaw; Vice President, Ariel Hwang; Vice President, Simon Wang; Vice President, Jerry Chu; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tech Juan; Vice President, Jay Hong; Vice President, Andrew Wong; Vice President, H.S. Wang; Vice President, Paul Huang; Vice President, Sean Hsieh; Vice President, Joseph Yang; Former Vice President, D.S. Chiou
NT\$10,000,000~NT\$14,999,999	Chief Operating Officer of the Consumer Business Group, Cliff Lai; Chief Operating Officer of the Enterprise Business Group, George C. Chou; Vice President, James Chang	Chief Operating Officer of the Consumer Business Group, Cliff Lai; Chief Technology Officer and Chief Operating Officer of the Home Business Group, James Jeng; Chief Operating Officer of the Enterprise Business Group, George C. Chou; Vice President, James Chang
NT\$15,000,000~NT\$29,999,999	Chief Financial Officer, Vivien Hsu	Chief Financial Officer, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	President and Chief Executive Officer, Harvey Chang	President and Chief Executive Officer, Harvey Chang
NT\$100,000,000 and above	-	-
Total	25	25

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

7. Accounting treatment for the deviation between estimated and actual distribution amount of employee bonus and compensation to directors and supervisors

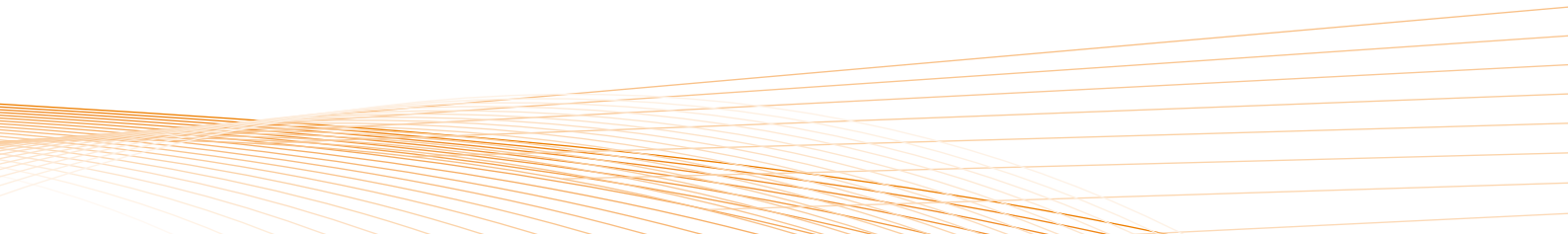
Should there be a significant adjustment on the distribution amount approved by the Board from the previous accrued estimation after year-end, the accrued amount should be revised accordingly. But should there be another change in the amount approved at the annual shareholders' meeting, the adjustment should be treated as a "change in accounting estimation" i.e. the difference from the BOD resolution should be booked in the year the AGM was held.

Management Team

Corporate Support

Corporate Support

Corporate Support provides vital support and assistance to management and workers alike, focusing on improving operational work flow and execution, as well as adapting to changes in the market.



President and Chief Executive Officer **Harvey Chang**

Effective date	2003.09.08	<ul style="list-style-type: none"> Chairman, China Securities Investment Trust Corp. Vice Chairman, KG Telecommunications Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Semiconductor Manufacturing Co., Ltd. 	<ul style="list-style-type: none"> Director and President, Taiwan Cellular Co., Ltd. Director and President, TCC Investment Co., Ltd. Director, Taiwan Super Basketball Co., Ltd. Director, TFN Media Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Taipei New Horizons Co., Ltd. Director and President, Wealth Media Technology Co. Ltd. Chairman, TWM Communications (Beijing) Co. Ltd. 	<ul style="list-style-type: none"> Chairman, IC Broadcasting Co., Ltd. Chairman, Taiwan Fund Inc. Director, CX Technology Corp. Independent Director, Lite-on Technology Corp.
Shareholding / %	1,526,780			
Spouse/minor's shareholding / %	0.040			
Education and experience :		<ul style="list-style-type: none"> MBA, Wharton School, University of Pennsylvania Senior Vice President, Chiao Tung Bank's Trust and Foreign departments Founding President of Grand Cathay Securities Corp. President, China Development Corp. 	Current position(s) in other companies : <ul style="list-style-type: none"> Director, Taiwan Mobile Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -

Vice President **C.A. Chuang**

Effective date	2003.12.01	Education and experience : <ul style="list-style-type: none"> MBA, International Institute for Management Development, Switzerland MS in Industrial Education, National Taiwan Normal University Manager, Human Resources Department, China Steel Corp. Vice President, TransAsia Telecommunications Inc. 	Current position(s) in other companies : None	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	15,927			
Spouse/minor's shareholding / %	0.000			

Vice President **Ariel Hwang**

Effective date	2004.03.01	Education and experience : <ul style="list-style-type: none"> EMBA, National Taiwan University LL.B., National Taiwan University LL.M., National Taipei University Judge, Taoyuan District Court, Taiwan Judge, Banciao District Court, Taiwan Judge, Taipei District Court, Taiwan Judge, Taiwan High Court 	Current position(s) in other companies : <ul style="list-style-type: none"> Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Supervisor, Global View Cable TV Co., Ltd. Supervisor, Wealth Media Technology Co., Ltd. Supervisor, Taipei New Horizons Co., Ltd. Legal Consultant, Fubon Financial Holding Co., Ltd. Legal Consultant, Taiwan Fixed Network Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	-			
Spouse/minor's shareholding / %	-			

Vice President **Jay Hong**

Effective date	2004.05.06	Education and experience : <ul style="list-style-type: none"> EMBA, National Sun Yat-Sen University Engineering Supervisor, Engineering Division, Nan Ya Plastics Director, Procurement Division, TransAsia Telecommunications Inc. Vice President, Customer Service Division, TransAsia Telecommunications Inc. Vice President, Direct Store Division, Taiwan Mobile Co., Ltd. President, Taiwan Teleservices & Technologies Co., Ltd. 	Current position(s) in other companies : None	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	100,000			
Spouse/minor's shareholding / %	0.003			

Vice President HS Wang

Effective date	2005.05.01	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	51,241	<ul style="list-style-type: none"> Ph.D. in Electrical and Computer Engineering, Rutgers, The State University of New Jersey 	<ul style="list-style-type: none"> Director, Taiwan Super Basketball Co., Ltd 	
Spouse/minor's shareholding / %	0.001	<ul style="list-style-type: none"> Lecturer/Assistant Professor, Information Engineering Department, The Chinese University of Hong Kong Vice President, Mediatec Corp. Vice President, First International Telecom 		Title - Name - Relationship -

Vice President Andrew Wong

Effective date	2003.12.01	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	31,764	<ul style="list-style-type: none"> MBA, George Washington University Manager, Johnson, Bassin & Shaw Manager, MCI Communications Vice President, Far EastTone Telecommunications Co., Ltd. 	None	
Spouse/minor's shareholding / %	0.001			Title - Name - Relationship -

Vice President James Chang

Effective date	2004.09.17	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	191,205	<ul style="list-style-type: none"> MS in Computer Science, University of Illinois, Chicago District Manager, AT&T Laboratories Senior Delivery Manager, IBM Global Services Senior Director, TBCommerce Network Corp. Director, AT&T Laboratories 	None	
Spouse/minor's shareholding / %	0.005			Title - Name - Relationship -

Vice President Daphne Yang

Effective date	2010.01.04	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	-	<ul style="list-style-type: none"> M.A. in Theatre Production, University of Hull, UK Strategic Planning Manager, JWT Advertising Agency Strategic Planning Director/Business Development Director, D'Arcy Advertising Agency General Manager, Senses Strategic Network Vice President, Acquisition & Terminals Marketing Division, Taiwan Mobile Co., Ltd. President, Nanjing Xing-gi Real Estate Development Co., Ltd. 	None	
Spouse/minor's shareholding / %	-			Title - Name - Relationship -

Finance Group

The Finance Group strives to meet international standards and practices in corporate governance, promote financial transparency through discreet information disclosure to the Board of Directors and related parties on the Company's operation and road map, as well as maintain an open communication channel with local and foreign investors. The group also helps all business divisions to make good use of the Company's financial resources through effective cost control and sound financial and investment planning.



Senior Vice President and Chief Financial Officer Vivien Hsu

Effective date	2007.07.02	<ul style="list-style-type: none"> · President and CEO, KGEx.com Co. · President and CEO, KG Satellite Communication Co., Ltd. · Chief Financial Officer, Cathay Financial Holding Co. · Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. · Chairman, Taiwan Tele-Shop Co., Ltd. · Senior Consultant and Acting President, Taiwan Fixed Network Co., Ltd. · Chairman, WinTV Broadcasting Co., Ltd. 	Current position(s) in other companies : <ul style="list-style-type: none"> · Director, Taiwan Mobile Co., Ltd. · Director and President, Taipei New Horizons Co., Ltd. · Director, Taiwan Cellular Co., Ltd. · Director, Taiwan Fixed Network Co., Ltd. · Director, Union Cable TV Co., Ltd. · Director, Yeong Jia Leh Cable TV Co., Ltd. · Director, Phoenix Cable TV Co., Ltd. · Director, Globalview Cable TV Co., Ltd. · Director, Wealth Media Technology Co., Ltd. · Supervisor, TFN Media Ltd. · Supervisor, TCC Investment Co., Ltd. · Supervisor, WinTV Broadcasting Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	-			
Spouse/minor's shareholding / %	-			
Education and experience :				
<ul style="list-style-type: none"> · MBA, University of New South Wales, Australia · MBA, National Chengchi University · Executive Vice President and Chief Financial Officer, KG Telecommunications Co., Ltd. · President and CEO, Lambda Net Co. 				

Vice President Rosie Yu

Effective date	2006.02.06	Education and experience : <ul style="list-style-type: none"> · BA, National Taiwan University · Executive Vice President, China Securities Co., Ltd. · General Manager, Citicorp International Securities Ltd., Taipei Branch · General Manager, Credit Lyonnais Securities (Asia) Ltd., Taipei Branch · President, Global Investment Holdings Co., Ltd. · Chairman, Global Investment Advisory (HK) Ltd. 	Current position(s) in other companies : <ul style="list-style-type: none"> · Supervisor, Taiwan Cellular Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	-			
Spouse/minor's shareholding / %	-			

Vice President Ruth Liaw

Effective date	2006.05.15	Education and experience : <ul style="list-style-type: none"> · MBA, National Chengchi University · Partner, Arthur Andersen & Co. · CFO, Arima Computer Corp. 	Current position(s) in other companies : <ul style="list-style-type: none"> · Director, Taiwan Fixed Network Co., Ltd. · Director, Taiwan Cellular Co., Ltd. · Supervisor, Taiwan Teleservices & Technologies Co., Ltd. · Supervisor, Union Cable TV Co., Ltd. · Supervisor, Yeong Jia Leh Cable TV Co., Ltd. · Supervisor, Phoenix Cable TV Co., Ltd. · Supervisor, Globalview Cable TV Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	36,000			
Spouse/minor's shareholding / %	0.001			

Technology Group

Stability and adaptability best describe the Technology Group's short to long-term mission. Aside from offering a solid technology platform that ensures high network quality, the group continues to implement forward-looking analysis of technology and products on the deployment of network and base stations, together with adjustments to cope with real demand, industry and regulatory trends, and changes to enhance the Company's leading edge.

Under the trend of digital convergence, the Group strives to support an array of new telecom and multi-media services via IP based technologies as well as consolidation of networks.



SVP, CTO and COO of Home Business Group James Jeng

Effective date	2009.01.01	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	58,000	<ul style="list-style-type: none"> · Ph.D. in Electrical and Computer Engineering, New York State University, USA · Technical staff, AT&T, Bell Labs, USA · Executive Vice President, United Fiber Optic Communication, Inc. · President, Asia Pacific Online · CEO, Asia Pacific Broadband Telecom · CEO, Asia Pacific Broadband Wireless · CEO, Asia Pacific Telecom Group · Senior Adviser, Taiwan Mobile Co., Ltd. · Chief Technology Officer and Chief Operating Officer of the Home Business Group, Taiwan Mobile Co., Ltd. 	<ul style="list-style-type: none"> · President, TFN Media Co., Ltd. · Chairman, Win TV Broadcasting Co., Ltd. · Chairman, Union Cable TV Co., Ltd. · Chairman, Yeong Jia Leh Cable TV Co., Ltd. · Chairman, Phoenix Cable TV Co., Ltd. · Chairman, Globalview Cable TV Co., Ltd. · Director, Wealth Media Technology Co., Ltd. 	
Spouse/minor's shareholding / %	0.002			Title - Name - Relationship -

Vice President Techí Juan

Effective date	2002.05.21	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	103,960	<ul style="list-style-type: none"> · MS in Electronics Engineering, University of Missouri, Columbia · Engineer, Lucent Technologies Telecommunications Taiwan Co. · Technical Manager, Asia Pacific Intellectual Property Association · Senior Director, Taiwan Mobile Co., Ltd. 	None	
Spouse/minor's shareholding / %	0.003			Title - Name - Relationship -

Vice President Egon Chen

Effective date	2004.02.16	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	123,259	<ul style="list-style-type: none"> · BS in Electronics Engineering, Tamkang University · Project Manager, Siemens Telecommunication Systems Ltd. · Director, Suretone Telecom, Inc. · Director, Taiwan Mobile Co., Ltd. · Senior Director, Taiwan Fixed Network Co., Ltd. · Vice President, Howin Technologies 	None	
Spouse/minor's shareholding / %	0.003			Title - Name - Relationship -

Vice President Chien Chen

Effective date	2004.02.16	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	6,000	<ul style="list-style-type: none"> · National Taipei Institute of Technology · Manager, Siemens Telecommunication Systems Ltd. · Director, Suretone Telecom, Inc. · Vice President, Taiwan Fixed Network Co., Ltd. · Vice President, Howin Technologies 	None	
Spouse/minor's shareholding / %	0.000			Title - Name - Relationship -

Consumer Business Group

Consumer Business Group

The Consumer Business Group (CBG) is devoted to promoting the Company's vision of "creating the best mobile communications experience" to enable customers to embrace their lives with ease and confidence. Working from the perspective of the customer, the group develops products and services based on CBG's observation of customer behavior to better anticipate their needs and demands. The group also provides useful, innovative and interesting value-added services such as mobile internet and 3.5G data cards that allow users to enjoy mobile broadband anytime and anywhere. The Company has built a comprehensive and convenient service network to ensure customer satisfaction and loyalty, and CBG is committed to delivering the best mobile experience to make customers truly feel and believe its slogan "Taiwan Mobile, my mobile!"



Consumer Business Group

Senior Vice President and Chief Operating Officer **Cliff Lai**

Effective date	2007.08.01	Education and experience : <ul style="list-style-type: none">· EMBA, National Chengchi University· MS in Electrical Engineering, North Carolina State University, USA· Researcher, AT&T Laboratories· Vice President, Tecom Co. Ltd.· Vice President, Mobitai Communications Co., Ltd.· President, Reach and Range, Inc.· Senior Vice President, Taiwan Fixed Network Co., Ltd.· CEO, Fu Yang Media Technology Co., Ltd.	Current position(s) in other companies : <ul style="list-style-type: none">· Director, Taiwan Teleservices & Technologies Co., Ltd.· Director and President, Taiwan Super Basketball Co., Ltd.· Director, Taiwan Internet Association (TWIA)· Director, Taiwan Network Information Center (TWNIC)	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	224,611			
Spouse/minor's shareholding / %	0.006			

Vice President and Deputy Chief Operating Officer **Jeff Ku**

Effective date	2005.06.06	Education and experience : <ul style="list-style-type: none">· EMBA, National Taiwan University· MBA, University of Wollongong, Australia· Director, Far EasTone Telecommunications Co., Ltd.· Vice President, Taiwan High Speed Rail Corp.	Current position(s) in other companies : <ul style="list-style-type: none">· Director, TWM Communications (Beijing) Co., Ltd.	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	63,604			
Spouse/minor's shareholding / %	0.002			

Vice President **Sean Hsieh**

Effective date	2003.12.08	Education and experience : <ul style="list-style-type: none">· BS in Business Administration and Sociology, Fu Jen Catholic University, University of Texas, Austin· Account Supervisor, Bozell CCAA· Group Account Director, Series DMB&B Communications· Marketing and Sales Manager, PUMA North Asia Ltd., Taiwan Branch· Marketing Director, TransAsia Telecommunications, Inc.· Vice President, TransAsia Telecommunications, Inc.· Vice President, Enterprise Solution and Channel Sales, Taiwan Mobile Co., Ltd.	Current position(s) in other companies : None	Manager, director, or supervisor is a spouse or consanguineous within two degrees : Title - Name - Relationship -
Shareholding / %	303,774			
Spouse/minor's shareholding / %	0.008			

Consumer Business Group

Vice President Jerry Chu

Effective date	2003.12.01	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	460,000	<ul style="list-style-type: none"> · MBA, University of Toronto, Canada · LL.B., Department of Law, National Taiwan University · Director, Finance Management Division, KG Telecom · Director, Business Process Management Division, KG Telecommunications Co., Ltd. · Director, Revenue Assurance Division, KG Telecommunications Co., Ltd. · Vice President, Quality Director, Corporate Banking, Citibank, N.A., Taipei Branch · Vice President, CitiService Head, Corporate Banking, Citibank, N.A., Taipei Branch · Vice President, Senior Country Operations Officer, Operations and Technology Head, Global Transaction Service, Citibank, N.A., Taipei Branch 	<ul style="list-style-type: none"> · Supervisor, Taiwan Fixed Network Co., Ltd. · Director and President, Taiwan Teleservices & Technologies Co., Ltd. 	
Spouse/minor's shareholding / %	0.012			Title - Name - Relationship -

34

Vice President Paul Huang

Effective date	2008.01.21	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	221,487	<ul style="list-style-type: none"> · MS in Computer Science, Bradley University, USA · Supervisor, Siemens Telecommunication Systems Ltd. · Account and Project Manager, Nortel, Taiwan Branch · Vice President, Business Development, Hong Kong Telecom, Taiwan Branch · Vice President, Sales and Services, Far Eastone Telecommunications Co., Ltd. · Vice President, Business and Operations, Far Eastern Electronic Toll Collection Co., Ltd. 	None	
Spouse/minor's shareholding / %	0.006			Title - Name - Relationship -

Vice President Simon Wang

Effective date	2004.10.11	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	101,024	<ul style="list-style-type: none"> · EMBA, National Taiwan University · BS in Telecommunications Engineering, National Chiao Tung University · Manager, Technology & Quality Division, Philips Electronics Industry Co., Ltd. · General Manager, Philips Optel Division Corp. · General Manager, Fu Shing Can Manufacturing Co., Ltd. · General Manager, ICAN Manufacturing Co., Ltd. · Director, TECO Optical Electronics Co., Ltd. · Factory Manager, YATE PCB Co., Ltd. · Executive Vice President, TransAsia Telecommunications, Inc. 	None	
Spouse/minor's shareholding / %	0.003			Title - Name - Relationship -

Home Business Group

Home Business Group

Tasked with promoting “TWM Broadband,” the Home Business Group (HBG) consolidates the group’s mobile, fixed network, cable TV and channel resources to provide households with digital convergence services, including video (CATV/IPTV/DTV), broadband internet access (cable modem/FTTx), mobile and content. HBG hopes to excel in providing customers with the best experience, product offerings and services, and become the top choice for triple play for every family.

SVP, CTO and COO of Home Business Group James Jeng

Information please refer to Technology Group



Enterprise Business Group

Enterprise Business Group

The Enterprise Business Group (EBG) provides enterprises with an integrated information and communication service called “TWM Solution” by consolidating the resources of TFN, TTN and TWM. To ensure high-quality information and communication services, EBG offers customized industry solutions that cater to businesses’ diverse requests. TWM Solution endeavors to meet enterprises’ telecommunications and management needs, increase their operational efficiency, and provide more value-added and user-friendly services. TWM aims not only to work with enterprise customers, but to grow and develop long-term win-win partnerships.



Senior Vice President and Chief Operating Officer **George C. Chou**

Effective date	2007.11.26	Education and experience :	<ul style="list-style-type: none"> · Chairman, Union Cable TV Co., Ltd. · Chairman, Phoenix CATV Co., Ltd. · Chairman, Globalview CATV Co., Ltd. 	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	250,955	<ul style="list-style-type: none"> · MS in Mathematics, Colorado State University, USA · Business Development Manager, Siemens Telecommunication Systems Ltd. 	<ul style="list-style-type: none"> · Chairman, Union Cable TV Co., Ltd. · Chairman, Phoenix CATV Co., Ltd. · Chairman, Globalview CATV Co., Ltd. 	
Spouse/minor's shareholding / %	0.007	<ul style="list-style-type: none"> · Special Assistant to the President, Siemens Telecommunication Systems Ltd. · Managing Director, Siemens Nixdorf Information Systems Ltd., Taiwan Branch · General Manager, PCCW (formerly Hong Kong Telecom) · Director of Taiwan Operations, PCCW · Vice Chairman and CEO, Taiwan Telecommunication Network Services Co., Ltd. · CEO, Fu Yang Media Technology Co., Ltd. · Senior Consultant, Taiwan Mobile Co., Ltd. · Chairman, North Coast Cable TV Co., Ltd. · Chairman, Yeong Jia Leh Cable TV Co., Ltd. 	Current position(s) in other companies : <ul style="list-style-type: none"> · COO, Taiwan Fixed Network Co., Ltd. · Director, Taiwan Teleservices & Technologies Co., Ltd. · Director, TWM Communications (Beijing) Co. Ltd. · Director, Taiwan Acceptance Co., Ltd. 	Title - Name - Relationship -

Vice President **Joseph Yang**

Effective date	2007.11.09	Education and experience :	Current position(s) in other companies :	Manager, director, or supervisor is a spouse or consanguineous within two degrees :
Shareholding / %	90,801	<ul style="list-style-type: none"> · BS in Transportation Management, National Chiao Tung University · Advisory System Engineer, System · Engineer, IBM Taiwan 	None	
Spouse/minor's shareholding / %	0.002	<ul style="list-style-type: none"> · Technical Manager, Central & South Branch, IBM Taiwan · Director, Finance Industry, IBM Taiwan · Sales VP, Eastern Broadband Telecom · Chief Operating Officer, Eastern Broadband Telecom · Senior VP, Asia Pacific Telecom Group · Chief Marketing Officer, Asia Pacific Telecom Group · Product Director, Asia Region, High Tech Computer 		Title - Name - Relationship -

Human Resources

A wealth of outstanding and professional talent is the Company's most valuable resource.

Human resources composition

Employee statistics for the most recent two years until the publication date

Year		2008	2009	2010 (as of Jan. 31)
Number of employees	Male	1,471	1,458	1,455
	Female	1,072	1,038	1,039
	Total	2,543	2,496	2,494
Average age		36	36.7	36.9
Average years of service		6.3	6.8	6.9
Education level	Ph.D.	0.35%	0.36%	0.36%
	Master	17.89%	19.99%	20.13%
	University	50.53%	50.76%	50.72%
	College	29.06%	26.89%	26.79%
	Others	2.16%	2.00%	2.00%

Note: The numbers above were based on Taiwan Mobile alone.

Employee statistics by division

As of Jan. 31, 2010

Division	Number	Percentage (%)
Corporate Support	586	23.50%
Finance	201	8.06%
Technology	833	33.40%
Consumer Business Group (Note)	873	35.00%
Home Business Group (Note)	0	0.00%
Enterprise Business Group (Note)	1	0.04%
Total	2,494	100%

Note: The Consumer Business Group does not include 811 employees from TT&T. The Enterprise Business Group does not include 396 employees from TFN. The Home Business Group does not include 138 employees from TFNM and 384 employees from four CATV subsidiaries.

Chap. 3 Corporate Governance

Corporate Governance Principles

The Company acknowledges the importance of good corporate governance and abides by the following practices:

1. Our Principle

- Timely disclosure of material information
- Check-and-balance between the board and management
- Audit Committee ensures fair and independent financial oversight
- Fair representation of independent board members
- Corporate Governance Committee ensures sound corporate governance practices and systems be in place
- Adoption of a cash dividend policy based on a high earnings payout ratio
- Distribution of all employee bonuses in the form of cash

2. Current Practices

To improve the Company's corporate governance practices, the Company has implemented a number of policy and strategy changes. On June 15, 2006, the Company revised the "Rules and Procedures Governing Shareholders' Meetings," which were set forth on January 30, 1997. On June 5, 2002, the Company revised the "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties," which were first passed on August 31, 1999. On April 30, 2004, the Company approved the "Corporate Governance Committee Charter" (later revised on June 13, 2008) and the "Audit Committee Charter" (later revised on October 26, 2006). On January 31, 2008, the Company revised the "Rules and Procedures Governing Board of Directors' Meetings," which were promulgated on October 28, 2005. And on January 22, 2009, the Company approved the "Regulations Governing Internal Material Information" (For detailed information on the rules and charters, please refer to the Company's official website). With these changes, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, but it also adheres to the highest international standards.

Current Corporate Governance Practices

Item		Current practice
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The spokesperson or secretarial division personnel handles all non-legal issues; the legal division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The secretarial division provides a list of shareholders.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company has established "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" and "Rules and Procedures on Monitoring Subsidiaries" as risk control mechanisms.
Board of directors and its responsibilities	Independent directors	The Company's board includes four independent directors.
	Periodic review of CPA's independence	The Audit Committee conducts periodic reviews.
Communication channels with stakeholders		The spokesperson and spokesperson's mailbox serves as the main communication channel between the Company and stakeholders.
Information disclosure	Disclosure of financial, operational and corporate governance information	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	The Company has set up an English website, investor relations as well as spokesperson function to enhance information disclosures.
Functional committees		The Corporate Governance Committee oversees the functions of committees dealing with nominations of board directors and compensation.

Corporate Governance Implementation

1. Corporate Governance Committee and Audit Committee

The Company's corporate governance structure is composed of two committees: a Corporate Governance Committee and an Audit Committee.

1. Corporate Governance Committee

The Corporate Governance Committee is composed entirely of independent board directors and its operation is bound by the "Corporate Governance Committee Charter." Its main responsibilities cover the following:

- (1) Maintaining a sound corporate governance mechanism
- (2) Nominating independent directors and supervisors
- (3) Supervising the operations of the board of directors, supervisors and functional committees

- (4) Reviewing the employee compensation system and structure

2. Audit Committee

Pursuant to the Securities and Exchange Act, shareholders approved the establishment of an Audit Committee consisting of independent directors to take over the responsibilities of supervisors during its annual meeting on June 13, 2008. The committee's operation is bound by the "Audit Committee Charter" and its main responsibility is to assist the board in overseeing the following:

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

2. Corporate Governance Operation

1. Attendance of board members at board meetings

1. The Board of Directors convened seven times in 2009

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Richard Tsai, Representative of Fu-Chi Venture Corp.	7	0	100%	
Vice Chairman	Daniel Tsai, Representative of Fu-Chi Venture Corp.	6	1	86%	
Director	Harvey Chang, Representative of TCC Investment Co., Ltd. (Note 1)	7	0	100%	
Director	Vivien Hsu, Representative of TCC Investment Co., Ltd. (Note 1)	7	0	100%	
Director	Victor Kung , Representative of Fu-Chi Venture Corp.	6	1	86%	
Independent Director	Jack J.T. Huang	6	0	86%	
Independent Director	Tsung-Ming Chung	6	1	86%	
Independent Director	Wen-Li Yeh	6	1	86%	
Independent Director	J. Carl Hsu	6	1	86%	
Director	Benny Chen, Representative of Taiwan Fixed Network Co., Ltd.	6	0	100%	Chen & Lin, who both resigned on September 18, 2009, were required to attend six meetings.
Director	Howard Lin, Representative of Taiwan Fixed Network Co., Ltd.	6	0	100%	

Note1: Former institutional director, TFN Investment Co., Ltd. was merged into TCC Investment Co., Ltd. on September 19, 2009.

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

3. Directors' adherence to Company rules on avoiding conflict of interests:

At the 7th meeting of the Fifth Board of Directors on April 30, 2009, during the discussion of the issue involving Taipei New Horizons Co., Ltd.'s – the Company's 49.9% indirectly owned investment – signing of a construction management contract with Fubon Land Development Co., Ltd. (FLD), Chairman Richard Tsai and Vice Chairman Daniel Tsai abstained from voting to avoid conflict of interests in accordance with Articles 178 and 206 of the Company Act as they are major shareholders of FLD.

4. Other BOD objectives:

- (1) BOD performance evaluation: The 11th meeting of the Fourth BOD approved the "Rules and Procedures on Evaluating BOD Performance" on October 26, 2006. The Corporate Governance Committee evaluates the BOD's performance and submits a report on proposals for improvement. The 2008 BOD performance self-evaluation was conducted by all members at the 7th meeting of the Fifth BOD on April 30, 2009. The 2009 BOD performance self-evaluation was conducted by all members at the 12th meeting of the Fifth BOD on January 28, 2010.
- (2) Training programs for directors and supervisors: The Company has conducted regular seminars in the office to facilitate interaction between the lecturer and directors and meet the required training hours since 2008.
- (3) Information transparency: Committed to upholding transparency in operations and protecting shareholders' interests, the Company discloses BOD resolutions in a timely and consistent manner. In accordance with Interpretation No. 0970032392, promulgated by the Taiwan Stock Exchange on November 19, 2008, the Company approved the "Regulations on Dealing with Internal Material Information" on January 22, 2009 and disseminated

them to employees, managers and directors on April 9, 2009 to ensure that they promote information transparency and timely disclosure.

2. Attendance of Audit Committee members

During the annual shareholders' meeting on June 13, 2008, all independent directors were elected to the Audit Committee taking over the responsibilities of supervisors.

1. The Audit Committee convened six times in 2009

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	6	-	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	5	-	83.33%	
Independent Director	Wen-Li Yeh	6	-	100%	
Independent Director	J. Carl Hsu	6	-	100%	

Note:

- (1) Any objections or issues raised by the Audit Committee against resolutions, pursuant to Article 14-5 of the Securities and Exchange Act, that were approved by over two-thirds of the directors: None.
- (2) Any conflict of interests among independent directors: None.
- (3) Communication between Independent Directors and the Internal Audit Chief and CPAs:
 - a. In addition to presenting monthly reports to independent directors, the Internal Audit Chief submits regular reports on the progress of its audit program at the quarterly Audit Committee meetings.
 - b. The CPAs present audit reports and findings to independent directors during the committee's quarterly meeting.
 - c. The Internal Audit Chief and CPAs also communicate with independent directors directly as needed.

3. Major resolutions at the 2009 shareholders' meeting

Issues discussed and approved:

1. 2008 business and financial reports
2. 2008 earnings distribution proposal
3. Amendments to the Company's "Articles of Incorporation"
4. Amendments to the "Rules and Procedures on Lending and Making Endorsements/Guarantees"

Resolutions made in the 2009 general shareholders' meeting were all duly executed.

4. Major resolutions by the board (between 2009 and the publication date)

1. Approved the removal of non-competition restrictions on Company management
2. Approved 2009 stand-alone and consolidated financial forecasts
3. Gave the green light to the Company's participation in future rights issues of Taipei New Horizons Co., Ltd., with the equity investment cap set at NT\$1.92bn
4. Approved 2009 capital expenditure projects for network optimization and 3G implementation
5. Approved 2008 profit distribution proposal
6. Approved the holding of the 2009 general shareholders' meeting
7. Approved expansion project for 3G network
8. Set record date for 2008 cash dividend distribution

9. Gave the green light to the Company's participation in future rights issues of Wealth Media Technology Co., Ltd., with the equity investment cap set at NT\$6.5bn
10. Approved a loan to Wealth Media Technology Co., Ltd.
11. Approved a loan to Taiwan Cellular Co., Ltd.
12. Approved the acquisition of Carlyle Group's CATV-related assets in Taiwan, with the cap set at 15.5% of the Company's treasury shares coupled with cash
13. Approved a maximum of NT\$3.5bn in endorsement /guarantee for Taiwan Fixed Network Co., Ltd
14. Approved a loan to TCC Investment Co., Ltd
15. Approved a loan to Taiwan Fixed Network Co., Ltd
16. Approved a loan to TFN Media Ltd
17. Approved 2010 stand-alone and consolidated financial forecasts
18. Approved 2010 capital expenditure projects for network optimization and 3G implementation
19. Approved the removal of non-competition restrictions on Company management
20. Approved the holding of the 2010 general shareholders' meeting

The above information is posted on <http://newmops.tse.com.tw>.

5. Major disputes between directors and supervisors in relation to board meeting resolutions from 2009 up to the publication date in 2010: None.

3. Additional Information

1. Training program for directors

Title	Name	Date of training		Organization	Training program	Hours
		From	To			
Director, Representative of Fu-Chi Venture Corp.	Richard Tsai	2009/07/07	2009/07/07	Corporate Governance Association	Enterprise mergers and the legal responsibility of directors	3.0
Director, Representative of Fu-Chi Venture Corp.	Daniel Tsai	2009/07/07	2009/07/07	Corporate Governance Association	Enterprise mergers and the legal responsibility of directors	3.0
		2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors	3.0
Director, Representative of TCC Investment Co., Ltd.	Harvey Chang	2009/05/15	2009/05/15	Corporate Governance Association	Speaker at "Win-win enterprise strategy for shareholders, employees and company" forum	1.0
		2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors/supervisors	3.0
		2009/10/05	2009/10/05	Corporate Governance Association	Discussing corporate governance and BenQ's case	1.0
		2009/12/02	2009/12/02	Corporate Governance Association	Corporate governance forum	1.0
Director, Representative of TCC Investment Co., Ltd.	Vivien Hsu	2009/05/15	2009/05/15	Corporate Governance Association	"Win-win enterprise strategy for shareholders, employees and company" forum	1.0
		2009/07/01	2009/07/01	Corporate Governance Association	"ECFA" forum	1.0
		2009/07/24	2009/07/24	Financial Supervisory Commission, Executive Yuan	Orientation on regulations governing internal transfer of shares	2.0
		2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors/supervisors	3.0
Director, Representative of Fu-Chi Venture Corp	Victor Kung	2009/07/07	2009/07/07	Corporate Governance Association	Enterprise mergers and the legal responsibility of directors	3.0
		2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors	3.0
Independent Director	Jack J.T. Huang	2009/02/05	2009/02/05	Corporate Governance Association	Cross-strait business and trading amid the financial crisis	1.0
		2009/07/07	2009/07/07	Corporate Governance Association	Speaker at "Enterprise mergers and the legal responsibility of directors/supervisors"	3.0
		2009/11/17	2009/11/17	Securities & Futures Institute	Speaker at "Enterprise mergers and the legal responsibility of directors/supervisors"	3.0
Independent Director	Tsung-Ming Chung	2009/07/02	2009/07/02	Taiwan Academy of Banking and Finance	Board Meeting Practices and Corporate Governance	3.0
Independent Director	Wen-Li Yeh	2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors/supervisors	3.0
Independent Director	J. Carl Hsu	2009/07/31	2009/07/31	Corporate Governance Association	Insider trading and the legal responsibility of directors/supervisors	3.0

Note: The training requirements listed above have been fulfilled.

2. Training program for management team

Training Program	Organization	Date	Hours	Participant List of management team
[Corporate Governance Workshop] Management strategies for coping after the financial storm	TWM HR Div./ Polaris Research Institute	2009/07/20	3	Jeff Ku, James Chang, Egon Chen, Chien Chen, Paul Huang, Joseph Yang
[Corporate Governance Workshop] Enhancing organizational execution with customer value management	TWM HR Div./ Polaris Research Institute	2009/10/14	3	Cliff Lai, JC Dorng*, Techí Juan, James Chang, Chien Chen, Joseph Yang
[Corporate Strategy Workshop] Win-win Strategies for Organizations	TWM HR Div.	2009/10/23	7	Harvey Chang, Vivien Hsu, James Jeng, George C. Chou, JC Dorng*, Andrew Wong, Simon Wang, HS Wang, Jeff Ku, Techí Juan, Jay Hong, C.A. Chuang, Egon Chen, Chien Chen, Paul Huang, Joseph Yang, Ruth Liaw

* JC Dorng resigned on October 31, 2009

3. Employees' certification related to financial transparency

Employees whose duties involve releasing Company's financial information are encouraged to obtain certifications in related fields. Certification details are as follows:

1. Certified Internal Auditor (CIA): One employee in Operation Analysis Division; eight in Internal Audit Office.
2. Basic examination on internal controls by the Securities and Futures Institute: Four in Secretarial Division.
3. Qualified Internal Auditor (QIA): One employee in Operation Analysis Division; eight in Internal Audit Office; one in Accounting Division.
4. Certified Public Accountant (CPA): One employee in the Office of the CFO; three in Operation Analysis Division; one in Accounting Division; one in Finance Division.

4. The Company has purchased liability insurance for its directors and supervisors.

5. Resigned/discharged officers responsible for financial reports: None.

Achievements and Recognitions

Aside from continually focusing on its core business and protecting shareholders' interests, the Company has won recognition locally and globally for its commitment to corporate governance and corporate social responsibility. In 2009, TWM was awarded the "Corporate Governance Asia Recognition Award" in the Asia-Pacific region by Corporate Governance Asia for the third year in a row. The Company was granted an A+, the highest ranking in Information Disclosure and Transparency Assessments, and ranked among the top 10 listed companies by the Securities and Futures Institute for the fourth consecutive year. Moreover, it was also awarded the "Excellence in Corporate Social Responsibility" and ranked No.1 in the corporate governance category by CommonWealth magazine for the third year in a row. TWM has become a benchmark for Taiwanese companies given its exemplary compliance with the strict rules on corporate governance and continuous pursuit of sustainable development.

Certified Public Accountant (CPA) Information

1. CPA and CPA opinions for the past five years

Year	Accounting firm	Name of CPA	Opinion
2005	Deloitte & Touche	Peter Fan, Vita Kuo	Unqualified opinion
2006	Deloitte & Touche	Peter Fan, Vita Kuo	Modified unqualified opinion
2007	Deloitte & Touche	Peter Fan, Vita Kuo	Modified unqualified opinion
2008	Deloitte & Touche	Vita Kuo, Roger Tai	Modified unqualified opinion
2009	Deloitte & Touche	Peter Fan, S. C. Huang	Unqualified opinion

2. Reasons for changing CPAs in the past five years

Regular job rotations within Deloitte & Touche resulted in the change of CPAs from 2005 to 2009.

3. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA		Audit fee	Non-audit fee			Whether the CPA's audit period covers an entire fiscal year		Note
				Company registration	Other	Subtotal	Yes	No	
Deloitte & Touche	Peter Fan	S.C. Huang	9,220	257	1,802	11,279	v		Fees for other non-audit services were mainly for tax related consultation

Unit: NT\$'000

	Range of CPA service fee	Audit fee	Non-audit fee	Total
1	NT\$0~NT\$1,999,999	-	-	-
2	NT\$2,000,000~NT\$3,999,999	-	2,059	2,059
3	NT\$4,000,000~NT\$5,999,999	-	-	-
4	NT\$6,000,000~NT\$7,999,999	-	-	-
5	NT\$8,000,000~NT\$9,999,999	9,220	-	9,220
6	NT\$10,000,000 and above	-	-	-

4. Chairman, CEO, and chief officer of finance or accounting held positions in the Company's audit firm or its affiliates: None

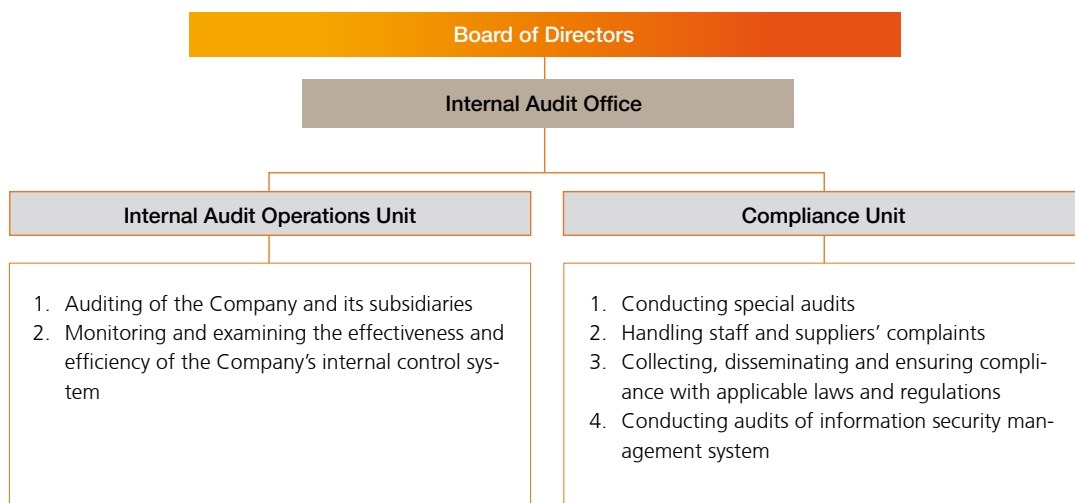
Internal Control System

1. Internal Control Office Organization

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

Regular internal audits are executed according to the annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements. In accordance with corporate governance, audit reports are regularly submitted to and reviewed by the Chairman as well as the Audit Committee.

The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the CEO and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.



2. Report from CPA after examining the internal control system: None.

3. Violation of regulations and internal policies: None.

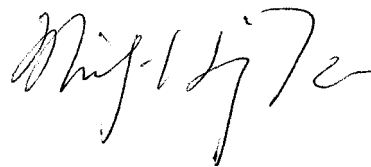
Taiwan Mobile Co., Ltd. Internal Control Statement

Date: January 28, 2010

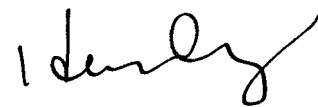
Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2009:

1. TWM is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by Public Companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission, and the Executive Yuan (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment and response, 3. Control activities, 4. Information and communications, 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of Dec.31, 2009, its internal control system (including its supervision of subsidiaries), which encompasses internal controls for the knowledge of the degree of achieving operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating and reasonably assured the achievement of the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 28, 2010, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Richard Tsai
Chairman



Harvey Chang
President

Chap. 4 Financial Information

Capital and shares

1. History of capitalization

As of January 31, 2010 Unit: shares / NT\$

Date	Par	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	In form other than cash	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.
May 2007	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 January 31, 2010 Unit: shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,800,925,363	2,199,074,637	6,000,000,000	

2. Shareholder structure

As of July 12, 2009

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	6	17	305	43,623	607	44,558
Total shares owned	116,936,500	376,076,076	1,621,084,069	460,737,450	1,226,091,268	3,800,925,363
Holding percentage (%)	3.08	9.89	42.65	12.12	32.26	100.00

3. Shareholding distribution

As of July 12, 2009 Par value: NT\$10/share

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	17,695	6,106,526	0.161%
1,000 ~ 5,000	19,554	41,805,806	1.100%
5,001 ~ 10,000	3,572	27,057,385	0.712%
10,001 ~ 15,000	984	12,168,137	0.320%
15,001 ~ 20,000	710	12,725,442	0.335%
20,001 ~ 30,000	540	13,465,668	0.354%
30,001 ~ 50,000	448	17,716,814	0.466%
50,001 ~ 100,000	318	23,079,226	0.607%
100,001 ~ 200,000	206	29,774,135	0.783%
200,001 ~ 400,000	119	33,413,984	0.879%
400,001 ~ 600,000	70	34,122,452	0.898%
600,001 ~ 800,000	44	31,086,460	0.818%
800,001 ~ 1,000,000	34	30,372,296	0.799%
1,000,001 and above	264	3,488,031,032	91.768%
Total	44,558	3,800,925,363	100.000%

4. Major shareholders

As of July 12, 2009

Name	Total shares owned	Holding percentage
Taiwan Fixed Network Co., Ltd.	456,294,760	12.005%
TFN Investment Co., Ltd.	355,622,851	9.356%
Cathay Life Insurance Co., Ltd.	198,016,000	5.210%
Ming Dong Co., Ltd.	191,624,725	5.042%
Fubon Life Assurance Co., Ltd.	137,546,000	3.619%
Dao Ying Co., Ltd.	116,616,380	3.068%
DLK Holding Co. LLC	114,006,661	2.999%
Daniel Tsai	96,644,434	2.543%
Fubon Securities Co., Ltd.	93,806,640	2.468%
Richard Tsai	91,466,154	2.406%

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%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holding Co., Ltd. (100%)
Ming Dong Co., Ltd.	Fubon Land Development Co., Ltd. (16.36%), Chung Shing Development Co., Ltd. (11.77%), Fubon Construction Co., Ltd. (13.89%), Fu-Chi Investment Co., Ltd. (12.63%), Ru Chi Investment Co., Ltd. (12.63%), Dao Chi Co., Ltd. (12.63%), Dao Ying Co., Ltd. (9.6%), Fubon Charity Foundation (3.43%), Fubon Cultural & Education Foundation (2.53%), Daniel Tsai (1.31%)
Fubon Life Assurance Co., Ltd.	Fubon Financial Holding Co. Ltd. (100%)
Dao Ying Co., Ltd.	Fubon Land Development Co., Ltd. (17.69%), Chung Shing Development Co., Ltd. (8.84%), Fubon Construction Co., Ltd. (17.69%), Fu-Chi Investment Co., Ltd. (13.13%), Ru Chi Investment Co., Ltd. (13.13%), Dao Chi Co., Ltd. (13.13%), Ming Dong Co., Ltd. (9.6%), Fubon Charity Foundation (1.01%), Wan-Tsai Tsai (1.01%), Shiang-Shun Yang Tsai (1.01%)
Fubon Securities Co., Ltd.	Fubon Financial Holding Co. Ltd. (100%)

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

For 2009 and up to the publication date for 2010, the Company's directors 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 and TCC Investment 's (Note 1) establishment of new companies with 589,143,432 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	2009		2010 (as of January 31)	
		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.	0	0	0	0
Director	Victor Kung, Representative of Fu-Chi Venture Corp.				
Director (Note 1)	Harvey Chang, Representative of TCC Investment Co., Ltd.	(132,848,672)	0	0	0
Director (Note 1)	Vivien Hsu, Representative of TCC Investment Co., Ltd.				
Director (Note 2)	Benny Chen, Representative of Taiwan Fixed Network Co., Ltd.	(456,294,760)	0	NA	NA
Director (Note 2)	Frank Lin, Representative of Taiwan Fixed Network Co., Ltd.				
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
The Major Shareholder owns more than 10%	TFN Union Investment Co., Ltd.	456,294,760	0	0	0
President & Chief Executive Officer	Harvey Chang	1,241,000	0	0	0
SVP & Chief Financial Officer	Vivien Hsu	0	0	0	0
SVP, CTO and COO of Home Business Group	James Jeng	37,000		(69,000)	
SVP & COO of Consumer Business Group	Cliff Lai	63,000	0	0	0
SVP & COO of Enterprise Business Group	George C. Chou	190,000	0	0	0
Vice President	C.A. Chuang	(101,000)	0	(10,000)	0
Vice President	Ariel Hwang	0	0	0	0
Vice President	Jay Hong	30,000	0	(20,000)	0
Vice President	HS Wang	60,000	0	(9,000)	0
Vice President	Andrew Wong	5,000	0	0	0
Vice President	James Chang	100,000	0	0	0
Vice President	Daphne Yang (Note 3)	NA	NA	0	0
Vice President	Rosie Yu	0	0	0	0
Vice President	Ruth Liaw	50,398	0	(20,000)	0
Vice President	Techi Juan	89,000	0	0	0
Vice President	Egon Chen	20,000	0	0	0
Vice President	Chien Chen	(11,882)	0	0	0
Vice President and Deputy COO	Jeff Ku	99,000	0	(65,000)	0
Vice President	Sean Hsieh	66,000	0	(10,000)	0
Vice President	Jerry Chu	41,216	0	0	0
Vice President	Paul Huang	90,000	0	0	0
Vice President	Simon Wang	54,000	0	0	0
Vice President	Joseph Yang	68,000	0	0	0
Chief Strategy Officer	JC Dornng (Note 4)	(11,068)	0	NA	NA
Chief Technology Officer	Frank Lin (Note 5)	(13,000)	0	NA	NA
Vice President	D.S. Chiou (Note 5)	(1,000)	0	NA	NA

Note 1: Former institutional director, TFN Investment Co., Ltd., was merged into TCC Investment Co., Ltd., on September 19, 2009

Note 2: The institutional Director, Taiwan Fixed Network Co., Ltd., resigned on September 18, 2009, due to transferring more than half of its shareholdings in the Company to establish TFN Union Investment Co., Ltd.

Note 3: Daphne Yang took office on January 4, 2010.

Note 4: JC Dornng resigned on October 31, 2009.

Note 5: Frank Lin and D.S. Chiou resigned on August 1, 2009.

2. Stock trade with related party

Name	Reasons for trading	Trading date	Counter party	Relationship	Shares	Trading price (NT\$)
Taiwan Fixed Network Co., Ltd.	Establishment of new company with the Company's shares	2009.09.18	TFN Union Investment Co., Ltd.	Designated party	456,294,760	49.90
TFN Investment Co., Ltd.	Establishment of new company with the Company's shares	2009.09.18	TCCI Investment & Development Co., Ltd.	Designated party	132,848,672	49.90
Vivien Hsu	Establishment of new company with the Company's shares	2009.12.22	Bo-han Investment Co., Ltd.	Designated party	392,000	61.70

3. Stock pledged with related party: None

4. Direct and indirect investments in affiliated companies

As of December 31, 2009 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.	30,000,000	100.00	-	-	30,000,000	100.00
Wealth Media Technology Co., Ltd.	27,200,000	100.00	-	-	27,200,000	100.00
Taipei New Horizons Co., Ltd.	24,950,000	49.90	-	-	24,950,000	49.90
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

		2008	2009	As of Jan. 31, 2010 (Note 3)	
Share price (NT\$)	High	60.50	62.50	62.90	
	Low	40.05	44.25	60.00	
	Average	52.49	53.44	61.48	
Net worth per share (NT\$)	Before earnings appropriation	17.17	17.42	17.42	
	After earnings appropriation	12.46	Note 1	Note 1	
Earnings per share (NT\$)	Adjusted weighted average outstanding shares		2,966,368	2,979,311	2,979,311
	Earnings per share	Before adjustment	5.18	4.66	4.66
		After adjustment	5.18	Note 1	Note 1
Dividends per share (NT\$)	Cash dividends		4.68704	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	10.13	11.47	-
		After adjustment	10.13	Note 1	-
	Price to cash dividend (x)	11.20	-	-	
Cash dividend yield (%)		8.93	-	-	

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 2009 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 January 31, 2010.

6. Relationship between TWM's top 10 shareholders

As of July 12, 2009

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
Taiwan Fixed Network Co., Ltd.	456,294,760	12.005%	-	-	TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B is a subsidiary of A B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman Related party Related party B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai					Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A is B's Chairman Related party B is A's relative within two degrees B is A's relative within two degrees
TFN Investment Co., Ltd.	355,622,851	9.356%	-	-	Taiwan Fixed Network Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B is A's parent company B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman Related party Related party B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai					Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B is A's relative within two degrees B is A's relative within two degrees
Cathay Life Insurance Co., Ltd.	198,016,000	5.210%	-	-	-	-
Chairman: Hong-Tu Tsai					-	-
Ming Dong Co., Ltd.	191,624,725	5.042%	-	-	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party B is A's chairman A's chairman is B's relative within two degrees A's chairman is B's relative within two degrees
Chairman: Wan-Tsai Tsai					Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman A is B's chairman B's chairman is A's relative within two degrees Related party B is A's relative within two degrees B is A's relative within two degrees
Fubon Life Assurance Co., Ltd.	137,546,000	3.619%	-	-	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	Related party Related party B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B are subsidiaries of Fubon Financial Holding Co., Ltd. A's chairman is B's relative within two degrees A's chairman is B's relative within two degrees B is A's chairman

(Continued)

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
Chairman: Richard Tsai					Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B is A's relative within two degrees B is A's relative within two degrees
Dao Ying Co., Ltd.	116,616,380	3.068%	-	-	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party B is A's chairman A's chairman is B's relative within two degrees A's chairman is B's relative within two degrees
Chairman: Wan-Tsai Tsai					Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman A is B's chairman B's chairman is A's relative within two degrees Related party B is A's relative within two degrees B is A's relative within two degrees
DLK Holding Co. LLC	114,006,661	2.999%	-	-	-	-
Daniel Tsai	96,644,434	2.543%	8,646,863	0.227%	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Richard Tsai	A is a director at B A is a director at B B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees Related party B is A's relative within two degrees B is A's relative within two degrees
Fubon Securities Co., Ltd.	93,806,640	2.468%	-	-	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Wan-Tsai Tsai 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 Related party
Chairman: David Chang					-	-
Richard Tsai	91,466,154	2.406%	5,651,663	0.149%	Taiwan Fixed Network Co., Ltd. TFN Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Fubon Life Assurance Co., Ltd. Fubon Securities Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B is A's relative within two degrees 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 future. 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\$15,028,234,973. The Company received letters of agreement on April 28, 2010, from TCC Investment Co., Ltd. (TCCI), TCCI Investment & Development Co., Ltd. (TID) and TFN Union Investment Co., Ltd. (TUI) to forfeit their share of dividends. After deducting the 811,917,611 shares held by TCCI, TID and TUI, the net number of shares that will be entitled to receive dividends is 2,989,007,752, representing \$5.03 cash dividend 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 January 31, 2010

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	24,193,000
Treasury stock balance (shares)	0
As a % of the Company's total issued shares	0%

Corporate bond issuance

1. Corporate bonds

As of January 31, 2010

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\$0	NT\$8,000,000,000
Early repayment clause		None	None
Covenants		None	None
Credit rating agency, rating date, Company credit rating		Taiwan Ratings Co., Ltd., 2002.11.20, twAA- Taiwan Ratings Co., Ltd., 2003.03.18, twAA+ Taiwan Ratings Co., Ltd., 2004.12.22, twAA Taiwan Ratings Co., Ltd., 2006.03.01, twAA+ Taiwan Ratings Co., Ltd., 2007.04.24, twAA Taiwan Ratings Co., Ltd., 2008.06.05, twAA Taiwan Ratings Co., Ltd., 2009.06.10, twAA	Taiwan Ratings Co., Ltd., 2008.09.15, twAA Taiwan Ratings Co., Ltd., 2009.06.10, 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. **Depository 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

Subsidiary	Taiwan Fixed Network Co., Ltd.(TFN)		TCC Investment Co., Ltd. (TCCI, merged TFN Investment Co., Ltd.)		TFN Union Investment Co., Ltd.(TUI)		TCCI Investment and Development Co., Ltd. (TID)	
	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010
Paid-in capital	21,000,000		21,000		4,000		4,000	
Source of funding	Equity		Equity		TFN established TUI with the shares of the Company		TFNI established TID with the shares of the Company	
% owned by the Company	100%		100%		100%		100%	
Acquisition / disposal date	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010	September 2009	As of Jan 31, 2010
No. of shares acquired and payment costs	-	-	-	-	456,294,760 shares NT\$ 22,769,109	-	132,848,672 shares NT\$ 6,629,149	-
No. of shares sold and proceeds	456,294,760 shares NT\$ 22,769,109	-	132,848,672 shares NT\$ 6,629,149	-	-	-	-	-
Investment income	-(Note2)	-	-(Note2)	-	-	-	-	-
Ending balance: Total No. of shares and value (Note 1)	-	-	222,774,179 shares NT\$ 12,386,244	222,774,179 shares NT\$ 2,386,244	456,294,760 shares NT\$ 22,769,109	456,294,760 shares NT\$ 22,769,109	132,848,672 shares NT\$ 6,629,149	132,848,672 shares NT\$ 6,629,149
Pledges	None	None	None	None	None	None	None	None
Guarantees / endorsements provided by the Company	NT\$20,383,160	NT\$34,869,965	-	-	-	-	-	-
Financing provided by the Company	-	-	-	-	-	-	-	-

Note 1: Ending balance of value is carrying cost and does not include evaluation gains/losses.

Note 2: As TFN and TCCI established TUI and TID respectively with the share of the Company, related investment gains or losses were classified as deferred credit.

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

Chap. 5 Operating Strategy

Macro Environment

Consumer spending in communication and broadcasting related services is largely influenced by the macroeconomic environment. The statistics released by the Directorate-General of Budget, Accounting and Statistics showed that private consumption in 2009 recovered by 0.86%, as the stock market bottomed out and consumer wealth expanded. Looking at 2010, the DGBAS expects private consumption to rise 1.77% YoY on strengthening consumer confidence, as the domestic and global economies continue to recover. Nonetheless, the Company expects stiff challenges ahead from regulatory interventions in mobile tariff cuts inevitably.

Overall Operating Results

In 2009, the Company's consolidated revenue dropped 1% YoY, affected by falling revenues in the wireless market amid the financial crisis as well as the third year of mandatory mobile tariff cuts for certain mobile voice rate plans. The revenue growth in mobile value-added services (VAS) and cable TV services failed to offset the decline in voice revenue. As such, consolidated EBITDA declined 3% from a year ago. Due to continuous 3G and 3.5G network deployment and 2G telecom equipment upgrades, rising 3G depreciation expenses and 2G asset write-off losses weighed on net income, which fell 10% from a year ago.

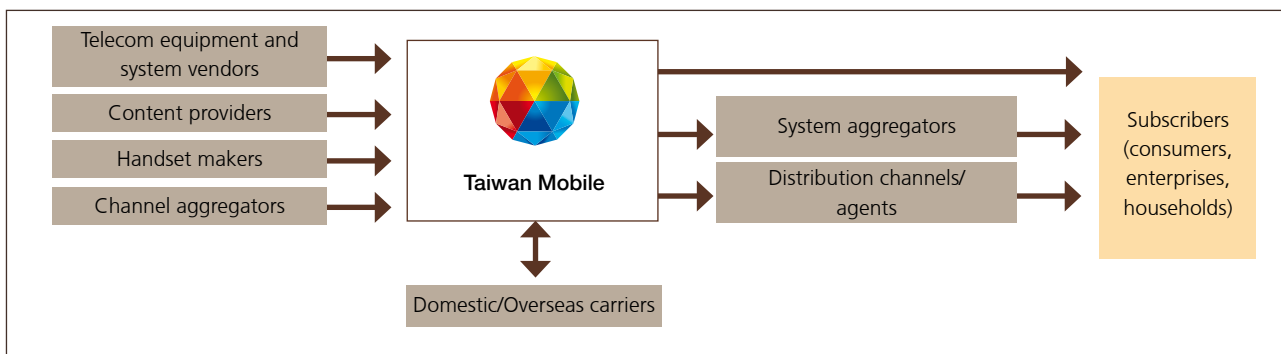
The Company's business is divided into three main groups: Consumer Business Group (CBG), Home Business Group (HBG) and Enterprise Business Group (EBG).

Performance by division

As of Dec. 31, 2009

By business group	CBG	HBG	EBG
Brand name	Taiwan Mobile	TWM Broadband	TWM Solution
Services	<ul style="list-style-type: none"> Voice and data mobile services for consumers Mobile international direct dialing (IDD) service 	<ul style="list-style-type: none"> Pay TV Cable broadband Others 	<ul style="list-style-type: none"> Voice and data mobile services for enterprises Fixed-line International simple resale (ISR) services
2009 revenue (NT\$m)	53,931	5,336	9,282
As a % of group revenue	78%	8%	14%
2009 EBITDA margin	45.7%	46.6%	22.2%
By business	Mobile business	Cable TV business	Fixed-line business
Market position	One of the top three mobile operators, with around 30% market share in terms of mobile revenue and subscriber numbers	Fourth-largest multi-system operator (MSO), covering 11% of households in Taiwan	Second-largest internet service provider (ISP) with 5% share (TFN+TTN) of the market after Chunghwa Telecom
Subscriber base	<ul style="list-style-type: none"> 6,409K mobile subscribers 	<ul style="list-style-type: none"> 551K CATV subscribers 114K cable broadband subscribers 	<ul style="list-style-type: none"> Around 200K ADSL/FTTx internet access users

Industry value chain



Consumer Business Group

1. Industry Overview

1. The three leading players continue to dominate Taiwan's mobile communications market. However, the smaller operators are gradually growing their market share by offering free on-net calls and promotional deals, resulting in intensified competition. With the number of 3G subscribers in Taiwan surpassing that of 2G users in February 2009, the National Communications Commission (NCC) has called for expanding mobile tariff cuts to 3G services starting 2010, which would weigh on the revenue of mobile operators.
2. In the postpaid segment, operators are seeking to expand the mobile broadband market. A variety of new rate plans for data services, combined with new

terminal devices and new VAS, have been introduced to stimulate subscriber take-up. This will be an important driver of revenue growth in the future. As for the prepaid segment, competition is intensifying due to continuous low-priced promotions from other existing operators and new entrants.

2. Products and Services

The Company's Consumer Business Group (CBG) is mainly engaged in providing mobile communications services to individual consumers. The Company provides mobile services nationwide, covering Taiwan and the outlying islands of Kinmen and Matsu. The Company offers a range of derivative products that includes SIM cards for postpaid subscribers, SIM and reloadable cards for prepaid subscribers to make/receive calls and uses its voice, data, SMS, multimedia and video-messaging services.

▼ Launched first Android phone to bring customers into the mobile internet G era



1. Products and Services

Target customers	Service category	Description	Highlights
Individual consumers	Mobile	Voice	Basic telecommunication voice services including calling and receiving calls from local fixed line, domestic long distance and mobile phones
		Data	Value-added services including voice mail, call forwarding, call waiting, conferencing, short message service (SMS), roaming, call barring, video calls, and multimedia & content services (e.g., ringtones, games, screensavers, MP3, video clips, video streaming), and internet access using GPRS/3G/HSDPA transmission
	IDD	International direct dialing from mobile phones	

2. Revenue breakdown by service

	2009		2008	
	Amount (NT\$'000)	% of total	Amount (NT\$'000)	% of total
Telecom service revenue	55,159,348	96.74%	53,609,372	98.71%
Other revenue*	1,856,104	3.26%	702,233	1.29%
Total revenue	57,015,452	100.00%	54,311,605	100.00%

Includes revenue from handset sales and commissions from receipts under custody and payment on behalf of others

3. Mobile subscriber number and revenue for the past two years

	2009				2008			
	Domestic		Overseas		Domestic		Overseas	
	Average No. of subscribers	Revenue (NT\$'000)	Average No. of subscribers	Revenue (NT\$'000)	Average No. of subscribers	Revenue (NT\$'000)	Average No. of subscribers	Revenue (NT\$'000)
Telecom service	6,373,580	55,159,348	-	-	5,694,536	53,609,372	-	-

Note: Average number of subscribers = (sum of monthly average number of subscribers)/12

4. Major contracts

	Counterpart	Contract period	Description	Restriction clauses
Sales & distribution	Synnex Technology International Corp.	2005.02.01~ (Under negotiation) (Note 1)	Synnex is authorized to distribute TWM's mobile phone services	Non-disclosure
	Aurora Telecom Corp.	2009.07.01~ 2010.06.30	Aurora is authorized to distribute TWM's mobile phone services	Non-disclosure
	Tsann Kuen Enterprise Co., Ltd.	2009.04.01~2010.03.31	Tsann Kuen is authorized to distribute TWM's mobile phone services	Non-disclosure

Nature	Counterpart	Contract period	Description	Restriction clauses
Network interconnection	Chunghwa Telecom Co., Ltd.	2005.01.01 ~2005.12.31 (Note 2)	Network interconnection contract	Non-disclosure
	New Century InfoComm Tech Co., Ltd.	2005.05.01 ~2006.04.30 (Note 2)	Network interconnection contract	Non-disclosure
	Taiwan Fixed Network Co., Ltd.	2007.07.01 ~2008.06.30 (Note 2)	Network interconnection contract	Non-disclosure
	Asia Pacific Telecom Co., Ltd.	2005.10.15 ~2006.10.14 (Note 2)	Network interconnection contract	Non-disclosure
	VIBO Telecom Inc.	2006.01.16~2007.01.15 (Note 3)	Voice and short message service contract	Non-disclosure
	Asia Pacific Broadband Wireless Communications Inc.	2003.07.23~2004.07.22 (Note 3)	Voice and short messaging service contract	Non-disclosure
	Far EasTone Telecommunications Co., Ltd.	2004.02.10 ~2005.02.09 (Note 3)	Voice and short message service contract	Non-disclosure
	KG Telecommunications Co., Ltd.	2004.03.01~2005.02.28 (Note 3)	Voice and short message service contract	Non-disclosure
	First International Telecom Corp.	2005.05.01 ~2006.04.30 (Note 3)	Voice and short message service contract	Non-disclosure
Handset purchase	Synnex Technology International Corp.	2008.01.01~2008.12.31 (Note 1)	Synnex is a consignee selling TWM handsets and other communication products	Non-disclosure
Purchase and merger agreement	<ul style="list-style-type: none"> PX Capital Partners B.V. Wealth Media Technology Co., Ltd. (Wealth Media) Cheng Ting Co., Ltd. (Cheng Ting) Wei Mao Co., Ltd. Taiwan Fixed Network Co., Ltd. (TFN) TCC Investment Co., Ltd. (TCCI) TFN Union Investment Co., Ltd. (TUI) TCCI Investment & Development Co., Ltd. (TID) 	2009.09.16 till the Agreement is terminated by TWM or PX Capital Partners B.V. in accordance with the termination clause of this Agreement	<ul style="list-style-type: none"> Wealth Media, the wholly owned subsidiary of TWM, purchased shares of Cheng Ting, owned by PX Capital TUI and TID were merged with Wei Mao, with Wei Mao as the surviving company 	Non-disclosure
Syndicated loan	Chinatrust Commercial Bank and 8 other banks	2008.02.21~2011.02.21	Syndicated credit line of NT\$13.5 billion	Certain restrictions on debt ratios, interest coverage ratio, net value of tangible assets
Corporate bonds issuance	Chinatrust Securities and 9 other securities companies	2008.11.14~2013.11.14	The total amount of issuing the second unsecured ordinary corporate bond is NT\$8,000,000,000	Non-disclosure
Equipment purchase	Nokia Siemens Networks Taiwan Co., Ltd.	2006.09.26~2009.12.31	Contract for 3G equipment and service supply: Total contract amounted to NT\$4.8 billion	Non-disclosure
	Nokia Siemens Networks Taiwan Co., Ltd.	2009.04.01~2010.12.31	Contract for 3G equipment supply: Total contract amounted to NT\$3.22 billion.	Non-disclosure
Customer service	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	2006.01.01~2010.12.31	TT&T to handle TWM's customer service and product sales	Non-disclosure

Note 1: The contract will be automatically extended if neither party objects to its extension.

Note 2: When the network interconnection contract expires, should the two parties not be able to conclude their negotiations within three months after their commencement, the process shall be as follows:

(a) If the two parties concur to continue their negotiations, the contract terms will be the same as the originally negotiated terms or such other terms agreed by both parties, until a new agreement is reached.

(b) Either party can appeal to the NCC for a ruling. Prior to the date of such a ruling, the contract terms shall be the same as those originally negotiated. Following the ruling, the new contract terms will be formed based on the ruling.

Note 3: Negotiations for a new agreement shall commence three months prior to the expiry date of the original agreement. If negotiations are not completed prior to the expiry date, the parties agree to perform their obligations based on the original agreement until such time when a new agreement is finalized.

3. Operating Status

1. Postpaid products and services

Following the successful launch of the “New Line 299” rate plan in 2008, the “My Saving 699” rate plan was introduced in August 2009, which offers 10 minutes of free service for each on-net call, 80 minutes of free domestic calls (both on-net and off-net) and a low charge of NT\$1.50 for every 3-minute mobile-to-fixed line call. The new rate plan helped boost the percentage of mid-to-high rate plan subscribers to the total number of new subscribers by 5ppts to more than 60% in 2009.

The Company is focused on attracting high-end users. The percentage of mid-to-high rate plan subscribers to the total number of new subscribers held steady at over 60% in 2009 despite the global economic slow recovery. The Company also has excellent loyalty programs in place to help secure its customer base and minimize churn rates. For high average revenue per user (ARPU) customers, the Company has an exclusive program called “my VIP.” It also offers a credit card program that allows customers to earn rebates based on their phone bills.

2. Prepaid products and services

In 2008, the Company launched the first pre-paid card for 3G services in Taiwan, enabling subscribers to experience the high transmission speed and new audiovisual services that 3G provides. In 2009, the “Tri-Service Hotline” expanded on-net voice call discounts to include mobile-to-fixed-line calls and on-net video calls. These packages have helped the Company maintain its brand leadership.

In the foreign worker segment, the Company has continued to strengthen its dominant position in the Thai and Vietnamese contract worker markets. To better serve Indonesian and Filipino contract workers in Taiwan, the Company has collaborated with

Indonesia’s Telkomsel and the Philippines’ Globe Telecom (both are members of the Bridge Alliance, the largest alliance of telecommunications service providers in the Asia-Pacific region) to introduce the first transnational co-branded prepaid cards in Taiwan: the “OK Simpati-Kagen” card and the “OK Kababayan” card. Working on improving call quality and network capacity for international calls, the Company became the first mobile operator in Taiwan to launch international video call service, further strengthening its position in these markets.

Thanks to the introduction of new products, flexible marketing of prepaid cards and effective control of operating costs, the Company was able to grow both its prepaid subscriber base and prepaid VAS revenue in 2009.

3. Value-added services

The Company posted a significant increase in VAS revenue in 2009. In particular, revenue from mobile internet access rose 65%, thanks to high-quality mobile internet services and flexible data rate plans, as well as the popularity of customized handsets, 3.5G data cards and netbooks. These helped attract a large number of mobile internet users and also encouraged existing subscribers to use value-added services.

In 2009, the Company introduced a large number of innovative and popular VAS products, including: “Catch Music”

- ▼ “My Mobile Secretary”, a new value-added service, allows users to update their phone books and calendar any time anywhere.



service that enables subscribers to listen to music wherever and whenever they want; Taiwan's first integrated advertising service with mobile ring-back-tones; an integrated system for consolidating 3G SIM card and mobile phone book addresses, as well as allow users to import external contact lists (e.g., from Yahoo!, Google, Hotmail and Outlook), effectively giving subscribers a round-the-clock "mobile personal assistant," an internet portal and applications designed especially for smartphone users. In addition, the consolidation of TWM, Mobitai and TAT's value-added service platform has helped the Company lift operating efficiency as well as VAS revenue growth.

4. Opportunities and Challenges

The Company enjoys several advantages that will facilitate its development of the mobile communications markets, as detailed below:

1. Positive factors

1. With faster data transmission speeds, lower prices for smart devices and data rate plans and the emergence of new, varied applications, mobile internet access is rapidly spreading from business people and professionals to ordinary consumers, contributing to the rapid growth in non-voice revenue.
2. With information technology, communications and media trends converging, mobile communications operators have an important role to play in the supply chain, providing consumers with multimedia content through wireless transmission.
3. With the rapid growth of the internet, many innovative technologies and business models have been extended to the mobile internet.

2. Negative factors

1. NCC's mandatory tariff cuts have added a degree of uncertainty to the outlook for future earnings growth.
2. In 2009, both Tatung InfoComm and FarEasTone began to roll out WiMAX services. With its high bandwidth, WiMAX is expected to stimulate increased demand for wireless internet access, creating new challenges for existing players.

3. With slow pickup of the economy, consumers have become more cautious in spending, weighing on revenue growth in voice services.

3. Countermeasures

1. In 2010, the Company will closely monitor the rollout of its 3.5G network to provide high-speed internet access, as well as the development of long-term evolution (LTE) technology.
2. The Company will draft appropriate strategies in response to government policy changes and new laws and regulations.
3. The Company will introduce innovative value-added services to stimulate data service revenue growth and compensate for voice revenue shortfalls.
4. The Company announced its acquisition of Kbro in 2009, adding 1 million new cable TV subscribers and creating new opportunities for cross-selling of mobile, fixed-line, cable TV and entertainment services. The deal should help attract new subscribers and create new revenue streams from content integration.

4. Competitive edges

1. Better customer mix:
Although the global economic downturn led to a slight decline in the number of new subscribers in 2009, the Company succeeded in improving its subscriber base structure. The percentage of low usage subscribers fell by 2.5ppts from a year ago, while the percentage of mid-to-high usage subscribers continued to rise.
2. Market leader in wireless broadband services:
In 2005, the Company became the first mobile communications operator in Taiwan to launch 3G services and in 2007, it rolled out Taiwan's first 3.5G service. Subscribers enjoy flexible rate plans, high-quality mobile phone handsets, and a wide range of value-added services. By the end of 2009, the Company had a 3G subscriber base of 3.65 million users, who contributed more significantly to value-

added service ARPU than 2G subscribers and have become the main driver of VAS revenue growth.

3. Industry leader in offering customer satisfaction:

In 2009, the Company won, for the sixth year in a row, two Reader's Digest Gold Trusted Brand awards for best mobile service provider and best telecom company. The Company will continue to pursue high service quality and efficiency to "create the best user experience" and achieve even higher levels of customer satisfaction.

5. Operating Results Review

Affected by an NCC-mandated price cut on certain mobile rate plans for the third year in a row and lackluster private consumption, which only recovered in the second half of 2009, CBG's revenue last year dropped 2% from a year ago. The Group continued pushing mobile internet services by offering diversified data rate plans and catering to different customer needs. The popularity of smartphones, data cards and netbooks boosted VAS revenue by 24% from a year ago, far ahead of its major competitors.

6. Short and Long-term Business Development Plans

1. Short-term development plan

Besides encouraging existing subscribers to upgrade to 3G services, the Company will also seek to boost mobile broadband and mobile internet access penetration rates through innovative new services. At the same time, network quality will be maintained and further optimized. New, high-quality, affordable smartphones will be introduced for closer integration of mobile devices and value-added services enabling customers to embrace an all mobile lifestyle.

2. Mid-to-long-term development plan

The Company aims to integrate the mobile phone, TV and computer platform to provide subscribers with a variety of digital convergence services. The focus will be on the following:

1. Establishing a "quadruple-play" platform that integrates mobile communications, fixed line, broadband internet access and cable TV services to give

the Company a lead over its competitors in offering digital convergence services in Taiwan.

2. Leveraging M2M (machine-to-machine) technology into our product and services to integrate mobile handsets, high-quality mobile networks and cloud computing technology to expand service range and support the development of innovative, profitable business models.

3. Implementing market segmentation to provide customers with differentiated service to meet their personalized demands.

Home Business Group

1. Industry Overview

1. New trends in digital convergence: Digital TV ready to take off

Leading service operators in the US, Europe, Japan and South Korea are aggressively rolling out digital TV services. This expansion into the media and entertainment sectors is expected to bring new sources of innovation-driven revenue growth. In line with this trend, TWM Broadband launched its "New TV" digital cable TV service in July 2009, offering a wide range of high-quality digital video content, including a number of exciting channels that are only available from TWM Broadband. "New TV" promises to provide local households with a brand-new entertainment experience.

With several other leading Taiwanese MSOs rolling out similar services last year, digital TV services have opened up a whole new world of high-definition (HD) video for local viewers.

2. Movement toward free competition, establishment of a regulatory framework

In August 2009, the NCC approved an amendment to the Radio and Television Act that analog broadcasting for terrestrial TV be switched off in 2011. In addition, the Commission proposes "issuance of wireless digital TV second single-channel-network license plan" to give consumers more choices and encourage free competition in the digital TV service market.

In preparation for the new era of digital convergence, the NCC has invited experts from industry, government, and institution to form an integration task force team (“convergence development policy study team”) to discuss major issues and receive public opinions for the reference of future law making.

2. Products and Services

The Home Business Group (HBG) holds cable TV system operating licenses and a Type II telecommunications business license. It mainly provides analog and digital cable service, as well as cable broadband internet access in the cities of Sinjhuang and Sijhih in Taipei County, Yilan County and Fengshan City in Kaohsiung County.

HBG is also the operator of the “Momo Kids Channel” (which provides family-friendly TV content) through the Company’s subsidiary, Win TV Broadcasting Co., Ltd., and serves as a distribution agent for a number of popular domestic and international TV channel contents. The Group aims to provide its customers with a comprehensive range of digital audiovisual entertainment services.

Products and Services

Service category	Products/ Services	Details
Pay TV	Analog cable TV	Using broad bandwidth coaxial cables, a wide range of analog TV content is transmitted to customers’ terminals.
	Digital cable TV	Transmitting domestic and international digital TV content through cable TV networks to customers’ homes. Customers can use a set-top box and smart card provided by TWM Broadband to receive HD digital videos.
Broadband internet access	Cable broadband access (FTTx)	Using cable TV system operators’ hybrid fiber-coaxial networks and new-generation DOCSIS 3.0 broadband access technology to provide high-speed internet access.
Content distribution	Cable and digital TV channel content	Distributing high-quality domestic and international TV channel content for the Group’s own analog cable TV, digital TV and “New TV” services, as well as other system operators and video service platforms.

3. Operating Status

1. Products and Services

1. Cable TV

To maintain its customer base, HBG has launched a

- ▼ Taiwan Mobile launched “New TV” digital TV service ushering in the media entertainment business and a content integrator.



special initiative to encourage existing customers to continue subscribing to analog cable TV services.

2. Cable broadband Internet access

Fiber optic subscription is the major contributor to 2009 broadband access revenue growth. To stimulate broadband subscriber growth and raise the cable broadband penetration rate, the Group has launched special promotions and incentive programs to encourage customers to upgrade to higher speed services in order to boost overall cable broadband subscribers' ARPU.

3. Digital cable TV

In July 2009, TWM Broadband launched its "New TV" digital TV service, which offers users HD digital content, including select exclusive programs. "New TV" is expected to develop new revenue streams for the Group.

2. Management

1. TWM Broadband brand re-engineering

The Group continued to carry out its Excel Customer Experience (ECE) program aimed at providing the best experience to increase customer satisfaction and loyalty.

2. Expanding distribution channels

In July 2009, the Group started promoting its "New TV" digital TV display and experience at Taiwan Mobile "myfone" shops located in TWM's CATV operating areas. Giving customers a taste of this service at "myfone" stores enhances their willingness to subscribe to DTV services.

4. Opportunities and Challenges

The Company believes that the CATV industry will continue to evolve. Factors, both advantageous and disadvantageous, which may affect the CATV industry are outlined below:

1. Positive factors

1. CATV operators still benefit from local features and rich content: CATV operators in Taiwan still enjoy

a local edge. NCC statistics shows that the CATV penetration rate in Taiwan as of the end of 2009 was a high 63.80%, underlining local consumers' heavy reliance on this service. A survey of digital TV service demand among Taiwanese households that was conducted in 2009 by the Market Intelligence Center (MIC) of the Institute for Information Industry showed that consumers enjoyed having a wide range of cable TV channels to choose from and that their preferences in regard to cable TV content was very distinctive.

CHT's MOD service suffers from a low take-up rate given a lack of variety of content and thus does not pose a threat to the CATV industry.

2. Higher speed broadband services becoming the mainstream: The Group has continued to invest in two-way fiber optic network deployment and to promote its cable broadband access service. In 2009, the Group adopted the latest DOCSIS 3.0 broadband network access technology, offering subscribers data transmission speeds of up to 20M, which can be upgraded to 160M in the future. This meets users' need for ever-faster broadband connection and should help boost revenue from cable broadband.
3. Expanding regional operation scale: The NCC has begun studying the feasibility of expanding CATV operators' licensing zones to facilitate multi-zone CATV network operation and redefine operating regions in order to create a level playing field for CATV and MOD operators.

2. Negative factors

1. The cable TV market in Taiwan is saturated and subscriber growth is decelerating. There is still the risk that local governments could lower the CATV price cap during their annual review.
2. The NCC has yet to clarify its policy on digitalization, e.g., will CATV operators be required to subsidize at least two set-top boxes? The Group will continue monitoring the commission's digitalization policy and related legislation.

3. Countermeasures

1. The ongoing deployment of two-way fiber optic networks will help improve connection quality and signal stability, facilitating the adoption of DTV services.
2. The Group will continue to maintain friendly relations with local government authorities and residents. It will work with other organizations within the Taiwan Mobile Group, such as the Taiwan Mobile Foundation, to sponsor local cultural and charitable activities and improve network infrastructure in remote districts, thereby helping to reduce the digital divide and fulfill its responsibilities as a good corporate citizen as well as strengthening the Taiwan Mobile Group's corporate image as an enterprise that "draws from its strengths and gives back to the local community."
3. The Group will closely monitor changes in the regulatory authorities' policies on digitalization and the revision of related laws and regulations, and will actively lobby for and communicate with the authorities, while also planning appropriate countermeasures in advance.

4. Competitive edges

1. Building brand value through a customer-focused approach

The Group will continue to adhere to the ECE philosophy to create the best user experience. At the same time, it will continue to strengthen frontline personnel's understanding of the industry environment and their professional expertise through regular internal training activities to serve customers.

2. Advanced fiber optic cable broadband access

The Group acquired more high speed service customers with the introduction of cutting-edge DOCSIS 3.0 technology. With a single coaxial cable connection, consumers can enjoy cable TV, ultra-high-speed internet access and a wide range of audiovisual entertainment services and other digital interactive services in the comfort of their own home.

3. Using HD digital content to stimulate DTV subscriber growth

The Group will continue to secure high-quality HD digital channel content (both domestic and international) to provide consumers with a wide choice of content and a superior audiovisual experience to stimulate digital TV subscriber growth, enhance viewing satisfaction and increase customer loyalty.

4. Integrating Group resources to develop innovative digital convergence products and services

The Taiwan Mobile Group possesses significant mobile, fixed network, CATV, ISP and content resources. These resources, combined with the support provided by the Group's strong technology team and its effective integration of marketing and sales

- ▼ Taiwan Mobile exclusively offers the first touch screen BlackBerry® Storm™, the best mobile solution for the business people.



resources, represent a significant source of competitive advantage for HBG in the household market segment.

5. Operating Results Review

HBG's revenue is largely derived from CATV and cable broadband services. On the CATV front, revenue rose 20% YoY, bolstered by its new content distribution business, steady growth in pay TV subscriber numbers and rising channel leasing revenue from a year ago. The Group offered premium quality cable broadband service at a lower price and was able to boost its subscriber mix in high-speed service. In 2009, cable broadband subscribers and revenue grew 31% and 44% YoY, respectively, boosting total HBG revenue by 22% YoY.

6. Short and Long-term Business Development Plans

HBG will continue to focus on the home market, positioning itself as a provider of integrated home communications and audiovisual entertainment solutions. It will continue working to raise the broadband penetration rate, increase the percentage of broadband subscribers who use high bandwidth connections, and grow the number of "New TV" digital TV service subscribers.

1. Short-term development plan

1. The Group will continue using cable access to challenge the effective oligopoly that Chunghwa Telecom enjoys on last-mile access. In addition, the Group will launch special promotions targeting customer segments and work to develop its cable broadband Internet service.
2. The Group will expand deployment of DOCSIS 3.0 to boost the number of high bandwidth users and satisfy home users' need for both high-speed Internet access and HD audiovisual and multimedia applications.
3. The Group will increase popular HD digital video channel content (both domestic and international) to enrich its "New TV" digital TV service. It will also work to develop a wide range of interactive audiovisual content and other new digital content.

2. Mid-to-long-term development plan

1. The Group will continue to monitor changes in consumer needs and pursue collaborations with content service providers on the deployment of new services for online platforms. It will also monitor new trends in global digital convergence and strategies adopted by the world's leading players to facilitate the Group's development of innovative digital convergence services that leverage the Taiwan Mobile Group's extensive mobile, fixed network and digital cable TV resources.
2. In response to the global trend towards the "TV-ization of the internet and the diversification of TV," the Group will undertake in-depth studies of digital convergence services that have been rolled out by telecommunications service providers and ISPs in other parts of the world. Analyzing the experience of mature markets and the business models that have been adopted in these markets will help the Group evaluate the opportunities that exist in the digital convergence services market in Taiwan. These can help the Group roll out integrated digital TV product offerings in stages in line with market demand.

Enterprise Business Group

1. Industry Overview

The Enterprise Business Group (EBG) offers enterprise customers voice, internet and data services. Given the rising demand for integrated information and communication technologies (ICT) solutions and services, IP-based applications have become more popular, resulting in mild growth for the domestic telecommunications market.

1. Voice service

Because of the rise of VoIP and mobile telecom services, revenue from traditional telecom services has been dropping. In contrast, subscribers to and revenue from Enterprise E phone (VoIP) are expected to keep on increasing.

2. Data service

Rising demand for enterprise data access will result in steady growth in IP VPN and Metro Ethernet revenue.

3. Internet service

As internet content services boom, FTTx is taking the place of ADSL. Moreover, 3G/3.5G mobile broadband businesses are forecasted to expand. The market saturation and price decline is expected to weigh on revenue growth.

4. Mobile service

As demand for mobile office increases, data revenue from smartphones and 3.5G data cards is expected to remain on the rise. Mobile voice revenue from enterprise should benefit from the economic recovery and maintain moderate growth.

5. System integration service

The current trend is for telecom operators to offer both data and internet services along with unified threat management (UTM), and firewall facilities. With the demand for enterprise data and internet services increasing, the Company expects a steady increase in subscriber numbers and revenue.

2. Products and Services

EBG offers enterprise customers integrated ICT solutions and services under the name "TWM Solution." The Group's main market is Taiwan, but also offers international services covering 231 countries. By the end of 2009, its roaming services covered: GSM: 142 countries, 269 networks; 3G: 46 countries, 84 networks; GPRS: 105 countries, 200 networks.

Products and Services

Service Category	Description
Fixed-line voice	EBG provides integrated voice solutions, including Enterprise E phone, PBX E phone (VoIP service), local calls, long-distance calls, international calls, Centrex, 080 domestic toll-free service, audio conference, intelligent network services (e.g., 0209 services) and ISR, enabling users to save on calling costs. TWM Solution continues to develop advanced technologies to enhance reliability and provide instant response to ensure customer satisfaction.
Fixed-line data	EBG offers different types of circuits for information transmission, including leased line, Metro Ethernet, IP VPN, IPLC and ADSL VPN. These circuits and bandwidth for data transmission among terminals enable users to build a communications network and expand their business opportunities.
Internet	EBG offers internet access via leased line, Metro Ethernet, ADSL, FTTx and dial-up. The Company also provides internet data center (IDC) services, including co-location, web hosting, super mail and domain name registration. EBG's IDC services not only cover carrier-level facilities, but also managing/maintenance services for customers.
Mobile	EBG offers enterprise customers the following mobile services: regular voice services, mobile virtual private network (VPN), intelligent transportation system (ITS), BlackBerry enterprise solution and mobile data VPN service.
System integration	EBG provides sales, implementation, network manager and maintenance services for PBX, VoIP customer premises equipment (CPE), WAN and LAN CPE for customers.

3. Operating Status

In May 2009, EBG launched its “Company Saving Package,” a comprehensive enterprise and government solution package, comprising voice, mobile, data, internet and system integration services in line with the growing demand of small-medium enterprises for cost-saving telecom services amid the economic slowdown. To meet businesses’ need for instant info-com trouble shooting, EBG introduced its “Network Manager” automatic network management system to provide automatic monitoring, alarm and problem reporting services in July 2009. In addition, the Company launched Chinese BlackBerry touch panel handset “Storm” in August 2009 to meet customers’ needs.

4. Opportunities and Challenges

The Company believes that the overall macro environment remains neutral in terms of growth for the fixed-line industry.

1. Positive factors

1. Future convergence products will be aimed at consolidating intranet, broadband management and information security into a one-stop shop for customers. The Company has the advantage of possessing resources for both mobile and fixed-line services.
2. Enterprises trading in the Greater China area will boost demand for integrated telecommunications and network efficiency.

2. Negative factors

1. The local loop bottleneck is a major obstacle to fixed-line operators’ business expansion, as market leader CHT continues to dominate with its last mile advantage.
2. NCC is pushing for rationalization of telecom tariffs and has demanded telecom operators lower retail

rates gradually, adding to operation difficulties.

3. Countermeasures

1. Raising ARPU: Target high-usage customers by providing services such as “Information and Communications Integrated Solution” that meet customers’ varying needs; establish partnership with customers to enhance customer loyalty.
2. Targeting high-quality services: Focus on IP VPN and Metro Ethernet solutions to provide high-quality integrated platform infrastructure and voice/network CPE; provide device-monitoring service, CPE maintenance and “Network Manager” (automatic network management service), as well as trouble shooting and immediate status response.
3. Expanding cost and operation synergy: Carefully evaluate project expansion and revision of IP policy and submarine cable strategy to ensure short, mid and long-term benefits and improve core competence. In order to reduce costs and enhance network quality, TWM expanded its point of presence (POP) to the US and Singapore in 2009 and hooked up with several Tier-1 operators.
4. Providing integrated services: The Company aims not only to provide customers with premium services and stable network quality, but also to develop new VoIP products (e.g. Enterprise E phone and PBX E phone) to meet users’ needs. EBG will keep leveraging the resources of the group to the benefit and satisfaction of its customers.

4. Competitive edges

1. Premium brand equity

The Company insists on providing customer-centric quality services to its customers. A new brand, called “TWM Solution,” was launched and has

gained the recognition of major enterprises. TWM Solution received the highest rating in an online satisfaction survey on companies conducted by Foreseeing Innovative New Digiservices (FIND) of the Institute for Information Industry in 2009.

2. Professional management team and efficient support group

The Company leads the competition in achieving synergies from the integration of group resources, including mobile telephony, fixed network and cable TV network, with integrated back-office functions, e.g., network planning, operation and maintenance, information technology and procurement, to support its frontline operations and provide enterprise customers with exclusive integrated information and communication technology for business expansion.

3. Effective sales teams and channels

Expand services through direct sales teams, channel partners, and retail chains across the nation.

4. Expanding resources from international alliances

The Company is the sole Taiwanese member of the Bridge Alliance, the largest mobile alliance in Asia Pacific with a combined customer base about 300 million.

5. Operating Results Review

In 2009, affected by the financial crisis, enterprise customers reduced usage of mobile / fixed-line voice, leased lines and internet services. Although it has picked up since 2H09, EBG's revenue was still down 4% from a year ago.

Despite revenue contraction, EBG's EBITDA margin rose to 22.2% in 2009 from 19% the previous year, aided by good opex controls.

6. Short and Long-term Business Development Plans

1. Short-term development plan

The Company will continue developing integrated telecom applications to provide enterprises with a new network security service, data-voice integrated services and advanced Metro Ethernet services to help users reduce expenses and enhance operating efficiency.

2. Mid-to-long-term development plan

EBG's vision is to expand its enterprise services from network-centric to ICT-centric solutions and services by taking the following directions:

1. Speed up revenue growth of selective products by providing enterprises with end-to-end managed services and security operating center service. The Group has started developing cloud computing related services.
2. Raise the productivity of key accounts. Develop network-centric enterprise solutions. Expand small-and-medium enterprise segment by improving service quality.
3. Improve the international business division's operating efficiency by increasing direct peering coverage, managing quality and reducing international IP cost.



Chap. 6 Risk Management Analysis

In the course of operating its business, the Company faces three major types of internal and external risks, namely: industry risk, financial risk and operating risk. The Company realizes the damage these risks may cause and therefore has established a risk management committee to set policies in order to minimize the impact of any incident on the Company's operations.

Industry Risk

1. Technology Changes and Development

1. Wireless Broadband Access (WBA), still a fairly new technology

1. Current status

WBA is a communications technology based on orthogonal frequency division multiplexing (OFDM). WiMAX is the one of the examples of OFDM technologies and is capable of providing speeds of up to 10 Mbps on the equivalent frequency bandwidth of 3G's 5MHz. It poses a reasonable threat to 3G data service.

All six operators that were granted WBA regional licenses in 2007 adopted WiMAX as their core technology and have soft-launched regional services one after another since 2Q09. However, as interoperability problems between WiMAX base stations and customer premises equipment (CPE) have not been solved, CPE options are very limited. Roaming between WiMAX networks managed by different operators is still far from achievable in 2010.

2. Countermeasures

The technology for 3.5G high-speed downlink packet access (HSDPA), in comparison, is mature and has been commercialized. The speed of the connection throughput for 3.5G is 14.4Mbps, and should rise to 21Mbps in the near future, placing it on the same level as WBA. In the short term, HSDPA should be a more commercially competitive technology than WBA.

TWM has aggressively deployed 3.5G technology and promoted 3.5G data cards and netbooks bundled with mobile broadband access services to lock in heavy data users since late 2007. At the end of 2009, TWM had acquired more than 200,000 3.5G subscribers and started to rollout 14.4Mbps service in metropolitan areas. This year, TWM will expand deployment of 7.2Mbps and 14.4Mbps in 3.5G base stations to provide more comprehensive high-speed mobile internet services. The Company will also continue its evaluation of 3G extended long-term evolution (LTE) technology, another promising technology that could rival WiMAX.

To deal with long-term challenges, TWM has employed a leading foreign telecom firm and a world-renowned consulting agency for the past three years to analyze industry trends and formulate effective strategies to cope with the dynamic changes in the market. The Company has drawn up a long-term plan to strengthen its wireless broadband and multimedia services.

2. Rising popularity of internet protocol

1. Current status

The popularity of internet protocol (IP) has revolutionized the telecommunications business and network infrastructure, giving rise to increased IP-based communications traffic. IP-based telecom is able to simplify network infrastructure, translating into big savings on operating costs. The introduction of voice-over IP (VoIP) service has therefore had a great impact on traditional fixed-line operators' long distance and international voice call revenue.

2. Countermeasures

The necessity of building an IP core network infrastructure based on next generation network (NGN) is an urgent task. On the recommendations made by its IP Infrastructure Committee over the past three years, TWM has been building the latest IP-

based optical core network, studying and analyzing the demand for as well as the costs and benefits of developing an IP multimedia subsystem (IMS) and IP core access and transmission technologies as well as conducting laboratory tests of various IMS application services to lead industry development.

In 2010, the Company will continue to develop and test new IP application services and conduct research on the latest optical packet carrier ethernet technologies to introduce more services that provide households with the most advanced and innovative broadband services.

3. Digital convergence

1. Current status

The mobile and fixed-line communications and media industries, which have similar service models and technologies, have been on a converging trend in recent years. This has facilitated the exchange and transmission of digital content and services among different carriers, systems and platforms and is a factor for potential consolidation in the telecommunications and broadcasting industries.

2. Countermeasures

After merging Taiwan Fixed Network (TFN) and Taiwan Telecommunication Network Services (TTN) in 2007, the Company announced to acquire Carlyle's cable business in Taiwan in 2009, enhancing its status as a leader in the digital convergence era. TWM had integrated the group's resources to facilitate research and development in digital convergence and launched fixed-mobile convergence (FMC) services for corporate accounts. It is also aggressively planning new digital convergence services that will integrate cable TV, digital TV, cable broadband, and interactive entertainment services.

2. Regulatory Changes

1. Revision of Telecommunications Act

1. Current status

In response to the trend toward digital convergence, the National Communications Commission (NCC)

announced in June 2009 that it would hold public consultations with industry players to gather their opinions on proposed changes to the Telecommunications Act. The NCC said the law amendment was designed to encourage establishment of a new model to promote effective competition and strengthen oversight over cross-industry operation, multimedia content services, major market players, tariff control, network bottleneck, accounting policies, information security management and other areas. For one, the NCC aims to change the classification for major market players in line with market changes as the current standard has been in use for over a decade. The commission plans to raise the threshold for subscriber number or market share by revenue to over 25%. It also plans to change tariff control to apply to major market players only, as well as to regulate wholesale pricing.

2. Countermeasures

The Company will continue to communicate with the NCC and forward suggestions and recommendations on amending the law before a final decision is made.

2. Second round of mobile tariff cuts from April 1, 2010

1. Current status

On January 6, 2010, NCC announced that mobile tariffs should be cut per annum between April 1, 2010 and March 31, 2013. The adjustment coefficient ("X value) of 5% for SMS, mobile to fixed and mobile to mobile off-net calls and last year's CPI contraction of 0.87% translate into a rate cut of 5.87% for 2010. The NCC also plans to include mobile voice interconnection under tariff control and complete the law amendment before May 2010. 2G/3G mobile voice interconnection wholesale price control will then be affected in the following year after the amendment.

2. Countermeasures

As developed countries no longer regulate mobile retail tariffs, the Company will continue to communicate with the NCC on this issue to reduce its impact on revenues.

3. Expiration of GSM licenses

1. Current status

GSM (or 2G) operators' licenses will expire one after another starting from end of 2012. According to the "Regulations Governing Mobile Communications Businesses," the NCC shall start accepting 2G operators' applications for license renewal a year before their expiration, but the regulations contain no details on the procedures and conditions for renewal. The Cabinet is reviewing a plan by the Ministry of Transportation and Communications (MOTC) to reclaim 2G licenses in several stages. As 2G is expected to continue to play an important role in wireless communication in the short and medium term, the lack of a concrete policy to address this issue could have a huge impact on the telecom industry.

2. Countermeasures

The Company continues to encourage 2G subscribers to upgrade to 3G and has recommended that the government extend 2G licensing for a period while drawing new plans for utilizing the spectrum, such as following the international trend of adopting UMTS 900MHz.

4. Fixed-line interconnecting charge adjustment

1. Current status

In December 2009, the NCC adjusted interconnection charges retroactively to January 1, 2009, based on the following rate per minute: a) reducing mobile to fixed-line calls by NT\$0.0681/NT\$0.1182 for regular/off-peak hours, and b) increasing fixed-line operator premium charges from mobile operator for fixed-line to mobile calls by NT\$0.127. The Company expects to save around NT\$13mn annually in interconnection charges from the adjustment.

2. Countermeasures

The Company will continue to push for lower interconnection charges to lower operating costs.

5. Reducing IP peering charges

1. Current status

In August 2009, the NCC approved new IP peering rates from Chunghwa Telecom (CHT) retroactive to July 1, 2009. The adjustment translates into a 40% drop in the unit price per Mbps that the Company pays CHT, reducing the Company's internet business operating costs.

2. Countermeasures

The Company will continue to push for lower IP peering costs as it develops its broadband business.

6. Policy planning for mobile TV services

1. Current status

At the end of 2009, the Executive Yuan approved the MOTC's "Digital Wireless Television Plan" to offer five digital wireless television licenses and two mobile TV licenses. The NCC is charged with the task of issuing licenses and overseeing management. Mobile TV still lacks a concrete business model, but the two licenses represent a rare business opportunity that is expected to trigger intense competition in the industry.

2. Countermeasures

Aside from providing customers with mobile video streaming services through 3G networks, the Company will carefully evaluate the cost and benefit of bidding for a license. In the meantime, the Company will track and monitor business developments overseas to provide the NCC with sound advice on regulatory changes and monitor local developments to meet its long-term industry target.

7. CATV required to provide guarantees for advanced receipts

1. Current status

To protect consumer rights and interests, the NCC has approved a regulatory provision requiring cable operators to provide subscribers with a performance bond for receipt of payment in advance. The draft bill is under review by the Executive Yuan's Consumer Protection Committee. This provision will increase cable TV operators' financial and operating costs.

2. Countermeasures

The Company will comply with the requirement on providing financial guarantees by coordinating with banks to protect consumer interest.

Financial Risk

1. Impact of interest rate fluctuations

As the Company had no floating interest rate borrowing in 2009, interest rate fluctuations had a minimal impact on its profit. The Company has pegged the floating interest rate for its first unsecured corporate bonds of NT\$15bn with a total value of NT\$7.5bn at 2.25% and 2.45% through interest rate swap (IRS) agreements upon issuance. All other issued corporate bonds adopt fixed interest rates. The Company is thus completely hedged against interest rate fluctuations.

The Company entered into IRS contracts to hedge against cash flow risk from inverse floating interest rate fluctuation. As such, it was qualified to apply hedge accounting, according to the "Statement of Financial Accounting Standards."

The main factors that affect mark-to-market estimations are US interest rates, the yield curve and the US\$ to NT\$ interest rate differential. When the bonds mature and the IRS agreement ends, gains/losses associated with the IRS will cease.

2. Impact of exchange rate fluctuations

The Company's main service area is Taiwan. Except for its international roaming business, all operating revenues are denominated in NT dollars. Some of the Company's capital expenditures are denominated in Euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign currency deposits and forward contracts.

In summary, exchange rate fluctuations had a minimal impact on the Company.

3. Impact of inflation

Inflation had a minimal impact on the Company's operating performance in the past year up until the publication date.

Operating Risk

1. Investment Policy and Reasons for Gains & Losses for High-Risk/High-Leverage Financial Products, Derivatives, Loans to Others, and Guarantees of Debts

1. The Company did not engage in high-risk, high-leverage financial investment in recent years.
2. The Company passed the "Rules and Procedures on Lending and Making Endorsement/Guarantees" to supervise financing and endorsement activities. As the counterparties in its loans and guarantees are all its subsidiaries, there is minimal operating risk.
3. The derivative product positions the Company held in 2009 were for purposes other than trading. The interest rate swap contracts were signed to minimize the interest rate risks of inverse floating rate bond issuance. The Company's hedging strategies were meant to avoid cash flow risks. No substantial earnings/losses resulted from the derivative transactions.

2. Mergers and Acquisitions

1. Merger and acquisition update

1. Taiwan Fixed Network Co., Ltd. (TFN), a subsidiary of the Company, merged Reach & Range Inc. on May 1, 2009.
2. TCC Investment Co., Ltd. (TCCI), a subsidiary of the Company, merged TFN Investment Co., Ltd. on September 19, 2009.

2. Expected benefits and potential risks

1. Expected benefits:

The mergers and acquisitions should contribute to corporate integration and enhance operating efficiency.

2. Potential risks:

There are no potential risks involved as the Company owned controlling interest in the above mentioned companies and had control over their operations prior to the mergers.

3. Countermeasures:

Not applicable

3. Future merger and acquisition plan

On September 16, 2009, the Company's BOD approved the acquisition of Carlyle Group's CATV-related assets in Taiwan from PX Capital through the Company's subsidiary Wealth Media Technology Co., Ltd.. TFN Union Investment Co., Ltd. and TCCI Investment & Development Co., Ltd., subsidiaries of the Company (own 15.5% of the Company's treasury shares), will merge with Wei Mao Co., Ltd., with Wei Mao as the surviving company. The deal will be conducted after obtaining the regulatory authorities' approval.

3. Supply and Distribution Concentration (Supplier and Customer Risk)

The Company's main supplier is Chunghwa Telecom (CHT) for network interconnections and leased lines. These costs accounted for 18.53% of total operating costs in 2009. The Company has been increasing usage of leased lines supplied by other fixed-line operators (e.g. Taiwan Fixed Network) to diversify supplier risk.

On the revenue side, CHT is the Company's largest source of interconnection revenue. However, the Company has a very diverse subscriber base for its mobile services. As such, there is no customer concentration risk.

1. Top supplier

	2009				2008			
	Company	Amount (NT\$'000)	% of Operating Costs	Nature of Relationship	Company	Amount (NT\$'000)	% of Operating Costs	Nature of Relationship
1	Chunghwa Telecom	5,032,712	18.52	Third party	Chunghwa Telecom	5,054,973	20.97	Third party
2	Taiwan Fixed Network	1,390,303	5.12	Subsidiary	Taiwan Fixed Network	965,962	4.01	Subsidiary
3	Fubon Insurance Co., Ltd.	51,412	0.19	Related party in substance	Fubon Insurance Co. Ltd.	58,406	0.24	Related party in substance
4					TransAsia Telecom	257,796	1.07	Subsidiary
	Others	20,691,498	76.17		Others	17,769,662	73.71	
	Total	27,165,925	100.00		Total	24,106,799	100.00	

2. Top customer

	2009				2008			
	Company	Amount (NT\$'000)	% of Operating Costs	Nature of Relationship	Company	Amount (NT\$'000)	% of Operating Costs	Nature of Relationship
1	Chunghwa Telecom	8,730,057	15.31	Third party	Chunghwa Telecom	8,956,659	16.49	Third party
2	Taiwan Fixed Network	2,276,319	3.99	Subsidiary	Taiwan Fixed Network	2,087,756	3.84	Subsidiary
3	Taipei Fubon Commercial Bank Co., Ltd.	9,796	0.02	Related party in substance	Taipei Fubon Commercial Bank Co., Ltd.	13,848	0.03	Related party in substance
4					TransAsia Telecom	459,338	0.85	Subsidiary
	Others	45,999,280	80.68		Others	42,794,004	78.79	
	Total	57,015,452	100.00		Total	54,311,605	100.00	

4. Impact of changes in brand image to the Company's risk management policies: None

5. Expected benefits and risks related to plant facility expansions: Not applicable

6. Significant changes in shareholding of directors, supervisors and major shareholders:

Changes in the shareholding of directors, supervisors and major shareholders, which are detailed in Chapter 4, had minimal impact on the Company.

7. Changes in management control: Not applicable

8. Significant Lawsuits and Non-litigious Matters

Summary of all material litigations, administrative proceedings, and other non-litigious matters in which the Company or its directors, supervisors, managers, major shareholders (with more than 10% shareholding) or subsidiaries were involved within the past year up to the report's publication date that may have a significant impact on shareholders' equity or the share price is listed below:

1. The Company

The Fair Trade Commission (FTC) fined the Company NT\$3 million as administrative penalty for its "401/801 Rate Plan" advertisement.

Parties Involved: The Company is the defaulting party.

Date of Filing: February 19, 2008

Grounds: The Company disagreed with the FTC's decision and filed an administrative appeal.

Status: The Executive Yuan rejected the Company's administrative appeal. The FTC's administrative disposition is confirmed to be irrevocable and conclusive.

2. The Company's directors, supervisors, managers and major shareholders (with more than 10% shareholding): None

3. The Company's subsidiaries

1. Taiwan Fixed Network Co., Ltd. (TFN)

Dispute between TFN and Kaohsiung City Government over land usage fee

Parties Involved: TFN is the plaintiff and Kaohsiung City Government is the defendant.

Amount Claimed: NT\$11,972,865

Date of Filing: December 24, 2007

Grounds: TFN laid pipes under land owned by the Kaohsiung City Government. Citing related regulations, the city government said in 2007 that TFN should pay NT\$13,094,147 for land usage fees between 2002 and 2004. Disagreeing with the administrative disposition, TFN filed an administrative appeal with the Ministry of Finance. Following the ministry's dismissal of the administrative appeal, TFN brought the case to the Kaohsiung High Administrative Court, which revoked charges amounting to NT\$1,121,282 claimed by the city government, saying they had already expired, but ordered TFN to pay the remaining amount. TFN believed the Kaohsiung High Administrative Court's ruling was in contravention of the laws and regulations and filed an appeal with the Supreme Administrative Court.

Status: The case is pending in the Supreme Administrative Court.

2. Globalview Cable TV Co., Ltd., Phoenix Cable TV Co., Ltd., Union Cable TV Co., Ltd., Yeong Jia Leh Cable TV Co., Ltd. (collectively "4 SOs")

The NCC fined the four SOs NT\$100,000 each and ordered them to divest holdings by the Taipei City Government within one year after the ruling.

Parties Involved: The four SOs are the defaulting parties.

Date of Filing Administrative Appeal: January 2009

Grounds: The NCC ruled that the four SOs had violated Paragraph 4, Article 19 of the "Cable Radio and Television Act" which states that political parties, the government and foundations established with their endowments, and those commissioned by them, should not directly or indirectly invest in cable, radio and/or television system operators. The four SOs disagreed with the NCC's disposition and have all filed administrative appeals.

Status: The Executive Yuan has revoked the administrative dispositions imposed by NCC against these 4 SOs in April, 2010. The above cases are now pending in NCC.

3. Win TV broadcasting Co., Ltd.

The NCC fined Win TV broadcasting Co., Ltd. NT\$200,000 as administrative penalty and instructed it to dispose of holdings by the Taipei City Government within one year after the ruling.

Parties Involved: Win TV is the defaulting party.

Date of Filing: February 2010

Grounds: The NCC ruled that Win TV had violated Paragraph 3, Article 9 of the "Satellite Broadcasting Act," which stipulates that political parties, the government and foundations established with their endowments and those commissioned by them, should not directly or indirectly invest in satellite broadcasting businesses. Win TV disagreed with NCC's disposition and has filed an administrative appeal.

Status: The case is under review by the Executive Yuan.

3. Create a company-wide risk management structure that can limit risks to an acceptable level

4. Introduce best risk management practices and continue to seek improvements

2. Risk Management Structure

The Company's risk management structure is made up of three committee, which function as follows:

1. Operations and Management Committee

Conduct periodic reviews of each business group's operating target and performance to meet the Company's guidance and budget.

2. Safety and Health Committee

Tasked with supervising and reducing potential risks to workers' safety and health.

3. Information Security Management Committee

Supervise important information assets for confidentiality, integrity, availability, and regulatory compliance in order to control and reduce operational risks to an effective and reasonable level.

Risk Management

1. Risk Management Policies

1. Promote a risk management-based business model
2. Establish a risk management mechanism that can effectively cite, evaluate, supervise and control risks



3. Risk Management Operation Mechanism

1. Three levels of controlling mechanism

- 1st level: Every risk factor shall be assigned to the appropriate responsible unit to ensure timely and effective detection. On a daily basis, the units shall ensure that risk is controlled under an acceptable level. Should there be any change in condition or additional factors, the units shall report to the Company for the appropriate course of action.
- 2nd level: The second controlling mechanism is under the supervision of several examining committees,

which are composed of unit chief officers or executive vice presidents, to take necessary measures when facing material change in risk.

- Highest level: The Board of Directors is the highest decision-making and supervisory unit and is responsible for confirming material risk assessment, designating activities to control risk and track their execution. Additionally, the internal audit office shall monitor and confirm that risk controls are properly executed on a daily basis and should report any discrepancy to the chief officer of the responsible unit.

2. Risk factors and management structure

	Important risk factors	Responsible unit	Examining Committee	Decision-making and supervision
1	Operating risk: telecom equipment shutdown and information system failure	Technology Group/ IT	Technology management meeting IT management meeting	Board of Directors: the highest decision-making unit Internal audit office: conduct the examining, monitoring, tracking and reporting of risk items
2	Changes related to technology and industry	Systems Design Division	Technology management meeting	
3	Risks related to information security	Quality Management Division	Information Security Management Committee	
4	Market risk A. Competition B. New products C. Channel management	A. Marketing unit B. Marketing unit C. Business Operations Management Division	CBG management meeting	
5	Government policies and regulatory compliance	Regulatory & Carrier Relations Division		
6	Corporate image	Brand Management & Customer Communication Division		
7	M&A and investments	Presidential Office		
8	Employee safety	Occupational Safety & Health Office and Administrative Division	Safety and Health Committee	
9	Employee behavior, code and ethics	Human Resources Division	Human Affairs Appraisal Committee	
10	Volatility of interest rates, exchange rates and financial risks	Finance Division	Audit Committee	
11	Financing and endorsement/ guarantee provided to others, derivatives transaction and working capital management	Finance Division	Audit Committee	
12	Financial report disclosure	Accounting Division	Audit Committee	
13	Litigious and non-litigious Matters	Legal Office	Legal Office, Internal Audit Office	
14	Changes in shareholding of directors/supervisors and major shareholders	Secretarial Division	Legal Office, Internal Audit Office	
15	Board meeting facilitation	Secretarial Division	Legal Office, Internal Audit Office	

Chap. 7 Our Values

Best Service Quality

Committed to creating the best experience for customers, Taiwan Mobile has expended a lot of effort into building high-quality communication platforms, continually developing a wide range of new products to facilitate “one-stop shopping” and conducting regular training activities for its customer service personnel. Dedicated areas highlighting the Company’s latest products, including smartphones, netbooks and GPS devices, have also been set up in directly owned “myfone” shops nationwide to let customers try out and experience the convenience that mobile digital technology and value-added services provide.

In 2009, TWM won two Next Magazine Top Service Awards – in the mobile / fixed line operator and 3C retailer categories – for the second year in a row. TWM was the only company to win top awards in two different categories.

These awards underline the vital role that TWM plays in the telecom service distribution channels and the high reputation that TWM enjoys among consumers in Taiwan.

Excellent Brand Image

The value of the Taiwan Mobile brand is built on its commitment to “Simplicity, Innovation, Passion and Integrity” and on helping customers achieve the lifestyle they want. Following a re-integration of the Taiwan Mobile Group’s resources in 2008, three brands were launched: Taiwan Mobile, TWM Broadband, and TWM Solutions. These three brands work closely together to meet customers’ diverse needs in today’s digital world, seeking to create a simpler, more human-centered user experience.

With a view to becoming an integral part of customers’ daily lives, Taiwan Mobile provides mobile communication.

- ▼ Taiwan Mobile’s objective is to satisfy their customers’ needs and provide an easy, simple and user-friendly communication experience.



tions, mobile value-added services and mobile broadband Internet access for individual customers. TWM Broadband expands on this position, offering a wide range of digital lifestyle and entertainment services to cover the whole household. TWM Solutions, meanwhile, is focused on the enterprise market, providing customized information and communications technology and systems integration solutions for corporate customers. With its professional expertise and ability to provide “one-stop shopping” service, TWM Solutions is able to work closely with corporate customers to help their business grow.

As we enter the new era of integrated digital technologies, the Taiwan Mobile Group is leading the way in digital convergence by rolling out TIME – Telecommunications, Internet, Media and Entertainment – services throughout Taiwan. The Company’s goal is to ensure that with Taiwan Mobile in their life, people are able to enjoy user-friendly mobile communications, television and other services wherever and whenever needed. Taiwan Mobile – A Part of Your Everyday Life!

Green Company

In response to the threat of global warming, TWM established a sustainable development committee to promote efficient energy use, protect the environment, and reduce greenhouse gas emissions. The Company seeks to comply with international environmental protection standards as well as domestic laws and regulations while building an environmentally friendly green corporate system.

In November 2009, TWM received the “ROC Enterprise Environmental Protection Award” for its promotion of environmental protection in Taiwan. TWM was the first company in the service sector to receive this recognition from the Environmental Protection Administration.

1. Handset recycling

TWM introduced Taiwan's first recycling campaign in April 2008, encouraging consumers to bring their old batteries, handsets and accessories such as chargers, headphones, and transmission wires to TWM 600 myfone stores for recycling. As of December 2009, 22,591 handsets had been recycled, yielding 753g of gold and 2,259g of silver. In addition, 4,477kg of handset accessories and 1,085kg of batteries were also recycled; bringing total recycling

volume close to 5.6 tons. As a result, TWM received recognitions from the ROC Environmental Protection Administration and successfully set the recycling mode in the industry.

2. Energy conservation

Given concerns over the proliferation of telecom base stations, TWM follows three major principles in setting up base stations: one, co-stationing and co-construction; two, minimizing the number of base stations and antennas to protect the environment; and three, using energy-saving equipment at base stations. Since 2008, TWM has adopted energy conservation measures for its green equipment room. This has raised its cooling efficiency and saved up to 30% in energy consumption.

Additionally, under the condition of not interrupting normal business operation, the Company urged employees to carry on electricity and water saving programs. TWM was able to reduce its office building's power and water consumption by 8.02% and 1.6% from 2008 respectively. At a per employee basis, the average power and water consumption dropped by 11.2% and 5.01% from last year respectively.

3. Recycling

1. Wire and cable recycling

TWM outsourced the treatment and disposal of waste copper wires and cables to waste cable management service providers qualified by the Environmental Protection Administration since 2000. A total of 600,568kg of bare copper wires was disposed of and recycled in 2009.

2. Battery recycling

To serve both energy and operating cost saving purposes, batteries from main mobile switching centers and base stations have either been regenerated or outsourced to qualified handlers for recycling since 2008. In 2009, TWM recycled waste batteries and found 345 of them to be reusable, while disposing of 7,089 (approximately 319,005 kg) as flawed.

3. Waste recycling in the office

Complying with the government waste recycling policy, a total of 78,731kg of waste items were recycled at the Company's headquarters in 2009.

4. e-billing and paperless campaign

TWM began promoting e-billing in 2004, and by the end of 2009, 405,288 users had switched to e-billing. Assuming that each physical billing statement uses 2.42 sheets of A4-size paper, by the end of 2009, e-billing had conserved 980,000 sheets of A4-size paper. TWM also initiated a "paperless store" campaign in 2006, customers can choose to receive short message instead of paper receipts. This allowed the Company to conserve 3.34 million sheets of A4-size paper in 2009.

By formatting all of the Company's internal announcements, official documents, and meeting notices into electronic files, setting up employee pass-code system for print out, and encouraging use of recycle and light-weighted paper, the Company's annual consumption of A4 paper fell 20% year-on-year in 2009. That represented a 23% reduction of average paper usage per employee to 113 sheets from 147 sheets.

5. Buying green

TWM purchases environmentally friendly low-impact products in three categories, namely "EPA-approved Green Mark products," "low-pollution, recyclable, resource-saving products made from reusable materials," and "other products offering identical or similar performance and which benefit society or reduce societal costs." Furthermore, TWM regularly collects information to formulate guidelines and train staff on the concept of buying green.

6. Environmental protection education

In order to encourage employees to conserve energy and reduce carbon dioxide emissions, recent annual family days focused on environmental protection as the theme, with managers leading employees and their families in taking action to care for the Earth.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been the governing rule for corporate management. TWM was the first to issue a CSR report among the Taiwan telecom opera-

- ▼ Harvey Chang, the President and CEO of Taiwan Mobile, and the employees morphed into environmental conservation vanguards at Guandu Nature Park.



tors in 2007. Moving ahead, in 2009, TWM issued a CSR report, this time conforming to international standards on three major areas – corporate governance, environmental sustainability, and social responsibility. This report has been compiled using the GRI/G3 guidelines of the Global Reporting Initiative (GRI), verified by The British Standards Institution (BSI).

TWM established a dedicated social responsibility department in 2007 and contributed NT\$50–60 million annually to public welfare. Of the 2009 TWM Foundation's spending, 52% was used in social welfare activities, 22.3% for bridging the digital divide and emergency communications, 21.2% went toward telecom research and competition, and 4.5% went to lectures and others. A majority of the funds were used to care for underprivileged groups and people living in remote areas, art promotion and community development, and youth activities.

1. Corporate volunteers

TWM set up a corporate volunteer program in 2007. The Company offers volunteer staff two-day paid leave each year, transportation allowance, insurance and advance training to encourage them to take part in activities that serve the local community. Aside from receiving a certificate upon completion of the program, employees are able to share their insights and experiences on the Company's volunteer website.

Normalizing the corporate volunteer program not only fulfills the Company's social responsibility but also creates "Four wins" for the employees, the Company, society, and underprivileged groups.

2. Community feedback

1. Typhoon Morakot reconstruction

When Typhoon Morakot struck in August 2009, it caused severe devastation in southern Taiwan and caused extensive damage to communication devices and networks. TWM immediately organized a task force to repair network equipment and base stations in the stricken areas. The Company was able to restore communications in severely affected areas such as Taimali in Taitung County, Mudan and Jiadong in Pingtung County, and Dongpu in Nantou County.

TWM provided monthly subsidies of NT\$300 for telecom expenses to residents of affected areas for six months after the disaster, as well as free replacement of lost SIM cards and other services. TWM raised more than NT\$30 million by encouraging employees to donate a day's pay to complement corporate donation. The Company also offered paid leave and allowance to encourage employees to help out on the affected area recovery.

Looking at the damage inflicted by the typhoon, the Company found that it had destroyed a number of bridges, including Shanmei Bridge – the major means of access to the villages of Shanmei, Shinmei, and Chashan – bringing tourism in the Danuoyi Valley to a standstill. To aid residents in these areas, TWM commissioned an experienced specialist in building bridges – the Chiayi Do-good Organization – to rebuild Shanmei Bridge. The new Shanmei Bridge will be a concrete bridge 86 meters long and 8 meters wide and is expected to be completed in June 2010.

Chiayi Do-good relies on volunteer work for its projects,



so there are no subcontractors or middlemen involved. By working with this organization, TWM was spared the usual lengthy administrative process – from surveying to budgeting, bidding, contracting and funding allocation – and hopes to shorten the bridge reconstruction project by at least one year. The Company is spending NT\$17 million on this project but hopes to generate NT\$50 million to NT\$60 million in social value.

2. Caring for senior citizens living alone

In 2008 and 2009 TWM joined forces with the Kernel of Wheat Foundation to hold a New Year's Eve event, "Providing Companionship to Solitary Seniors" in Hualien County. This event received the enthusiastic support of shops in the area. TWM hopes that local communities will jointly address the problem of long-term care for seniors living alone.

3. After-school tutorial for children from underprivileged

families

TWM has participated in the Chinese Christian Relief Association's "After-school Tutorial Program for Children from Underprivileged Families" since 2005, sponsoring 10 tutorial programs for 205 children from economically disadvantaged families.

4. Outdoor community concerts

TWM held seven large outdoor concerts throughout Taiwan in 2009, with more than 70,000 people attending these events. Through these musical performances, the Company hopes to soothe and touch people's hearts.

- ▼ 66 Taiwan Mobile volunteers helped to build Alisan's bridge, which was washed away when Typhoon Morakot hit the island in August 2009, with Chaiyi Do Good Organization, a local NPO with more than 40 years of experience in building roads and bridges for the underprivileged.



Taiwan Mobile's outdoor concerts in 2009

Date	Location	Name	No. of participants
February 22	Beinan Township, Taitung County	Lika Mengmei's Banquet	Over 3,000
April 11	Taoyuan Cultural Park	Taiwan Mobile Outdoor Concert in Taoyuan	Over 11,000
September 9 October 3 October 10	Sun Moon Lake, Nantou County	Taiwan Mobile Outdoor Concert at Sun Moon Lake	Over 38,000
November 28	Wei-Wu-Ying Center, Kaohsiung	Violinist Hu Nai-yuan	Over 10,000
December 26	Yuanman Theater, Taichung	Fairytales, Movies, Symphonies	Over 8,000

5. Mobile treatment

With its telecoms infrastructure, TWM provides community emergency communications functions in conjunction with community assistance services conducted by the Kaohsiung/Pingdong, Mobile Medical Care Network, Department of Social Welfare - Taipei City Government, and Taidong Christian Hospital.



- ▲ True concern is far better than mere material assistance. Taiwan Mobile volunteers helped seniors living alone purchase Chinese New Year supplies and enjoy a warm get-together year-end lunch.
- ▶ Taiwan Mobile held large outdoor concerts throughout the years to elevate public appreciation of classical music and to cultivate their understanding of different cultures as well as creativity.



3. Bridging the digital divide

To bridge the urban and rural divide, TWM has donated second-hand computers and established seven "e-learning centers" in Alishan County, Dajia in Taichung County, Jhushan in Nantou County, Minsyong in Chiayi County, Donggang in Pingtung County, and Wanrong in Hualien County. The Company provides carrier-free cellphones, broadband Internet and cable TV services to facilitate communication in remote areas and help local residents connect with and obtain first-hand information on improving their quality of life.

TWM has been working together with National Chengchi University since 2009 to produce Internet security videos and teaching modules and promoting these programs in schools. The Company is also working on turning a number of concerts and children's plays on environmental protection into e-learning materials for students in remote areas, bringing them the latest ideas to bridge the digital divide and enhance their competitiveness.

4. Promoting digital applications, enhancing creative skills

1. myfone Mobile Creativity Awards

TWM initiated the "myfone Mobile Creativity Awards" in 2007. Awards are given to creators or composers of the "Best Short Message Literature" and "Original Ringtones." The number of submitted works increased 400% in 2009; successfully encourage creativity using mobile technology.

The selection process involves three stages: preliminary review, secondary review and finals. Prominent figures from the literary and music world are invited to serve in the panel of judges. Past judges include well-known figures such as Yu Kwang-chung, Chang Hsiao-feng, Chang Ta-chuen, Chiang Hsun, Jerry Huang, Vincent Fang and Summer Lei.



Entries/votes for the myfone Mobile Creativity Awards

		2007	2008	2009
No. of submitted works	Short messages	5,232	4,745	22,612
	Ringtones	138	331	436
No. of votes		40,581	35,832	49,674

909 cellphone audio guide usage in recent years

Year	Usage amount	Seconds
2004	32,119	3,564,815
2005	19,016	1,471,338
2006	2,256	1,395,541
2007	3,679	2,759,068
2008	62,697	41,497,473
2009	27,223	7,728,359

2. 909 Cellphone audio guide

TWM pioneered the use of cellphones as a museum audio guide with the introduction of its 909 service in 2004. In 2009, the Company provided audio guide services for an exhibition of artifacts from Xinjiang, an international exhibition of the works of Andy Warhol and permanent exhibits at the National Museum of Marine Biology in Pingtung.

5. Caring for the underprivileged

1. Training spinal injury patients to live independent lives

In July 2003, TWM, together with its customer service subsidiary and the Taoyuan Center for Developing the Potential of Spinal Injury Sufferers, developed a remote program to train spinal injury patients to become professional customer service personnel. After receiving intensive pre-service training and complying with strict customer service quality requirements, each of these trained spinal injury patients can now respond to an average of 80 to 100 calls

- ▼ Held Digital Camps for children throughout Taiwan and had well-known directors teach them how to use digital devices, such as digital cameras and mobile phones, to tell stories through images in order to increase their competitiveness in the digital era.



第3屆 myfone 行動創作獎

www.myfone.com.tw



▲ The "myfone Mobile Composition Award" brought together heavyweight domestic critics from both the literary and music industries to guide the public into the Web 2.0 Art Sharing Age, which merges technology and art.

each day. These personnel are deserving of the title "customer service supermen and superwomen".

TWM has provided jobs to 58 spinal injury patients since the "Customer Service Superman" program was initiated. A total of 131 patients have benefited from the different types of customer services classes that TWM offers.

2. 5180: Building a bridge for donations

TWM introduced the "5180 Real-Time Donation" platform in December 2005 to provide a fund-raising channel for social welfare groups. This voice donation hotline is free of charge and allows donors to participate in charity activities online. The service makes optimal use of cellphones' mobility and convenience, allowing users to show their concern anytime, anywhere.

Through this service, over 40 welfare groups have received more than NT\$21 million in donations from 52,000 callers; it has become a major channel for real-time donations.

6. Consumers' rights and interests

1. World-class information security

Mindful of the importance of customer information security, TWM obtained a global first ISO 27001 Information Security Management System certification in 2006 and passed the global system's three-year overall review in 2008. The certification included examining more than 200 operating

processes and 30 systems in the IT and customer service departments, covering new subscription, billing, anti-fraud, and customer service to ensure that, without authorization, no one is able to access clients' private information.

2. Transparent and fair rate plans

In accordance with the rules set forth by the NCC to protect consumers' rights and interests, the Company submits all service and rate plans for approval by the Commission. All contracts with customers are drawn on the basis of fair and equal treatment and fulfill all the requirements stipulated in the Consumer Protection Law. The Company also provides clear and detailed billing information to customers.

3. Special discount to underprivileged group

TWM and Taiwan Fixed Network Co. jointly were first to offer special discount rate plans to the underprivileged group in 2007. In addition, TWM also offered mobile, local, long-distance and international integrated discount program to non-profit organizations to help them save on cost.

For the elderly, TWM offered up to 50% discount on the monthly fee as well as supplied handsets with large screen, clear display and loud sound alert.

4. Teen protection

As the number of mobile internet users increases, the Company has developed pass-code rules in compliance with the NCC's regulations preventing children and teenagers from accessing information which is not suitable to their age. In addition, parents can block the unsuitable services at the "Catch" portal. TWM will continue to strengthen information security to screen content accessible to children and teenagers.

5. Customer satisfaction survey

TWM's dedication has won positive responses from customers, with Company surveys (including telephone and internet polls and focus groups) over the years showing respondents giving high marks to improvements in network quality, SMS rates, retail services, call center services and billing information, etc. Based on the survey results, TWM will originate action plans for continuous improvement.

7. Employee benefits and employee rights protection

The Company has set up an employee conduct/ethical standards policy to serve as guidelines for employee behavior and development. To motivate employees, the Company has launched various compensation and benefits programs that are performance-based. Overall, the Company's human resources policies surpass basic labor law requirements, such as the Labor Standards Law. These policies are detailed as follows:

1. Employee behavior/ethical standards

The Company has established policies and rules as a guide for employee conduct, rights, responsibilities, and ethical standards. They are as follows:

1. Delegation of authority

- (1) Authorization guidelines and limitations: Aimed at streamlining business processes, strengthening distribution of responsibility, as well as detailing management authority at each job level.
- (2) Empowerment and delegation rules: Designed to ensure smooth and normal business operations.

- (3) Job ranking, title and organizational structure policy: Formulated to correspond to employees' career plan.

2. Work regulations

The Company's work regulations clearly define the rules and responsibility of management and labor. The Company's modern management approach has effectively promoted cooperation among employees and benefited the Company.

3. Divisional responsibilities

The Company's major divisions are separated by functions. Each division is tasked with specific job responsibilities and this separation of functions has strengthened the core competency of the Company.

- ▼ Invited celebrity volunteers to record charity ringtones. They can be downloaded for free, through 5180 Mobile Donation Hotline, allowing anyone to become a public interest awareness ambassador.



4. Reward and punishment policies

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in Article 14 and Article 47 to Article 58 in the Company's "Work Regulations."

5. Employee assessment policy

Supervisors provide feedback, assistance and map out individual development plans based on employee performance.

6. Attendance and leave policy

Enforcement of this policy – designed to serve as a guideline for employees – helps enhance work quality.

7. Business confidentiality policy

To safeguard the Company's competitive advantages, employees are required to sign a "Confidentiality and Intellectual Property Rights Statement" and "Employment Contract" in order to protect the Company against potential damage from the disclosure of trade secrets. The Company provides employees with the required information and training courses to strengthen their understanding of information security.

8. Sexual harassment prevention and handling procedures

The Company's "Work Regulations" include rules designed to prevent sexual harassment in the workplace and promote gender equality. The Company disseminates information on laws and procedures for filing complaints of sexual harassment on the intranet to serve as a guideline for employees.

2. Benefits programs

1. All employees are entitled to labor insurance, national health insurance, and group insurance coverage starting from the first day of work.
2. The Company has an employee treasury stock subscription plan, an annual bonus plan, and an em-

ployee profit-sharing plan. To incentivize employees, the Company has accumulatively transferred shares bought back from the market (equivalent to 4.96% issued shares) at cost to employees as of the publication date.

3. An Employees' Welfare Committee was established in July 1998 to handle and implement employee benefits programs. The committee is in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions such as weddings, festivals and funerals. Its current prevailing annual budget amounts to NT\$70mn from the Company's contribution.

3. Employee stock ownership plan

Designed to boost employee retention, the Employee Stock Ownership Plan was implemented in January 2006. Under the plan, employees are encouraged to invest a certain amount of their monthly pay – with the Company contributing a similar percentage – to purchase company shares.

4. Employee training and education program

1. Training expense from 2009 to the publication date totaled NT\$16,980,969 (including travel expense), with 62,403 training hours and 10,137 participants.
2. Orientation for new employees includes introduction into the corporate culture, company organization, telecommunications market, IT and network systems, labor safety, as well as information security training.
3. Core competency development: Focus on basic competencies, including problem solving, decision-making, communication, project management, basic legal knowledge of the telecommunications market, team building and service skills.
4. Management training and development: Separate training programs for entry-level management, middle management and senior management. Training

courses include performance management, leadership, motivation skills, strategy management, project management, team dynamics skills and organizational development skills.

5. The Company sends large numbers of employees to local and international telecommunication conferences, management forums, consulting seminars, and vendor training programs every year. These activities have a profound effect on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.
6. To help employees develop their expertise in telecommunication technologies and business administration, the Company has a scholarship program designed to provide employees with on-the-job training.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.

5. Retirement plan and implementation

1. The Company has specific Employee Retirement Guidelines.
2. The Company has set up a Labor Pension Supervisory Committee, which was approved by the Taipei City Government in February 1998. Since May 1988, the Company has been allocating on a monthly basis, a retirement pension equivalent to 2% of the employee's monthly salary.
3. The Company implemented the New Labor Pension System in July 2005.
4. In accordance with Issue No. 18 of the Financial Accounting Standards of the ROC, the Company shall retain the services of an actuary to assess and calculate the labor pension reserve and provide a detailed report.

6. Employee safety and sanitary policy

To fulfill the Company's social responsibility in providing its employees with a safe, healthy and comfortable working environment, the Company endeavors to:

1. Abide by and comply with regulations on environmental protection, safety and sanitation.
2. Be on constant lookout for potential hazards in the work environment to minimize accidents.
3. Promote health education, conduct physical examinations, and implement health management programs.
4. Promote and instill energy-saving consciousness to help reduce waste of resources.

The Company's employee safety and sanitary policy is posted on its internal website and summarized as follows:

1. A unit dedicated to conducting environmental inspections and carrying out employee sanitary training courses was established in accordance with regulations.
2. A Health and Safety Committee was set up to draft a plan to prevent job injuries; ensure compliance and review related rules on employee health and sanitary improvement solutions through periodic meetings.
3. Full-time professional nursing personnel are employed to conduct health examinations for employees, track the progress of staff who fail to pass their health examination, and hold talks on how to promote health. Staffers who are able to administer first aid treatment have been placed in each work area.
4. Fire/flood protection exercises are performed periodically to reduce risks of employee injury and property loss from natural disasters.
5. Entrance guards and security systems have been placed at all main base stations and work offices to secure staff, property and information security.

6. Energy-saving policies have been set to reduce carbon emissions.

7. Management/labor relations

The Company, working under the management and labor as one concept and belief that a win-win situation can be achieved when the two sides work together, has followed

relevant labor laws and regulations, held quarterly management/labor forums to facilitate communication, and promoted employee benefits to build a harmonious and satisfactory management/labor relationship. The Company has therefore not experienced any losses due to management/labor disputes and does not foresee any such situation in the future.

Year	2008	2009	As of Jan. 31, 2010
R&D expense (NT\$'000)	488,744	594,509	45,188
As a % of total revenue	0.90%	1.04%	0.95%

Innovative Research and Development

1. Research and development expenditure

Investment in research and development and its ratio as a percentage of total revenue are shown in the table below. For 2010, the Company plans to spend NT\$782 million on

research and development for more advanced technologies designed to increase customer satisfaction, which in turn should boost revenue and overall operations growth.

2. Major research and development achievements

Project name	Details
SOA-based service delivery platform (SDP)	The function of service-oriented architecture (SOA) based services was integrated with information management system (IMS) to develop SDP.
Front-end event-based marketing (EBM)	Front-end EBM system is used to produce campaign leads from data warehouse and integrated with front store sales system. Whether serving customers in stores or at call centers, TWM's customer representative can draw on the recommendation produced by the front-end EBM system to respond to customers' service request and produce more effective sales results.
TWM brand website system	A TWM brand portal was set up to serve as the overall entry for CBG, EBG and HBG. Products, services and other related information are placed together for better content management.
Next generation operational support system (NGOSS) based customer relationship management (CRM) system	NGOSS framework is used to plan TWM's customer relationship management (CRM) system covering customer information management, sales/channel management, marketing/selling services, order service, retention & loyalty, service assurance and billing service, and loosely-coupled with the back-end system to increase customer service efficiency.
Digital TV (DTV)	Digital TV technology is used to provide cable TV viewers with diversified programs and channels and develop interactive applications on DTV.
Advertisement ring back tone (ADRBT)	Subscribers who use this service are rewarded with billing discounts or merchandise coupons.

3. Future research and development plans

1. Strategic plans

Project name	Objective	Status	Completion date
IP-VPN video service network architecture PoC	Develop IP based video service network architecture for IP-VPN corporate accounts and build proof of concept (PoC) prototype.	Finished feasibility analysis and partial prototype functions	June 2010
Workflow engine enabling project	Establish a general purpose workflow engine that can be used in multiple applications such as order management and fulfillment.	Core capability completed. Currently undergoing system analysis stage for future release.	June 2010
Customer-facing trouble ticket management system(CF-TTMS)	Build a CF-TTMS to support all business lines. The objective is to provide a customer centric trouble ticket management system for triple/quad play and improve the quality of customer services. It will provide a scalable and extendable infrastructure to fulfill future business needs.	Working on system planning	Dec. 2010
Private Cloud Computing	Build an integrated infrastructure resources environment, and provide TWM with private cloud computing to get the benefit of infrastructure as a service (IaaS).	Working on technology solution evaluation and SOP.	Oct. 2010
ERP IFRS	Adopt International Financial Reporting Standards (IFRS) of accounting to provide domestic and international investors more transparent and reliable financial information. At the same time, TWM's daily operation and internal reports will be fully in line with the internal control provisions set by regulators.	Working on business planning	Jan. 2012

2. Systems development

Project name	Objective	Status	Completion date
Evaluation of LTE & WiMAX systems and establishment of an LTE system channel model	<p>Provide suggestions on deploying LTE system by comparing LTE and WiMAX's major techniques:</p> <ul style="list-style-type: none"> to track and study information developed by standard organization; to study the physical layer standards of LTE and WiMAX 802.16m & 802.16j; to create channel models of LTE and WiMAX, and compare the pros & cons of these two systems. 	Completed the study of the physical layer standards of LTE and WiMAX 802.16m & 802.16j, as well as comparison of the two systems. Channel measurement and model development are in progress.	Mar. 2010
Performance evaluation and integration of wireless network architectures	The project comprises four parts: an automatic fire alarm system, HSDPA/ femtocell deployment and compatibility, software define radio (SDR) investigation, and multiple radio architecture, and multiple input multiple output (MIMO) system performance	Fundamental research completed.	May 2010

3. Value-added services

Project name	Objective	Status	Completion date
Mobile mail	Deliver a more flexible and widely supported mobile mail service to feature phone users who demand quick and easy access to their email anytime, anywhere.	Working on testing service	Feb. 2010
TWM application market "Match Market"	As smartphones increase in popularity, the demand for applications and games for these devices has also increased. TWM plans to build an app store that caters to this demand. The target device platform is Android in the short run.	Planning and designing system specifications	Mar. 2010
e-Book	Establish an e-Book management platform and e-Book readers. The digital content will be protected with encryption and digital rights management (DRM) mechanism. Users will be able to easily purchase and download e-Books using their mobile or e-Reader devices anywhere and anytime.	Working on service planning	June 2010

Chap. 8 Financial Report

Financial status

1. Balance sheet

The Company's condensed balance sheets for the past five years and explanation of significant changes are as follows:

1. Current assets

In 2007, the Company liquidated its bond funds to meet funding requirements for acquiring Taiwan Fixed Network Co., Ltd. (TFN) shares, resulting in a decrease in current assets. In 2009, the Company upstreamed cash from Taiwan Cellular Co., Ltd's (TCC) capital reduction, resulting in an increase in current assets.

2. Funds and long-term investments

In 2007, the Company increased its investment in TCC to acquire TFN shares. The long-term investments were, however, lower than the previous year as the Company shares held by its subsidiaries were reclassified as treasury stock. Furthermore, TransAsia Telecommunications, Inc. (TAT) and TCC had capital reductions in 2007 and 2009, respectively, resulting in decreased long-term investments.

3. Fixed assets

The disposal of obsolete 2G equipment resulted in a decline in fixed assets.

4. Intangible assets

In 2008, intangible assets increased as the Company merged with TAT International (which was acquired at a premium) and inherited the goodwill.

5. Other assets

In 2007, other assets increased due to reclassification from fixed assets of one of the Company's office buildings being

leased out and an increase in deferred tax assets related to timing difference between financial accounting and tax accounting in the recognition of asset write-off losses.

The 2009 amendment of Article 5 of the Income Tax Act provides for the corporate statutory tax rate to be reduced from 25% to 20% effective 2010; as such, deferred income tax assets were revised downward accordingly.

6. Current liabilities

The Company's raising of bank loans to meet its funding needs in acquiring TFN shares, together with payables arising from capital reduction, resulted in increased current liabilities in 2007. Current liabilities decreased due to bank loan repayment and settlement of capital reduction in 2008.

7. Long-term liabilities

Starting in 2004, repayment of long-term bank loans as well as settlement and conversion of convertible bonds contributed to a steady decline in long-term liabilities. In 2008, however, issuance of the second unsecured corporate bonds and increase in syndicated loans resulted in increased long-term liabilities. In 2009, long-term liabilities decreased anew as the Company repaid its syndicated loans.

8. Other liabilities

In 2007, the Company injected capital into TCC, which further invested in Taihsing International Telecommunications Co., Ltd. (TIT), using cash and TFN shares. The spread between the original cost and the disposal price of the TFN shares on these transactions had been deferred and classified under other liabilities in accordance to SFAS No. 5.

9. Stockholders' equity

The conversion of convertible bonds increased capital and capital surplus, while a 24% capital reduction approved

during the shareholders' meeting in 2007 decreased capital. The Company's shares held by subsidiaries were classified as treasury stock, decreasing shareholders' equity. In 2008, the sale of 300,000 Company's shares by its subsidiary decreased treasury shares, while the disposal gain increased capital surplus and shareholders' equity accordingly.

Balance sheet for the past five years

Unit: NT\$'000

		2005	2006	2007	2008	2009
Current assets		25,779,977	26,112,730	11,831,063	11,055,600	13,530,729
Funds and long-term investments		21,091,320	21,620,736	15,276,374	15,660,750	9,808,833
Fixed assets		57,638,728	57,224,824	42,568,638	43,018,691	39,033,012
Intangible assets		9,720,218	9,036,696	8,249,458	14,317,314	13,567,671
Other assets		3,139,195	2,976,458	6,076,924	5,608,974	4,823,691
Total assets		117,369,438	116,971,444	84,002,457	89,661,329	80,763,936
Current liabilities	Before appropriation	15,477,853	16,564,043	42,763,948	23,717,197	18,833,732
	After appropriation	28,766,184	29,919,728	50,565,070	37,686,061	(Note1)
Long-term liabilities		14,584,125	10,291,046	7,551,665	13,200,000	8,000,000
Other liabilities		318,704	248,561	1,833,915	1,841,534	1,856,978
Total liabilities	Before appropriation	30,380,682	27,103,650	52,149,528	38,758,731	28,690,710
	After appropriation	43,669,013	40,459,335	59,950,650	52,727,595	(Note1)
Capital stock		49,492,065	49,993,251	38,009,254	38,009,254	38,009,254
Capital surplus		7,905,337	8,748,571	8,785,159	12,297,839	12,431,704
Retained earnings	Before appropriation	29,881,787	32,706,825	25,959,268	33,529,532	33,449,530
	After appropriation	16,593,456	19,351,140	18,158,146	19,560,668	(Note1)
Unrealized valuation loss on long-term investments		-	(147,423)	(64,043)	(5,897)	63,624
Translation adjustments		3,240	3,860	5,764	17,840	12,011
Net loss not recognized as pension cost		-	-	1,534	2,862	(3,797)
Total shareholders' equity	Before appropriation	86,988,756	89,867,794	31,852,929	50,902,598	52,073,226
	After appropriation	73,700,425	76,512,109	24,051,807	36,933,734	(Note1)

Note 1: 2009 earnings appropriation proposals are pending approval in the shareholders' meeting.

Note 2: 2005-2009 financial data have been duly audited by independent auditors.

2. Income statement

The Company's condensed income statements for the past five years and explanation of significant changes are as follows:

1. Non-operating income

In 2006, non-operating income rose on gains of NT\$2.1bn from the disposal of CHT shares. In 2009, non-operating

income decreased due to less investment income from subsidiaries.

2. Non-operating expense

Significant losses from asset write-off of obsolete telecom equipment following its technology upgrade and network integration were recognized in 2007.

Unit: NT\$'000

	2005	2006	2007	2008	2009
Revenue	47,408,572	47,891,289	51,284,856	54,311,605	57,015,452
Gross profit	28,056,234	27,464,393	28,908,257	30,204,806	29,849,527
Operating income	17,170,785	14,981,243	16,025,677	16,861,395	16,632,797
Non-operating income	3,839,134	6,355,984	4,538,500	4,791,141	3,730,713
Non-operating expense	2,698,462	3,858,726	12,508,313	1,875,439	2,231,019
Pre-tax income	18,311,457	17,478,501	8,055,864	19,777,097	18,132,491
Net income	16,236,698	16,170,741	6,612,997	15,371,386	13,888,862
EPS (NT\$)	3.31	3.28	1.68	5.18	4.66

Note: 2005-2009 financial data have been duly audited by independent auditors.

3. Financial analysis for the past five years

		2005	2006	2007	2008	2009	
Financial structure	Debt to asset ratio (%)	25.88	23.17	62.08	43.23	35.52	
	Long-term capital to fixed asset ratio (%)	176.22	175.03	92.57	149.01	153.90	
Solvency	Current ratio (%)	166.56	157.65	27.67	46.61	71.84	
	Quick ratio (%)	163.49	154.05	26.17	42.66	67.00	
	Interest coverage ratio (x)	31.82	42.94	21.58	29.91	33.17	
Operations	Accounts receivable turnover (x)	7.77	7.37	7.75	8.02	8.56	
	Average collection days	46.98	49.53	47.10	45.51	42.64	
	Inventory turnover (x)	-	2.53	2.02	5.44	7.85	
	Accounts payable turnover (x)	13.57	14.03	14.76	12.62	13.18	
	Average days sales	-	144.27	180.69	67.10	46.50	
	Fixed asset turnover (x)	0.82	0.84	1.20	1.26	1.46	
	Total asset turnover (x)	0.40	0.41	0.61	0.61	0.71	
Profitability	Return on assets (%)	13.98	14.07	6.87	18.29	16.80	
	Return on equity (%)	19.33	18.29	10.87	37.15	26.97	
	% of paid-in capital	Operating income	34.67	29.97	42.16	44.36	43.76
		Pre-tax income	36.98	34.96	21.19	52.03	47.71
	Net income margin (%)	34.25	33.77	12.89	28.30	24.36	
	EPS (NT\$)	3.31	3.28	1.68	5.18	4.66	
Cash flow	Cash flow ratio (%)	174.16	69.93	79.87	106.27	139.10	
	Cash flow adequacy ratio (%)	162.30	126.44	148.13	147.08	143.32	
	Cash reinvestment rate (%)	13.02	-	24.93	18.69	14.54	
Leverage	Operating leverage	1.43	1.64	1.70	1.69	1.77	
	Financial leverage	1.04	1.03	1.03	1.04	1.04	
Others	EBITDA (NT\$'000)	22,576,687	21,385,641	23,205,291	23,886,242	24,519,524	
	EBITDA margin (%)	47.62	44.65	45.25	43.98	43.01	
	ARPU (NT\$)	842	827	821	785	721	
	MOU (in thousand minutes)	12,213,446	12,903,920	13,554,863	14,674,970	15,797,024	

Explanation for items in 2009 with major changes > 20% from the previous year:

- (1) The decrease in current liabilities, long-term liabilities and total liabilities were due to repayment of the first unsecured corporate bonds and syndicated loan. Accordingly, current ratio, quick ratio and cash flow ratio increased while debt to asset ratio decreased.
- (2) The decrease in net income from the previous year was due to less investment gain from subsidiaries and higher asset write-off losses. Return on assets, return on equity, pre-tax income as a % of paid-in capital, net income margin and EPS declined accordingly.
- (3) Increase in promotional handset sell-through resulted in higher cost of handset sold. As the inventory didn't rise proportionally, the inventory turnover was up with shorter average days sales.
- (4) The cash reinvestment rate dropped due to increased cash dividends paid out.

Note: 2005-2009 financial data have been duly audited by independent auditors.

Formulas for the above table:

1. Financial structure

- (1) Debt to asset ratio = Total liabilities / Total assets
- (2) Long-term capital to fixed asset ratio = (Shareholders' equity + Long-term liabilities) / Net fixed assets

2. Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
- (3) Interest cover = Income before interest and tax / Interest expense

3. Operations

- (1) Accounts receivable turnover = Net revenue / Average accounts receivable
- (2) Average collection days = 365 / AR turnover ratio
- (3) Inventory turnover = COGS / Average inventory
- (4) Accounts payable turnover = COGS / Average accounts payable
- (5) Average days sales = 365 / Inventory turnover ratio
- (6) Fixed asset turnover = Net revenue / Net fixed assets
- (7) Total asset turnover = Net revenue / Total assets

4. Profitability

- (1) Return on assets = [Net income + Interest expense * (1 – Tax rate)] / Average assets
- (2) Return on equity = Net income / Average equity

(3) Net income margin = Net income / Net sales

(4) EPS = (Net income – Preferred stock dividend) / Weighted average outstanding shares

5. Cash flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increases in inventory + Cash dividend) for the past 5 years
- (3) Cash reinvestment rate = (Cash flow from operating activities – Cash dividends) / (Gross fixed assets + Long-term investments + Other assets + Working capital) (Note: Use 0 if working capital value is negative)

6. Leverage

- (1) Operating leverage = (Net revenue – Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income – Interest expense)

7. Others

- (1) EBITDA = Operating income + Depreciation + Amortization
- (2) EBITDA margin = EBITDA/Net revenue
- (3) ARPU = Net telecom service revenue / Average number of subscribers
- (4) MOU = Outgoing & incoming minutes

Financial and operating results analysis

1. Financial results

1. Taiwan Mobile Co., Ltd. – standalone balance sheet

Explanation of significant changes – i.e., at least a 10% change amounting to more than NT\$10 million – in the past two years' assets, liabilities and shareholders' equity:

- 1. Increase in current assets was due to receiving capital return of NT\$3.5bn from the subsidiary, Taiwan Cellular Co., Ltd.

2. Amendment of Article 5 of the Income Tax Act provides for the corporate statutory tax rate to be reduced from 25% to 20% effective 2010. Deferred income tax assets have been revised downward accordingly.

3. Current liabilities and long-term liabilities decreased due to repayment of the first unsecured corporate bonds and syndicated loan.

2008 - 2009 Standalone Balance Sheet

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Current assets	13,530,729	11,055,600	2,475,129	22.39
Fixed assets	39,033,012	43,018,691	(3,985,679)	(9.26)
Other assets	4,823,691	5,608,974	(785,283)	(14.00)
Total assets	80,763,936	89,661,329	(8,897,393)	(9.92)
Current liabilities	18,833,732	23,717,197	(4,883,465)	(20.59)
Long-term liabilities	8,000,000	13,200,000	(5,200,000)	(39.39)
Total liabilities	28,690,710	38,758,731	(10,068,021)	(25.98)
Paid-in capital	38,009,254	38,009,254	-	-
Capital surplus	12,431,704	12,297,839	133,865	1.09
Retained earnings	33,449,530	33,529,532	(80,002)	(0.24)
Total shareholders' equity	52,073,226	50,902,598	1,170,628	2.30

2. Taiwan Mobile Co., Ltd. – consolidated balance sheet

Explanation of significant changes – i.e., at least a 10% change amounting to more than NT\$10 million – in the past two years' assets, liabilities and shareholders' equity:

1. Amendment of Article 5 of the Income Tax Act

provides for the corporate statutory tax rate to be reduced from 25% to 20% effective 2010. Deferred income tax assets have been downward revised accordingly.

2. Current liabilities and long-term liabilities decreased due to repayment of the first unsecured corporate bonds and syndicated loan.

2008 - 2009 Consolidated Balance Sheet

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Current assets	11,600,054	12,712,754	(1,112,700)	(8.75%)
Fixed assets	46,543,617	49,720,231	(3,176,614)	(6.39%)
Other assets	3,331,469	4,119,087	(787,618)	(19.12%)
Total assets	85,899,832	91,939,109	(6,039,277)	(6.57%)
Current liabilities	24,761,119	26,735,149	(1,974,030)	(7.38%)
Long-term liabilities	8,000,000	13,200,000	(5,200,000)	(39.39%)
Total liabilities	33,816,723	41,002,576	(7,185,853)	(17.53%)
Paid-in capital	38,009,254	38,009,254	-	-
Capital surplus	12,431,704	12,297,839	133,865	1.09%
Retained earnings	33,449,530	33,529,532	(80,002)	(0.24%)
Total shareholders' equity	52,083,109	50,936,533	1,146,576	2.25%

3. Impact of changes on financial results: No significant impact

4. Preventive measures: Not applicable

2. Operating results

1. Taiwan Mobile Co., Ltd. – standalone income statement

1. Increase in operating costs: Telecom operating cost increased upon consolidation with TransAsia Telecommunications, Inc. (TAT), and cost of handset

sold increased due to higher promotional handset sell-through.

2. Decrease in non-operating gain: Investment income from subsidiaries decreased due to TAT was merged with the Company in September 2008 and its income was reclassified to operating revenue in 2009.

3. Increase in non-operating loss: Asset write-off losses increased due to increased network system integration in 2009.

2008 – 2009 Standalone Income Statement

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Revenue	57,015,452	54,311,605	2,703,847	4.98
Operating costs	(27,165,925)	(24,106,799)	3,059,126	12.69
Gross profit	29,849,527	30,204,806	(355,279)	(1.18)
Operating expense	(13,216,730)	(13,343,411)	(126,681)	(0.95)
Operating income	16,632,797	16,861,395	(228,598)	(1.36)
Non-operating income	3,730,713	4,791,141	(1,060,428)	(22.13)
Non-operating expense	(2,231,019)	(1,875,439)	355,580	18.96
Income before tax	18,132,491	19,777,097	(1,644,606)	(8.32)
Net income	13,888,862	15,371,386	(1,482,524)	(9.64)

2. Taiwan Mobile Co., Ltd. – consolidated income statement

Decrease in non-operating gain: Non-operating income in 2009 was lower since there was a significant gain reported in 2008 from the disposal of Fubon Financial Holding Co., Ltd.

2008 – 2009 Consolidated Income Statement

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Revenue	68,470,232	69,296,096	(825,864)	(1.19%)
Operating costs	(33,195,238)	(31,720,111)	1,475,127	4.65%
Gross profit	35,274,994	37,575,985	(2,300,991)	(6.12%)
Operating expense	(14,826,860)	(15,814,145)	(987,285)	(6.24%)
Operating income	20,448,134	21,761,840	(1,313,706)	(6.04%)
Non-operating income	596,131	1,032,166	(436,035)	(42.24%)
Non-operating expense	(2,397,934)	(2,257,296)	140,638	6.23%
Income before tax	18,646,331	20,536,710	(1,890,379)	(9.20%)
Net income	13,890,516	15,382,249	(1,491,733)	(9.70%)

3. Consolidated financial analysis (2009 versus 2008)

		2009	2008	
Financial structure (%)	Debt to asset ratio	39.37	44.60	
	Long-term capital to fixed asset ratio	129.09	128.99	
Solvency (%)	Current ratio	46.85	47.55	
	Quick ratio	42.13	43.13	
	Interest coverage ratio (x)	34.21	30.80	
Operations	Accounts receivable turnover (x)	8.81	8.69	
	Average collection days	41.43	42.00	
	Inventory turnover (x)	7.48	5.13	
	Accounts payable turnover (x)	11.64	10.44	
	Average days sales	48.80	71.15	
	Fixed asset turnover (x)	1.47	1.39	
	Total asset turnover (x)	0.80	0.75	
Profitability (%)	Return on assets	16.09	16.74	
	Return on equity	26.97	36.91	
	% of paid-in capita	Operating income	53.80	57.25
		Pre-tax income	49.06	54.03
	Net profit margin	20.29	22.20	
	EPS (NT\$)	4.66	5.18	
Cash flow (%)	Cash flow ratio	96.73	103.00	
	Cash flow adequacy ratio	157.94	173.61	
	Cash reinvestment rate	11.64	22.31	
Leverage	Operating leverage	1.83	1.75	
	Financial leverage	1.03	1.03	

Explanation for items in 2009 with major changes > 20% from the previous year:

- (1) Total liabilities and debt to asset ratio were lower due to repayment of the first unsecured corporate bonds and syndicated loan.
- (2) Increase in promotional handset sell-through resulted in higher cost of handset sold. As the inventory didn't rise proportionally, the inventory turnover was up with shorter average days sales.
- (3) Selling of the Company's shares by its subsidiaries in 2008 resulted in increased capital surplus due to the disposal gain while decreasing treasury shares. Average shareholders' equity increased accordingly, leading to a decrease in return on equity.
- (4) The cash reinvestment rate dropped due to increased cash dividends paid out.

4. Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal

In 2010, the Company will continue to leverage mobile internet products to expand its wireless market share. Telecom operators are expected to become more aggressive in devising new acquisition strategies and investing more in the VAS market as the demand for smart devices continues to grow. To realize the full potential of this growth, the Company will focus on developing attractive value-added products and services in order to increase average revenue per user (ARPU). The Company will also pursue a bigger market share of the mid to high usage customers. In order to meet these targets, the Company will utilize the full potential of its growing number of direct stores as well as use its edge in handset procurement to help boost cost and marketing efficiency.

3. Cash flow analysis

1. Taiwan Mobile Co., Ltd. – standalone cash flow analysis

1. Cash flow from operating activities: Cash inflow increased in 2009 as more cash dividends were distributed from TCC, this in spite of higher income tax related cash outflow during the same year.
2. Cash flow from investment activities: Cash outflow was lower in 2008 due to a capital return from TCC.
3. Cash flow from financing activities: Cash outflow was lower in 2009 even after payment of cash dividends and repayment of bank loans since there was a significant capital reduction in 2008.

2008 – 2009 Standalone Cash Flow Statement

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	26,196,820	25,203,147	993,673	3.94
Cash inflow (outflow) from investment activities	(5,082,512)	(3,403,331)	(1,679,181)	(49.34)
Cash inflow (outflow) from financing activities	(21,601,641)	(22,718,880)	1,117,239	4.92
Net cash	(487,333)	(919,064)	431,731	46.98

2. Taiwan Mobile Co., Ltd. – consolidated cash flow analysis

1. Cash flow from operating activities: Cash inflow decreased in 2009 due to increase in income tax related cash outflow.
2. Cash flow from investment activities: Cash outflow was lower in 2008 due to consideration received from the disposal of Fubon Financial Holding Co., Ltd.
3. Cash flow from financing activities: Cash outflow was higher in 2008 on account of the payment of capital reduction.

2008 – 2009 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2009	2008	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	23,950,872	27,537,370	(3,586,498)	(13.02%)
Cash inflow (outflow) from investment activities	(6,747,699)	(5,993,202)	(754,497)	(12.59%)
Cash inflow (outflow) from financing activities	(18,067,736)	(24,816,247)	6,748,511	27.19%
Net cash	(4,463)	8,440	(12,903)	(152.88%)

3. Plans to improve negative liquidity: Not applicable

4. Projected cash flow for 2010

1. Projected cash inflow from operating activities: Projected operating cash inflow in 2010 will decrease from 2009 on account of lower cash dividends to be distributed by subsidiaries under the equity method of accounting. Other than this, the projected cash inflow from operating activities in 2010 is expected to remain stable.
2. Projected cash outflow from investment activities: For capital expenditures
3. Projected cash outflow from financing activities: For distribution of cash dividends and repayment of long-term debts

5. Source of funding for negative cash flow in 2010: Not applicable

2010 Cash Flow Analysis

Unit: NT\$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) +(2) -(3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
1,057,042	21,881,495	21,798,735	1,139,802	-	-

4. Major capital expenditures and sources of capital analysis

Due to stable operations and cash flows, the Company was able to fund all major capital expenditures using internal capital; therefore, the Company's financials are not affected.

5. Investments

Investment policies, profitability analyses, and improvement plans: See chart below

Unit: NT\$'000

Item	Explanation	Carrying Value	Rationale	Source for income/ loss	Improvement plans	Future investment plans
Taiwan Cellular Co., Ltd. (TCC)		9,353,920	Investing in fixed network and other telecommunication related business	Investment income from Taiwan Fixed Network Co., Ltd.	-	-
Taipei New Horizons Co., Ltd. (TNH)		211,974	Investing in a property development project located at the old Songshan Tobacco Factory site for headquarter use	In preparatory stage as of 2009 year end	-	Dependent on future construction plan and fund requirement
Wealth Media Technology Co., Ltd.(WMT)		192,615	Investing in CATV related business	Investment loss from Tai Fu Media Technology Co., Ltd.(TFM)	TFM has turned profitable since Nov. 2009 after reducing its debt	The Company's BOD decided to provide additional funding to WMT up to NT\$6.5bn in July, 2009
Bridge Mobile Pte Ltd.		50,324	Cooperation with other Asia operators so as to enhance the Company's competitiveness	- (Note)	- (Note)	-

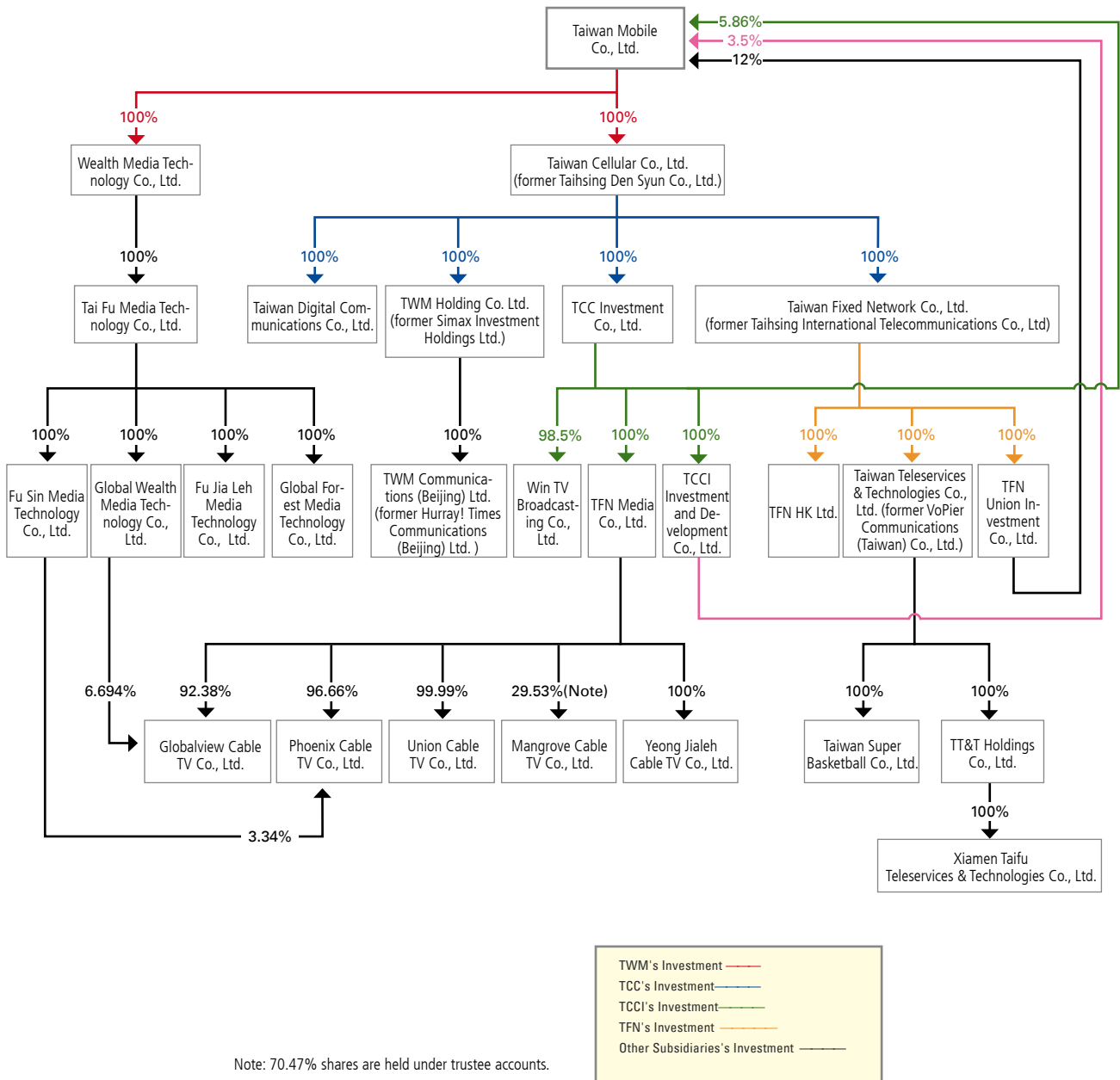
Note: Investment was booked as "Financial assets carried at cost". The Company does not have significant influence on it

6. Financial difficulties for the Company and its affiliates: None

Affiliates

1. Investment Holding Structure

As of December 31, 2009



2. Affiliates' Profile

Unit: NT\$'000 (unless otherwise stated)

Name	Date of incorporation	Address	Paid-in capital	Main business
Wealth Media Technology Co., Ltd.	2007.08.07	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	272,000	Investment
Tai Fu Media Technology Co., Ltd.	2007.10.18	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	270,000	Investment
Global Wealth Media Technology Co., Ltd.	2007.10.26	1F, No. 206, Datong Rd., Sec. 2, Sijhih City, Taipei County	84,000	Investment
Fu Jia Leh Media Technology Co., Ltd.	2007.11.23	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	1,000	Investment
Fu Sin Media Technology Co., Ltd.	2007.11.23	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	135,000	Investment
Global Forest Media Technology Co., Ltd.	2008.12.26	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	1,000	Investment
Taiwan Cellular Co., Ltd.	2005.09.20	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	300,000	Telecom engineering and IT services
Taiwan Fixed Network Co., Ltd.	2007.01.30	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	21,000,000	Fixed line service provider
Taiwan Digital Communications Co., Ltd.	2007.06.06	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	12,000	Telecom engineering and IT service
TCC Investment Co., Ltd.	2009.08.10	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	21,000	Investment
TCCI Investment and Development Co., Ltd.	2009.09.22	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	4,000	Investment
Win TV Broadcasting Co., Ltd.	2005.10.17	9F, No. 206, Dunhua S. Rd., Sec. 2, Daan District, Taipei	181,774	TV program provider
TFN Media Co., Ltd.	2005.01.25	6F, No. 206, Dunhua S. Rd., Sec. 2, Daan District, Taipei	2,305,263	Cable broadband and value-added service provider
Union Cable TV Co., Ltd.	2005.02.04	Nos. 28-23, Xiaoshe Lane, Donggang Rd., Yilan City, Yilan County	1,704,633	Cable TV service provider
Yeong Jialeh Cable TV Co., Ltd.	1994.09.26	10F, No. 651-5, Zhongheng Rd., Sinjhuang City, Taipei County	339,400	Cable TV service provider
Mangrove Cable TV Co., Ltd.	1996.01.23	5F, No. 33, Lane 3, Zhongheng E. Rd., Sec. 1, Danshuei Township, Taipei County	211,600	Cable TV service provider
Phoenix Cable TV Co., Ltd.	1996.08.22	No. 312, Fongping 1st Rd., Daliao Township, Kaohsiung County	680,902	Cable TV service provider
Globalview Cable TV Co., Ltd.	1995.11.25	No. 206, Datong Rd., Sec. 2, Sijhih City, Taipei County	560,000	Cable TV service provider
TWM Holding Co., Ltd.	2006.06.09	c/o Arias, Fabrega & Fabrega Trust Co., BVI Ltd., 325 Waterfront Drive, Road Town, Tortola, British Virgin Islands	US\$1 (Note)	Investment
TWM Communications (Beijing) Ltd.	2002.09.17	Room B05B, B Floor, Tong Heng Building, No. 4 Garden Road, Haidian District, Beijing, China	US\$3,000,000 (Note)	Mobile application development and design
Taiwan Teleservices & Technologies Co., Ltd.	2001.06.08	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	10,000	Call center service
Taiwan Super Basketball Co., Ltd.	2007.09.21	15F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	20,000	Basketball team management
TT&T Holdings Co., Ltd.	2004.10.08	TrustNet Chambers, P.O. Box 1225, Apia, Samoa	US\$1,300,000 (Note)	Investment
Xiamen Taifu Teleservices & Technologies Co., Ltd.	2005.04.05	3F-B, No.2, Xiamen Software Park, Xiamen City, PRC	US\$1,300,000 (Note)	Call center service
TFN HK LIMITED	2003.05.14	Unit 507, 5/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HK\$1,300,000 (Note)	Telecommunications service provider
TFN Union Investment Co., Ltd.	2009.09.22	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	4,000	Investment

Note : Exchange rate of US\$1=NT\$32.238 and HK\$=NT\$4.153 as of December 31, 2009.

3. Affiliates' Operating Highlights

Unit: NT\$'000

Company Name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
Wealth Media Technology Co., Ltd.	272,000	237,801	45,186	192,615	-	(286)	(33,120)	(1.22)
Tai Fu Media Technology Co., Ltd.	270,000	236,389	45,211	191,178	-	(229)	(32,871)	(1.22)
Global Wealth Media Technology Co., Ltd.	84,000	91,105	4,123	86,982	-	(245)	2,465	0.29
Fu Jia Leh Media Technology Co., Ltd.	1,000	1,094	125	969	-	(248)	(231)	(0.001)
Fu Sin Media Technology Co., Ltd.	135,000	140,977	119	140,858	-	(213)	5,386	0.40
Global Forest Media Technology Co., Ltd.	1,000	840	60	780	-	(176)	(145)	(1.45)
Taiwan Cellular Co., Ltd.	300,000	63,759,087	11,564,028	52,195,059	-	(2,282)	2,648,823	7.08
Taiwan Fixed Network Co., Ltd.	21,000,000	44,776,387	9,564,607	35,211,780	9,941,579	1,770,217	2,195,548	0.62
Taiwan Digital Communications Co., Ltd.	12,000	11,010	60	10,950	-	(156)	(131)	(0.11)
TCC Investment Co., Ltd.	21,000	24,596,613	3,630,978	20,965,635	507,372	502,374	502,577	386.60
TCCI Investment and Development Co., Ltd.	4,000	8,289,757	166,116	8,123,641	-	(56)	(56)	(0.14)
Win TV Broadcasting Co., Ltd.	181,774	710,316	455,581	254,735	877,852	74,002	72,961	4.01
TFN Media Co., Ltd.	2,305,263	12,860,238	9,256,853	3,603,385	2,451,888	1,176,109	1,012,976	4.39
Union Cable TV Co., Ltd.	1,704,633	2,143,698	289,903	1,853,795	613,516	154,517	131,110	0.77
Yeong Jialeh Cable TV Co., Ltd.	339,400	1,062,604	475,263	587,341	1,035,706	217,809	160,341	4.72
Mangrove Cable TV Co., Ltd.	211,600	468,194	184,854	283,340	379,541	64,210	47,872	2.26
Phoenix Cable TV Co., Ltd.	680,902	1,285,734	336,938	948,796	1,117,616	221,487	166,870	2.45
Globalview Cable TV Co., Ltd.	560,000	839,250	209,890	629,360	466,717	80,158	42,399	0.76
TWM Holding Co., Ltd.	0.032	271,492	200	271,292	-	(403)	(46,139)	(46,139,054)
TWM Communications (Beijing) Ltd.	96,714	107,201	11,088	96,113	75,542	1,946	738	NA
Taiwan Teleservices & Technologies Co., Ltd.	10,000	433,064	340,001	93,063	1,015,569	77,837	57,320	57.32
Taiwan Super Basketball Co., Ltd.	20,000	27,118	7,095	20,023	35,532	80	14	0.01
TT&T Holdings Co., Ltd.	41,909	55,620	10,191	45,429	52,767	2,667	1,499	1.15
Xiamen Taifu Teleservices & Technologies Co., Ltd.	41,909	53,291	8,049	45,242	67,863	3,068	1,318	NA
TFN HK LIMITED	5,399	13,239	9,893	3,346	28,414	449	457	0.35
TFN Union Investment Co., Ltd.	4,000	28,472,793	570,424	27,902,369	-	(56)	(56)	(0.14)

Audit Committee Report

Date: January 28, 2010

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2009 business report and financial statements. The CPA firm, Deloitte & Touche, was retained to audit TWM's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report on behalf of all members of the committee.

Taiwan Mobile Co., Ltd.



Tsung-Ming Chung
Chairman of the Audit Committee

Taiwan Mobile Co., Ltd.
Financial Statements for the
Years Ended December 31, 2009 and 2008 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Taiwan Mobile Co., Ltd. (the "Corporation") as of December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Mobile Co., Ltd. as of December 31, 2009 and 2008, and the results of its operations and its 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 3 to the financial statements, in March 2007, the Accounting Research and Development Foundation issued an interpretation that requires companies to recognize employees' bonuses and remuneration paid to directors and supervisors as expenses starting from January 1, 2008. The mentioned bonuses and remuneration were previously recorded as appropriations from earnings.

We have also audited the accompanying schedules of significant accounts, provided for supplementary analysis, by applying the same procedures described above. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to above.

We have also audited the consolidated balance sheets of the Corporation and its subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, on which we have issued an audit report dated January 20, 2010, with an unqualified opinion and emphasis of a matter explanatory paragraph, respectively.

January 20, 2010

Notice to Readers

The accompanying 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 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.

BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		2009		2008	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and equivalents (Notes 2, 4 and 24)	\$ 1,057,042	1	\$ 1,544,175	2	\$ 5,000,000	6	\$ 1,300,000	1
Available-for-sale financial assets - current (Notes 2 and 5)	177,821	-	174,008	-	299,872	0	299,872	0
Derivative financial assets - current (Notes 2, 23 and 27)	-	-	82,484	-	1,903,223	2	2,218,193	3
Hedging derivative financial assets - current (Notes 2, 23 and 27)	-	-	14,139	-	1,478,353	2	2,139,263	3
Notes receivable	16,772	-	5,817,239	7	4,701,741	6	4,686,201	5
Accounts receivable - third parties (Notes 2 and 6)	5,538,832	7	5,469	-	3,739,454	5	4,071,747	5
Accounts receivable - related parties (Notes 2 and 24)	22,668	-	251,410	-	1,195,832	2	1,361,411	2
Other receivables - third parties	157,737	-	2,067,754	2	-	-	7,500,000	8
Other receivables - related parties (Note 24)	5,608,315	7	309,898	-	60,624	-	68,096	-
Inventories (Note 2)	429,129	-	628,337	1	-	-	372,286	-
Prepayments (Notes 7 and 24)	482,598	1	142,605	-	18,833,232	24	23,217,197	26
Deferred income tax assets - current (Notes 2 and 20)	27,261	-	10,000	-	-	-	-	-
Deferred income tax assets - non-current (Notes 2 and 25)	10,000	-	7,882	-	-	-	-	-
Pledged time deposits (Notes 24 and 25)	2,534	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-
Total current assets	13,530,729	17	11,055,600	12	8,000,000	10	8,000,000	9
INVESTMENTS								
Investments accounted for using the equity method (Notes 2 and 8)	9,758,509	12	15,351,186	17	-	-	-	-
Prepayments for long-term investments (Note 8)	-	-	249,500	1	-	-	-	-
Financial assets carried at cost - non-current (Notes 2 and 9)	50,324	-	60,064	-	8,000,000	10	13,200,000	15
Total investments	9,808,833	12	15,660,750	18	265,205	0	246,885	0
PROPERTY AND EQUIPMENT (Notes 2, 10 and 24)								
Cost								
Land	3,866,289	5	3,866,289	4	1,856,278	2	1,841,534	2
Buildings	2,385,387	3	4,385,387	3	28,690,210	36	38,258,731	43
Telecommunication equipment	58,193,600	72	60,100,832	68	-	-	-	-
Other equipment	31,600	-	1,285,920	1	-	-	-	-
Leased equipment	1,285,920	1	2,065,396	2	-	-	-	-
Miscellaneous equipment	2,142,596	3	70,487,407	78	-	-	-	-
Total cost	67,847,349	84	129,907,813	133	38,009,254	47	38,009,254	42
Less accumulated depreciation	(30,434,884)	(38)	(40,579,594)	45	8,775,819	11	8,775,819	10
Construction in progress and advance payments	37,412,465	46	2,439,097	3	3,639,302	4	3,493,759	4
Net property and equipment	1,620,547	2	2,439,097	3	3,743	-	1,166	-
INTANGIBLE ASSETS (Note 2)								
3G concession	39,033,012	48	43,018,691	48	12,840	-	27,095	-
Computer software cost	6,729,382	8	7,477,091	8	13,943,913	17	12,406,775	14
Goodwill (Note 11)	6,835,320	9	6,835,320	8	3,350,000	4	3,406,744	4
Total intangible assets	52,597,714	65	57,331,102	64	16,135,017	20	17,716,015	20
OTHER ASSETS								
Assets leased to others (Notes 2, 12 and 24)	13,567,671	17	14,317,314	16	12,011	-	17,840	-
Idle assets (Notes 2 and 12)	2,198,291	3	2,304,349	3	(3,797)	-	2,862	-
Refundable deposits	222,137	-	138,679	-	(31,889,100)	(39)	(32,948,832)	(37)
Deferred charges (Note 2)	312,915	-	317,568	-	63,624	-	(5,897)	-
Deferred income tax assets - non-current (Notes 2 and 20)	406,765	1	313,034	-	-	-	-	-
Other (Notes 2, 18 and 24)	1,626,446	2	2,467,568	3	52,073,226	64	50,902,598	57
Total other assets	17,833,524	23	17,737,854	16	-	-	-	-
TOTAL	80,763,936	100	89,661,329	100	80,763,936	100	89,661,329	100

The accompanying notes are an integral part of the financial statements.
 (With Deloitte & Touche audit report dated January 20, 2010)

TAIWAN MOBILE CO., LTD.
**STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)				
Telecommunication service revenue	\$ 55,159,348	97	\$ 53,609,372	99
Other revenue	<u>1,856,104</u>	<u>3</u>	<u>702,233</u>	<u>1</u>
Total operating revenues	57,015,452	100	54,311,605	100
OPERATING COSTS (Notes 2, 22 and 24)				
	27,165,925	48	24,106,799	44
	<u>29,849,527</u>	<u>52</u>	<u>30,204,806</u>	<u>56</u>
GROSS PROFIT				
	9,200,370	16	9,592,332	18
	<u>4,016,360</u>	<u>7</u>	<u>3,751,079</u>	<u>7</u>
OPERATING EXPENSES (Notes 2, 22 and 24)				
Marketing	13,216,730	23	13,343,411	25
Administrative	16,632,797	29	16,861,395	31
Total operating expenses				
	3,044,360	6	4,092,481	8
	<u>257,612</u>	<u>1</u>	<u>197,507</u>	<u>-</u>
	193,415	-	146,128	-
	49,057	-	94,213	-
	10,405	-	11,451	-
	-	-	2,096	-
	<u>175,864</u>	<u>-</u>	<u>247,265</u>	<u>1</u>
Total non-operating income and gains	3,730,713	7	4,791,141	9
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 8)				
Penalty income				
Rental income (Notes 2 and 24)				
Interest income (Notes 2 and 24)				
Dividend income (Note 2)				
Gain on disposal of property and equipment (Note 2)				
Other (Notes 2 and 6)				
Total non-operating expenses and losses				
	1,529,902	3	1,118,386	2
	563,715	1	684,012	2
	22,892	-	18,391	-
	9,740	-	11,532	-
	<u>104,770</u>	<u>-</u>	<u>43,118</u>	<u>-</u>
Total non-operating expenses and losses	2,231,019	4	1,875,439	4
INCOME BEFORE INCOME TAX	18,132,491	32	19,777,097	36
INCOME TAX EXPENSE (Notes 2 and 20)	4,243,629	8	4,405,711	8
NET INCOME	<u>\$ 13,888,862</u>	<u>24</u>	<u>\$ 15,371,386</u>	<u>28</u>

(Continued)

2009
2008

	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 21)				
Basic	\$ 6.09	\$ 4.66	\$ 6.67	\$ 5.18
Diluted	<u>\$ 6.07</u>	<u>\$ 4.65</u>	<u>\$ 6.65</u>	<u>\$ 5.17</u>

Pro forma information should the Corporation's stocks held by its subsidiaries be treated as an investment instead of treasury stock (after income tax):

	2009	2008
NET INCOME	\$ 13,412,955	\$ 18,857,118
EARNINGS PER SHARE		
Basic	\$ 3.54	\$ 4.97
Diluted	<u>\$ 3.52</u>	<u>\$ 4.96</u>

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

(With Deloitte & Touche audit report dated January 20, 2010)

(Concluded)

TAIWAN MOBILE CO., LTD.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	Authorized and Issued Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Treasury Stock	Unrealized Gains (Losses) on Financial Instruments	Total Shareholders' Equity
					Legal Reserve	Special Reserve					
BALANCE, JANUARY 1, 2008	\$ 38,009,254	\$ 8,785,159	\$ 11,745,475	\$ 3,493,563	\$ 10,720,230	\$ 25,959,268	\$ 5,764	\$ 1,534	\$(40,844,007)	\$ (64,043)	\$ 31,852,929
Appropriation of the 2007 earnings	-	-	-	-	(661,300)	-	-	-	-	-	-
Legal reserve	-	-	661,300	-	86,819	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(86,819)	-	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	(18,116)	(18,116)	-	-	-	-	(18,116)
Bonus to employees - cash	-	-	-	-	(181,155)	(181,155)	-	-	-	-	(181,155)
Cash dividends - NT\$2.54326 per share	-	-	-	-	(7,601,851)	(7,601,851)	-	-	-	-	(7,601,851)
Balance after appropriation	38,009,254	8,785,159	12,406,775	3,406,744	2,344,627	18,158,146	5,764	1,534	(40,844,007)	(64,043)	24,051,807
Buyback of issued shares	-	-	-	-	-	-	-	-	(1,059,732)	-	(1,059,732)
Adjustments on change of equity in equity-method investments	-	(147)	-	-	-	-	12,076	1,328	-	(39,362)	(26,105)
Disposal of the Corporations shares held by subsidiaries	-	3,485,732	-	-	-	-	-	-	8,954,907	-	12,440,639
Unrealized gain on financial instruments, net	-	-	-	-	-	-	-	-	-	97,508	97,508
Compensation cost recognized from employee stock options	-	27,095	-	-	-	-	-	-	-	-	27,095
Net income in 2008	-	-	-	-	15,371,386	15,371,386	-	-	-	-	15,371,386
BALANCE, DECEMBER 31, 2008	38,009,254	12,297,839	12,406,775	3,406,744	17,716,013	33,529,532	17,840	2,862	(32,948,832)	(5,897)	50,902,598
Appropriation of the 2008 earnings	-	-	1,537,138	-	(1,537,138)	-	-	-	-	-	-
Legal reserve	-	-	1,537,138	-	56,744	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(56,744)	-	-	-	-	-	-	-
Cash dividends - NT\$4.68704 per share	-	-	-	-	(13,968,864)	(13,968,864)	-	-	-	-	(13,968,864)
Balance after appropriation	38,009,254	12,297,839	13,943,913	3,350,000	2,266,755	19,560,668	17,840	2,862	(32,948,832)	(5,897)	36,933,734
Adjustment on change of equity in equity-method investments	-	2,578	-	-	-	-	(5,829)	(6,659)	-	122,216	112,306
Transfer of treasury stock to employees	-	(3,254)	-	-	-	-	-	-	1,059,732	-	1,056,478
Unrealized loss on financial instruments, net	-	-	-	-	-	-	-	-	-	(52,695)	(52,695)
Compensation cost recognized from employee stock options	-	134,541	-	-	-	-	-	-	-	-	134,541
Net income in 2009	-	-	-	-	13,888,862	13,888,862	-	-	-	-	13,888,862
BALANCE, DECEMBER 31, 2009	38,009,254	12,431,704	13,943,913	3,350,000	16,155,617	33,449,530	12,011	(3,797)	(31,889,100)	63,624	52,073,226

Note: The bonus to employees of \$41,470 thousand and the remuneration to directors and supervisors of \$41,469 thousand have been expensed and deducted from 2008 earnings.

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated January 20, 2010)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 13,888,862	\$ 15,371,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,020,517	6,163,877
Cash dividends received from equity-method investees	5,525,230	3,245,715
Investment income recognized under the equity method, net	(3,044,360)	(4,092,481)
Loss on disposal and retirement of property and equipment, net	1,116,290	1,116,290
Deferred income taxes	977,988	331,247
Amortization	866,210	860,970
Bad debts	601,127	627,260
Compensation cost recognized from employee stock options	108,153	21,701
Provision for (recovery of) loss on inventories	(12,213)	15,732
Impairment loss	9,740	11,532
Pension cost	2,531	(2,229)
Property and equipment transferred to other expenses	-	1,680
Net changes in operating assets and liabilities		
Notes receivable	(2,633)	470
Accounts receivable - third parties	(358,101)	(451,171)
Accounts receivable - related parties	(17,199)	71,901
Other receivables - third parties	137,027	(459,877)
Other receivables - related parties	(40,561)	469,193
Inventories	(107,018)	(243,408)
Prepayments	145,739	(33,617)
Other current assets	5,348	10,346
Accounts payable	(314,970)	393,574
Income taxes payable	(660,910)	1,238,504
Accrued expenses	15,540	67,594
Other payables	4,571	524,341
Advance receipts	(165,579)	248,301
Other current liabilities	82,779	(305,684)
Net cash provided by operating activities	<u>26,196,820</u>	<u>25,203,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(4,851,627)	(5,336,454)
Increase in deferred charges	(213,995)	(148,091)
Decrease (increase) in financing provided to investees, net	(45,000)	255,000
Decrease (increase) in other assets	10,176	(9,617)
Proceeds from disposal of property and equipment	9,611	5,447
Proceeds from investees' capital reduction	5,356	2,152,688
Decrease (increase) in refundable deposits	4,653	(9,842)
Increase in computer software costs	(1,686)	(2,716)
	<u>(4,851,627)</u>	<u>(2,716)</u>
		(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
Increase in long-term investments accounted for using the equity method	\$ -	\$ (434,500)
Cash received from merger with subsidiaries	-	124,754
Net cash used in investing activities	<u>(5,082,512)</u>	<u>(3,403,331)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,968,840)	(7,601,804)
Decrease in bonds payable	(7,500,000)	(2,500,000)
Decrease in long-term borrowings	(5,200,000)	(900,000)
Increase (decrease) in short-term borrowings	3,700,000	(10,954,391)
Transfer of treasury stock to employees	1,056,478	-
Increase (decrease) in short-term notes and bills payable	299,872	(1,594,753)
Increase (decrease) in guarantee deposits	10,849	(11,142)
Capital reduction	-	(11,997,787)
Buyback of treasury stock	-	(1,059,732)
Issuance of bonds payable	-	8,000,000
Increase in long-term borrowings	-	6,100,000
Bonus to employees	-	(181,155)
Remuneration to directors and supervisors	-	(18,116)
Net cash used in financing activities	<u>(21,601,641)</u>	<u>(22,718,880)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(487,333)</u>	<u>(919,064)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,544,375</u>	<u>2,463,439</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,057,042</u>	<u>\$ 1,544,375</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 482,409	\$ 652,276
Less interest capitalized	16,685	11,296
Interest paid - excluding interest capitalized	<u>\$ 465,724</u>	<u>\$ 640,980</u>
Income tax paid	<u>\$ 3,994,139</u>	<u>\$ 2,353,728</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Receivables from subsidiary's capital reduction	<u>\$ 3,500,000</u>	<u>\$ -</u>
Current portion of long-term liabilities	<u>\$ -</u>	<u>\$ 7,500,000</u>
Reclassification of the Corporation's shares held by its subsidiaries to treasury stock	<u>\$ 31,889,100</u>	<u>\$ 31,889,100</u>
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 4,546,368	\$ 5,907,774
Decrease (increase) in other payables	302,383	(215,049)
Decrease (increase) in other liabilities - other	2,876	(356,271)
Cash paid for acquisition of property and equipment	<u>\$ 4,851,627</u>	<u>\$ 5,336,454</u>
		(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

The Corporation merged with TransAsia Telecommunications Inc. on September 2, 2008. The book values of the assets and liabilities upon the merger were as follows:

Cash	\$ 124,754
Accounts receivable	758,874
Other accounts receivable	2,102,930
Prepayments	38,355
Other current assets	570
Property and equipment	1,644,531
Intangible assets	6,843,089
Other assets	35,415
	<u>11,548,518</u>
Accounts payable	300,846
Income taxes payable	54,224
Accrued expenses	142,097
Other payables	161,391
Advance receipts	5,107
Other current liabilities	77,023
Other liabilities	322
	<u>741,010</u>
Net	<u>\$ 10,807,508</u>

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

(With Deloitte & Touche audit report dated January 20, 2010)

(Concluded)

TAIWAN MOBILE CO., LTD.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(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 trading 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 1 license 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, 2009 and 2008, the Corporation had 2,496 and 2,543 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying 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 is 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, bonus to employees, remuneration to directors and supervisors, 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.

The Corporation's significant 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.

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 stocks is based on the closing price on the balance sheet date.

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 recorded at weighted-average cost. Before January 1, 2009, inventories are stated at the lower of the cost or market value. Market value is evaluated on the basis of replacement cost or net realizable value. Effective from January 1, 2009, however, inventories are stated at the lower of cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual items.

Investments Accounted for Using the Equity Method

Long-term investments in which the Corporation owns 20% or more of an investee's outstanding voting shares or exercises significant influence on an investee are accounted for under the equity method.

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. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to non-current assets (except for financial assets not under 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 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 downstream transactions to its subsidiaries are deferred and included in deferred income (loss) and recorded as other liabilities (assets). Gains or losses on the upstream transactions 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.

The cost and the resulting gain or loss of an investment sold 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 cannot be estimated, the equity instrument, including non-publicly traded and emerging stocks, etc, is measured at cost. The accounting for the dividends from financial asset carried at cost is the same as that for an available-for-sale financial asset. Impairment losses are recognized if a decrease in the fair value of the instruments can be objectively related to an event. Reversal of impairment losses is not allowed.

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. Leased property and equipment from others 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.

For cost associated with dismantling and relocating fixed assets and restoring the leased premises housing our fixed assets to the previous state should be recognized as an addition to the fixed assets and accrued as a potential liability accordingly, according to the Interpretation No. 2008-340 issued by the Accounting Research and Development Foundation (ARDF) in November 2008.

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings - 50 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 5 years; leased assets - 20 years; and miscellaneous equipment - 3 to 5 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.

Accounting for Leases

In accordance with SFAS No. 2, "Accounting for Leases," a lease is identified as either an operating lease or a capital lease based on the lease contract terms, the collectability of the leasehold and the non-reimbursable costs to be incurred by the lessor.

The asset held under an operating lease is stated at cost, and depreciated on the straight-line basis over the estimated useful life. Receivables collected are periodically recognized as rental income during the lease contract.

At the inception date of a capital lease, total leasehold receivables shall be recognized as all rental receivables plus the pre-determined bargain purchase price offered to the lessee upon maturity or estimated residual value. For a financing-type of capital lease, leasehold receivables should be recognized as the sum of present value derived from each future rental receivable based on an implicit interest rate of the lease. The excess of total leasehold receivables over the present value of leasehold receivables should be deferred as unrealized interest income, and amortized as interest income by the effective interest method upon each collection.

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 by the straight-line method over 13 years and 9 months starting from the launch of 3G services.
- b. Computer software
Computer software cost is amortized by the straight-line method over 3 years.
- c. Goodwill
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.

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, mainly interior decoration cost are amortized by the straight-line method over 3 to 7 years.

Asset Impairment

If the carrying value of assets (including property and equipment, intangible assets, idle assets, assets leased to others, investments accounted for using equity method and deferred charge) is more than its 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.

Share-based Compensation

For the grant date of the employee stock options which falls on or after January 1, 2008 should apply SFAS No. 39 - "Accounting for Share-based Payment". The value of stock option granted, the product of the number of vested stock options multiplies by the fair value of the option on grant date, shall be expensed over the vesting period, and to increase "capital surplus - employee stock options" by the same amount accordingly.

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.

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 provided for as income tax in the year when the shareholders resolve the retention of the earnings.

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 year 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 major 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 and value-added services, net of any applicable discount, are billed at predetermined rates. Prepaid card services 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

Derivatives that qualify as effective hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in earnings or shareholders' equity, depending on the nature of the hedge.

Hedge Accounting

When hedge accounting is applied, gain or loss from changes in the fair value of the derivatives (hedging instruments) shall be offset by that of financial assets/liabilities (hedged position).

The Corporation entered into interest rate swaps (IRS) contracts to hedge against cash flow risk from inverse floating interest rates of liabilities, thus was qualified to apply hedge accounting. The accounting treatment is as follows: Gain or loss from changes in the fair value of the derivatives, which is recognized in shareholder's equity, shall be reclassified in earnings, if gain or loss from the expected transaction of the hedged position occurs. When there is objective evidence that the net loss recognized in shareholders' equity is expected to be not recoverable, the mentioned net loss should be reclassified in earnings as well.

Reclassification

Certain accounts in the financial statements as of and for the year ended December 31, 2008 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2009.

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

In March 2007, the ARDF issued an interpretation that requires companies and their subsidiaries to recognize those bonuses to employees and remunerations to directors and supervisors as compensation expenses starting from January 1, 2008. The mentioned bonuses and remunerations were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of \$342,125 thousand in net income and a decrease in basic earnings per share of \$0.12 for the year ended December 31, 2008.

4. CASH AND CASH EQUIVALENTS

	December 31	2008
	2009	
Cash in banks	\$ 517,071	\$ 521,224
Government bonds with repurchase rights	265,000	485,439
Short-term notes and bills with repurchase rights	202,000	391,879
Time deposits	45,139	115,107
Cash on hand	21,999	25,923
Revolving funds	5,833	4,803
	<u>\$ 1,057,042</u>	<u>\$ 1,544,375</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31	2008
	2009	
Domestic listed stocks Chunghwa Telecom Co., Ltd.	<u>\$ 177,821</u>	<u>\$ 174,008</u>

6. ACCOUNTS RECEIVABLE - THIRD PARTIES

	December 31	2008
	2009	
Accounts receivable	\$ 5,949,853	\$ 6,269,541
Less allowance for doubtful accounts	<u>(411,001)</u>	<u>(452,302)</u>
	<u>\$ 5,538,852</u>	<u>\$ 5,817,239</u>

For the year ended December 31, 2008, the Corporation entered into an accounts receivable factoring contract with HC Second Asset Management Co., Ltd. The Corporation sold \$2,966,244 thousand of the overdue accounts receivable, which had been written off, to HC Second Asset Management Co., Ltd. The aggregate selling price was \$36,967 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

7. PREPAYMENTS

	December 31	2008
	2009	
Prepaid commissions	\$ 269,244	\$ 335,388
Prepaid rents	89,155	121,152
Prepaid insurance	3,476	38,177
Other	<u>120,723</u>	<u>133,620</u>
	<u>\$ 482,598</u>	<u>\$ 628,337</u>

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31		
	2009	2008	% of Owner-ship
	Carrying Value	Carrying Value	Owner-ship
Taiwan Cellular Co., Ltd. (TCC)	\$ 9,353,920	\$ 15,125,451	100.0
Taipei New Horizons Co., Ltd. (TNH)	211,974	-	-
Wealth Media Technology Co., Ltd. (WMT)	<u>192,615</u>	<u>225,735</u>	100.0
	<u>9,758,509</u>	<u>15,351,186</u>	
Prepayment for long-term investments TNH	-	<u>249,500</u>	
	<u>\$ 9,758,509</u>	<u>\$ 15,600,686</u>	

a. Taiwan Cellular Co., Ltd.

On April 18, 2008, TCC's Board of Directors decided to reduce its capital by \$1,000,000 thousand, resulting in the cancellation of 100,000 thousand shares and the cash return to investors. On the record date (May 1, 2008), the Corporation was entitled to receive \$1,000,000 thousand based on its 100% equity in TCC.

On July 29, 2008, TCC's Board of Directors decided to reduce its capital by \$1,150,000 thousand, resulting in the cancellation of 115,000 thousand shares and the cash return to investors. On the record date (August 1, 2008), the Corporation was entitled to receive \$1,150,000 thousand based on its 100% equity in TCC.

On December 24, 2009, TCC's Board of Directors resolved to:

- 1) Transfer \$2,300,417 thousand from capital surplus into capital, which increased its issued shares by 230,042 thousand on the record date of December 25, 2009;
- 2) Reduce \$3,500,000 thousand of capital to shareholders through the cancellation of 350,000 thousand shares. On the record date of capital reduction (December 26, 2009), the Corporation, based on its 100% ownership in TCC, was entitled to receive \$3,500,000 thousand.

The Corporation invested in Taiwan Fixed Network Co., Ltd. (TFN) indirectly through Taiwan Cellular Co. Ltd. (TCC) with shares of the former TFN as investment. Based on the revised SFAS No. 5, "Long-term Investments in Equity Securities," unrealized gains and losses on downstream transactions should be deferred. Thus, the difference between the original carrying cost and the investment price of the former TFN shares of this transaction should be treated as deferred gains. As of December 31, 2009, the amount of deferred credits recognized by the Corporation was \$1,238,378 thousand.

As of December 31, 2009, TCC Investment Co., Ltd. (TCCI, 100%-owned by Taiwan Cellular Co., Ltd), TCCI Investment & Development Co., Ltd (TID, 100%-owned by TCCI) and TFN Union Investment Co., Ltd. (TUI, 100%-owned by TFN), collectively held 811,918 thousand shares of the Corporation. Based on SFAS No. 30, "Accounting for Treasury Stock", the Corporations' shares held by subsidiaries are treated as treasury stock. This accounting treatment reduced the Corporation's long-term investment value by the same amount as treasury stock account value of \$31,889,100 thousand. Please refer to Note 19 for details.

b. Taipei New Horizons Co., Ltd.

TNH is established to invest in a property development project located in the old Songshan Tobacco Factory site. On January 15, 2009, TNH signed a 50-year BOT contract with Taipei City Government.

The Corporation established TNH on December 31, 2008 with initial investment of \$249,500 thousand, representing 49.9% ownership.

c. Wealth Media Technology Co., Ltd.

WMT's Board of Directors resolved the issuance of 18,500 thousand shares at \$10 par value on March 28, 2008. On the record dates (April 1, 2008), the Corporation subscribed for all the shares and WMT is still a wholly-owned subsidiary of the Corporation.

To expand its CATV business, the Corporation's 100%-owned subsidiary, WMT, plans to buy a 100% stake in Cheng Ting Co., Ltd. to acquire all the cable TV and content distribution business of Kbro Co., Ltd. The purchase will be settled using the Corporation's treasury shares (up to 15.5% of total outstanding shares), and the remainder in cash. The Corporation expects to close the deal after obtaining the authorities' approval.

d. TransAsia Telecommunications Inc.

On July 31, 2008, the Board of Directors of the Corporation resolved to merge TAT, with the Corporation as the surviving company. The record date of the merger was September 2, 2008. The Corporation assumed all the rights and obligations of TAT.

e. Equity in investees' net gains or losses

The carrying value of the investments under the equity method and the related investment income or losses were determined on the basis of audited financial statements.

The Corporation's investment income or losses were as follows:

	December 31	2008
	2009	
TCC	\$ 3,115,006	\$ 3,003,228
TNH	(37,526)	-
WMT	(33,120)	(41,980)
TAT	-	1,131,233
	<u>\$ 3,044,360</u>	<u>\$ 4,092,481</u>

All the financial statements of subsidiaries have been consolidated into the consolidated financial statements of the Corporation.

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	December 31	2008
	2009	
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	<u>\$ 50,324</u>	<u>\$ 60,064</u>

Because there is no active market quotation and a reliable fair value can not be estimated, the above investments are measured at cost. An impairment loss of \$9,740 thousand and \$11,532 thousand were recognized for the years of 2009 and 2008, respectively.

10. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	December 31	
	2009	2008
Buildings	\$ 392,953	\$ 343,780
Telecommunication equipment	28,637,272	28,153,739
Office equipment	21,298	69,825
Leased assets	485,455	420,303
Miscellaneous equipment	897,906	920,166
	<u>\$ 30,434,884</u>	<u>\$ 29,907,813</u>

Capitalized interest for the years ended December 31, 2009 and 2008 amounted to \$16,685 thousand and \$11,296 thousand, respectively, with capitalization rates ranging from 2.4% to 2.76%.

The Corporation bought farmland located in Yang-Mei, Taoyuan for the amount of \$12,000 thousand from TPN, based on the need for deploying telecom equipment. Because only an individual could be the owner of farmland according to related regulations, its ownership is under the landholder through a fiduciary contract.

11. GOODWILL

On September 2, 2008, the Corporation merged with TAT, resulting in the recognition of goodwill at the book value of \$6,835,370 thousand.

In conformity with SFAS No. 35, "Accounting for Asset Impairment," the Corporation engaged in mobile service, which was viewed as one cash-generating unit in 2009 and 2008. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill were as follows:

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 2009 financial statements.

c. Assumptions on discount rate

For the years ended December 31, 2009 and 2008, the Corporation used the discount rate of 8.50% and 7.48%, respectively, in calculating the asset recoverable amounts.

Based on the key assumptions of the cash-generating unit, the Corporation'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, 2009 and 2008.

12. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	December 31	
	2009	2008
Assets leased to others		
Cost	\$ 2,338,225	\$ 2,495,563
Less accumulated depreciation	(129,343)	(136,721)
Less accumulated impairment	(10,591)	(54,493)
	<u>\$ 2,198,291</u>	<u>\$ 2,304,349</u>
Idle assets		
Cost	\$ 427,548	\$ 505,217
Less allowance for value decline	(35,929)	(187,519)
Less accumulated depreciation	(43,053)	(94,572)
Less accumulated impairment	(126,429)	(84,447)
	<u>\$ 222,137</u>	<u>\$ 138,679</u>

13. SHORT-TERM BORROWINGS

	December 31	
	2009	2008
Unsecured loans - related parties	\$ -	\$ 1,300,000
Unsecured loans from financial institutions	<u>5,000,000</u>	<u>-</u>
	<u>\$ 5,000,000</u>	<u>\$ 1,300,000</u>
Interest rate	0.57%-0.60%	2.124%-2.417%

14. SHORT-TERM NOTES AND BILLS PAYABLE

	December 31	
	2009	2008
Commercial paper payable		
Grand Bills Finance Corporation	\$ 300,000	\$ -
Less discount on short-term notes and bills payable	(128)	-
	<u>\$ 299,872</u>	<u>\$ -</u>
Net carrying value		
Interest rate	0.27%	-
Period	2009.12.10-	-
	2010.1.29	-

15. ADVANCE RECEIPTS

The Corporation entered into a contract with Mega International Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid card customers in accordance with NCC's new policy effective on April 1, 2007. The guaranteed advance receipts from prepaid card customers were \$832,908 thousand as of December 31, 2009.

16. BONDS PAYABLE

	December 31		
	2009	2008	2008
	Current	Non-current	Non-current
Domestic unsecured bonds	\$ -	\$ 8,000,000	\$ 7,500,000
			\$ 8,000,000

a. 1st 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>		

The last installments of the above-mentioned corporate bonds were repaid by the Corporation in December 2009.

b. 2nd domestic unsecured bonds

On November 14, 2008, the Corporation issued \$8,000,000 thousand five-year domestic unsecured bonds, with each bond having a face value of \$10,000 thousand and a coupon rate of 2.88% per annum, simple interest due annually. Repayments will be made in the fourth and fifth years with equal installments, i.e. \$4,000,000 thousand, respectively.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2012	\$ 4,000,000
2013	<u>4,000,000</u>
	<u>\$ 8,000,000</u>

17. LONG-TERM BORROWINGS

	2009	December 31 2008
Unsecured loans	\$ -	\$ 5,200,000
Interest rate	-	2.5916%

To provide medium-term working capital, the Corporation and its subsidiary, TFN, entered into a syndicated loan with a joint credit line of \$13,500,000 thousand with 9 banks led by Cititrust Commercial Bank on February 21, 2008. The tenor is three years starting from May 20, 2008. Based on contract term, interests are payable monthly and the principal is due upon maturity. Upon maturity, the loan is allowed to revolve within its credit limits. The contract requires the Corporation to maintain certain financial ratio including debt ratios, interest coverage, and tangible net asset ratio based on semi-annual financials. The Corporation also bears the repayment liability with respect to TFN's borrowing. Please refer to Note 24 for further information.

18. PENSION PLAN

The Labor Pension Act (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 \$108,662 thousand and \$107,848 thousand for the years ended December 31, 2009 and 2008, respectively.

The Labor Standards Act (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 in the Central Trust of China, which was merged into the Bank of Taiwan in July 2007.) Approved by Department of Labor of Taipei City Government, the Corporation suspended contributing from February 2007 to January 2010.

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

	Years Ended December 31	
	2009	2008
a. Pension cost		
Service cost	\$ 3,127	\$ 2,891
Interest cost	10,656	8,613
Projected return of pension assets	(11,789)	(11,387)
Amortization	<u>537</u>	<u>(2,346)</u>
Pension cost	<u>\$ 2,531</u>	<u>\$ (2,229)</u>

b. Changes in the prepaid pension cost

	December 31	
	2009	2008
Benefit obligation		
Vested	\$ -	\$ -
Non-vested	(252,211)	(208,618)
Accumulated	(252,211)	(208,618)
Additional benefits based on future salaries	(158,524)	(178,880)
Projected benefit obligation	(410,745)	(387,498)
Fair value of plan assets	431,535	428,703
Funded status	20,790	41,205
Unrecognized net transition obligation	6,726	7,241
Unrecognized prior service cost	399	421
Unrecognized net gain or loss	(18,222)	(36,643)
Prepaid pension cost	<u>\$ 9,693</u>	<u>\$ 12,224</u>
Vested benefit	\$ -	\$ -

c. Vested benefit

	Years Ended December 31	
	2009	2008
Discount rate used in determining present values	2.00%	2.75%
Future salary increase rate	2.50%	3.00%
Expected rate of return on plan assets	2.00%	2.75%

19. 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. Also, the capital surplus from long-term investments may not be used for any purpose.

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.

For the years ended December 31, 2009, the bonuses to employees and remuneration to directors and supervisors were accrued based on a respective 3% and 0.3% of net income (net of the bonus to employees and remuneration to directors and supervisors) after setting aside 10% net income as legal reserves. The significant difference between annual accruals and the amount approved by the Board shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimation and will be adjusted in 2010's P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by its closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2008 and 2007 earnings appropriations resolved by the AGMs on June 19, 2009 and June 13, 2008 were as follows:

	Appropriation of Earnings		Dividend Per Share	
	For Fiscal Year 2008	For Fiscal Year 2007	For Fiscal Year 2008	For Fiscal Year 2007
Appropriation of legal reserve	\$ 1,537,138	\$ 661,300		
Reversal of special reserve	(56,744)	(86,819)		
Remuneration to directors and supervisors	-	18,116		
Cash bonus to employees	-	181,155		
Cash dividends	13,968,864	7,601,851	\$4,68704	\$2,54326
	<u>\$ 15,449,258</u>	<u>\$ 8,375,603</u>		

The shareholders on June 19, 2009 resolved to distribute 2008 bonus of \$414,697 thousand to employees and remuneration of \$41,470 thousand to directors and supervisors.

Information on the appropriation of the 2008 earnings, bonus and remuneration to employees, directors and supervisors proposed by Board of Directors and approved at 2009 AGM is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Capital reduction by cash

To increase ROE (Return of Equity) and maintain stable EPS (Earnings per Share) and dividend, the Corporation's AGM resolved on June 15, 2007, a capital reduction of \$12,000,000 thousand, representing 2.4% of outstanding shares. The Corporation's Board of Directors resolved the record date of December 1, 2007, and completed the procedure for registration changes, which is already approved by the authority. Trading suspension period started from February 1 to 19, 2008, and new shares resumed trading from February 20, 2008.

d. Treasury stock

Purpose of Buyback	(Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
Year ended December 31, 2009				
To be transferred to employees	24,193	-	24,193	-
Shares held by subsidiaries	811,918	-	-	811,918
Year ended December 31, 2008				
To be transferred to employees	-	24,193	-	24,193
Shares held by subsidiaries	1,368,250	-	556,332	811,918

Note: Shares held before capital reduction.

1) Transfer of stock to employees

For the year ended December 31, 2009, the Corporation transferred 24,193 thousand shares bought back from the market to employees at \$43.8 per share, resulting in a reduction of \$3,254 thousand in capital surplus.

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

As of December 31, 2009, the carrying and market value of the Corporation's stocks held by TCCL, TID and TUI (all are the subsidiaries 100%-owned by the Corporation) were \$50,663,659 thousand. The Corporation reclassified \$31,889,100 thousand from investments accounted for using equity method to treasury stock based on SFAS No. 30, "Accounting for Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statements, 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.

In the first quarter of 2008, TFN sold 300,000 thousand shares of the Corporation for \$13,509,828 thousand. Disposal gain from the sales resulted in an increase in capital surplus by \$3,485,732 thousand. In addition, the Corporation's shares held by subsidiaries were reduced by 256,332 thousand shares due to the Corporation's capital reduction.

e. Unrealized gains or losses on financial instruments

Unrealized gains or losses on financial instruments for the years ended December 31, 2009 and 2008 were summarized as follows:

	Years Ended December 31	2008
Available-for-sale financial assets		
Balance, beginning of year	\$ 54,455	\$ 57,560
Fair value changes recognized directly in equity	9,169	(3,105)
	<u>63,624</u>	<u>54,455</u>
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of year	61,864	(38,749)
Fair value changes recognized directly in equity	(61,864)	100,613
	<u>-</u>	<u>61,864</u>
Changes in unrealized gains (losses) recognized by the equity method		
Balance, beginning of year	(122,216)	(82,854)
Fair value changes recognized directly in equity	122,216	(39,362)
	<u>-</u>	<u>(122,216)</u>
Unrealized gains (losses) on financial instruments	\$ 63,624	\$ (5,897)

20. INCOME TAX EXPENSE

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

	Years Ended December 31	2008
Tax on pretax income at statutory tax rate (25%)	\$ 4,533,113	\$ 4,944,264
Add (deduct) tax effects of		
Permanent differences		
Investment income from domestic investees accounted for using equity method	(761,090)	(1,023,120)
Other	(17,718)	(9,912)
Temporary differences	(483,947)	(376,262)
Deferred income taxes	977,088	331,247
Investment tax credits	(10,002)	(112,901)
Prior years' adjustment	5,932	647,174
Tax on short-term bills	253	5,221
	<u>-</u>	<u>-</u>
Income tax expense	\$ 4,243,629	\$ 4,405,711

In May 2009, the Article 5 of the Income Tax Law was amended to reduce corporate statutory income tax rate from 25% to 20%, effective from 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as an income tax expense.

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

	December 31	2008
Unrealized loss on retirement of property and equipment	\$ 1,412,488	\$ 2,154,822
Provision for doubtful accounts	480,098	683,659
Amortization of goodwill	(121,518)	(37,974)
Provision for impairment losses on idle assets	30,375	60,522
Accrued pension cost	(1,939)	(3,056)
Investment tax credits	-	31,413
Unrealized gain on financial liabilities	-	(20,622)
Other	89,783	28,510
Less valuation allowance	1,889,287	2,897,274
	(235,580)	(287,101)
	<u>\$ 1,653,707</u>	<u>\$ 2,610,173</u>
Deferred income tax assets		
Current	\$ 27,261	\$ 142,605
Non-current	1,626,446	2,467,568
	<u>\$ 1,653,707</u>	<u>\$ 2,610,173</u>

c. Integrated income tax information was as follows:

	December 31	2008
Balance of imputation credit account (ICA)	\$ 2,990,179	\$ 2,797,888

As of December 31, 2009, there were no unappropriated earnings generated before January 1, 1998. The estimated creditable ratio for the 2009 earnings appropriation and the actual creditable ratio for the 2008 earnings appropriation were 32.17% and 35.28%, respectively.

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 2009 earnings appropriation may be adjusted when the imputation credits are distributed.

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

	Year
The Corporation	2005
TAT	2007
The former TAT	Applicable
Mobitai	2006

The Corporation's income tax returns as of 2005 had been examined by the tax authorities. The Corporation filed for corrections of its 1999 through 2001 income tax returns. The Corporation also disagreed with the results on the income tax returns of 2002 through 2005 and had filed requests for reexamination.

TAT's income tax returns as of 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns and had requested a reexamination of the 2006 and 2007 income tax returns.

The former TAT's income tax returns as of 2006 had been examined by the tax authorities. The former TAT disagreed with the examination results of the 2002 and 2003 income tax returns and had filed an appeal, which is reviewed by the Supreme Court of the R.O.C. The former TAT also filed administrative proceedings for 2004 and 2005's income tax returns.

Mobitai's income tax returns as of 2006 had been ratified by the tax authorities. Mobitai disagreed with the result on the income tax returns and plans to apply for a reexamination of the 2006 income tax return.

21. EARNINGS PER SHARE

	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, 2009</u>					
Basic EPS					
Income of common shareholders	\$ 18,132,491	\$ 13,888,862	2,979,311	\$ 6.09	\$ 4.66
Add effect of dilutive potentially Bonus to employees	-	-	9,846		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 18,132,491</u>	<u>\$ 13,888,862</u>	<u>2,989,157</u>	<u>\$ 6.07</u>	<u>\$ 4.65</u>
<u>For the year ended December 31, 2008</u>					
Basic EPS					
Income of common shareholders	\$ 19,777,097	\$ 15,371,386	2,966,368	\$ 6.67	\$ 5.18
Add effect of potentially dilutive common stocks	-	-	8,515		
Bonus to employees	-	-	-		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 19,777,097</u>	<u>\$ 15,371,386</u>	<u>2,974,883</u>	<u>\$ 6.65</u>	<u>\$ 5.17</u>

The ARDF issued Interpretation No. 2007-052 that requires companies to recognize bonuses paid to employees and remunerations to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings. If the Corporation may settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the potential share dilutions should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. In the calculation of diluted EPS, the number of outstanding shares is derived from dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. Such potential dilutive effect should be taken into consideration in the calculation of diluted EPS until the shareholders resolved the actual number of shares to be distributed to employees at the AGM of the following year.

22. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Years Ended December 31		
	2009	2008	2007
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Expenses
Labor cost	\$ 923,145	\$ 1,943,443	\$ 2,866,588
Salary			
Labor and health insurance	50,942	92,099	143,041
Pension	36,711	62,491	99,202
Other	43,184	80,745	123,929
	\$ 1,053,982	\$ 2,178,778	\$ 3,232,760
Depreciation	\$ 6,448,639	\$ 553,142	\$ 7,001,781
Amortization	761,758	103,117	864,875
		\$ 656,259	\$ 7,866,656
		\$ 2,835,037	\$ 11,103,112

23. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	December 31	
	2009	2008
Non-derivative financial instruments	Carrying Value	Fair Value
Liabilities		
Bonds payable (including current portion)	\$ 8,000,000	\$ 8,373,376
		\$ 15,500,000
		\$ 15,621,815

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

- 1) 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, accounted for using equity method or prepayments for long-term investments can be measured by net worth of investee or estimate of the book value.
- 3) Bonds payable - based on the over-the-counter quotations in December.
- 4) Fair value of long-term loans - based on the present value of future cash flows discounted by the interest rates the Corporation may obtain for similar loans (e.g., similar maturities).
- 5) Derivative financial instruments - based on valuation results provided by banks. As of December 31, 2008, the financial instrument held by the Corporation was 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 borrowings, 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 \$522,139 thousand and \$1,002,425 thousand as of December 31, 2009 and 2008, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$13,299,872 thousand and \$17,000,000 thousand as of December 31, 2009 and 2008, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$509,232 thousand and \$595,637 thousand as of December 31, 2009 and 2008, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$0 thousand and \$5,000,000 thousand as of December 31, 2009 and 2008, respectively.

e. Information on financial risks:

1) Market risk

The Corporation didn't enter into any financial derivatives transactions, which will have big exposure to exchange rate and interest rate risks.

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, 2009 and 2008 were both zero because all of counter-parties are reputable financial institutions with good credit ratings.

The Corporation'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 Corporation does not rely significantly on single transaction and transact with single client or in the same region.

3) Liquidity risk

The Corporation's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

24. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
Tai Fu Media Technology Co., Ltd. (TFMT)	Subsidiary
Global Wealth Media Technology Co., Ltd.	Subsidiary
Fu Sin Media Technology Co., Ltd.	Subsidiary
Fu Jia Leh Media Technology Co., Ltd.	Subsidiary
Global Forest Media Technology Co., Ltd.	Subsidiary
TWM Holding Co., Ltd.	Subsidiary
Taiwan Super Basketball Co., Ltd. (TSBC)	Subsidiary
TT&T Holdings Co., Ltd.	Subsidiary
Xiamen TaiFu Teleservices & Technologies Ltd.	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Digital Communications Co., Ltd.	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary (the former VoPier Communications (Taiwan) Co., Ltd., merged the former TT&T and renamed as TT&T on September 1, 2008.)
TCC Investment Co., Ltd. (TCCI)	Subsidiary
TFN Union Investment Co., Ltd. (FUI)	Subsidiary
TCCI Investment and Development Co., Ltd. (TID)	Subsidiary
Win TV Broadcasting Co., Ltd.	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Yeong Jialieh Cable TV Co., Ltd.	Subsidiary
Mangrove Cable TV Corporation	Related party in substance
Phoenix Cable TV Co., Ltd.	Subsidiary
GlobalView Cable TV Co., Ltd.	Subsidiary
Union Cable TV Co., Ltd.	Subsidiary
TFN HK LIMITED	Subsidiary
TWM Communications (Beijing) Ltd. (formerly named Hurray! Times Communications (Beijing) Ltd.)	Subsidiary (relationship changed on April 24, 2008)
Taiwan Mobile Foundation (TWM Foundation)	Over one third of the Foundation's issued fund came from the Corporation
Taipei New Horizons Co., Ltd.	Equity-method investee
Fubon Life Assurance Co., Ltd.	Same chairman
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd. (formerly named Fubon Direct Marketing Consulting Co., Ltd.)	Related party in substance (renamed on April 13, 2009)
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Financial Holding Company	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance

(Continued)

Related Party	Relationship with the Corporation
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance
Taiwan United Communication Co., Ltd.	Subsidiary (merged into TFN on January 1, 2008)
TT&T Casualty & Property Insurance Agency Co., Ltd.	Subsidiary (liquidated on March 15, 2008)
TT&T Life Insurance Agency Co., Ltd.	Subsidiary (liquidated on May 15, 2008)
Taiwan Telecommunication Network Services Co., Ltd. (TTN)	Subsidiary (merged into TFN on August 1, 2008)
Taiwan Teleservices & Technologies Co., Ltd. (the former TT&T)	Subsidiary (merged into TT&T on September 1, 2008)
TransAsia Telecommunications Inc. (TAT)	Subsidiary (merged into the Corporation on September 2, 2008)
North Coast Cable TV Co., Ltd.	Subsidiary (liquidated on October 1, 2008)
Tai Yi Digital Broadcasting Co., Ltd.	Equity-method investee of TCC (liquidated on February 28, 2009)
Reach & Range Inc.	Subsidiary (merged into TFN on May 1, 2009)
TFN Investment Co., Ltd.	Subsidiary (merged into TCCI on September 19, 2009)
Shin Ho Cable TV Co., Ltd.	Related party in substance (liquidated on December 1, 2009)

	Years Ended December 31		% of Total Revenues	% of Total Revenues
	2009	2008		
1) Operating revenues				
TFN	\$ 2,276,319	4	\$ 2,087,756	4
TFCB	9,796	-	13,848	-
TAT	-	-	459,338	1
	<u>\$ 2,286,115</u>		<u>\$ 2,560,942</u>	

b. Significant transactions with related parties were summarized below:

1) Operating revenues

	Years Ended December 31		% of Total Costs	% of Total Costs
	2009	2008		
2) Operating costs				
TFN	\$ 1,390,303	5	\$ 965,962	4
Fubon Ins.	51,412	-	58,406	-
TAT	-	-	257,796	1
	<u>\$ 1,441,715</u>		<u>\$ 1,282,164</u>	

The Corporation mainly rendered telecommunication service to the above companies. The average collection period for notes and accounts receivable was approximately two months.

2) Operating costs

These companies mainly rendered telecommunication, maintenance and insurance services to the Corporation. The average payment term for notes and accounts payable was approximately two months.

3) Property transactions

Acquisition of property and equipment

	Year Ended December 31, 2009	Amount
Telecommunication equipment		\$ 11,582

TWN Communications (Beijing) Ltd.

4) Rental income

	Years Ended December 31	
	2009	2008
Leased Sites/Equipment		
Offices and BTS, etc.	\$ 119,447	\$ 70,390
Office appliance, etc.	33,423	29,972
Offices	10,784	10,640
	\$ 163,654	\$ 111,002

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

5) Cash in banks

	December 31	
	2009	2008
a) Cash in banks		
TFCB	\$ 99,376	\$ 275,104
b) Pledged time deposits		
TFCB	\$ 10,000	\$ 10,000

6) Receivables and payables

	December 31	
	2009	2008
a) Accounts receivable		
TFN	\$ 19,347	\$ -
Other (Note)	3,321	5,469
	\$ 22,668	\$ 5,469

Note: Leasehold receivables from TSL were as follows:

December 31, 2008	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total
Less unrealized interest income	(520)	(840)	(1,360)
	\$ 2,475	\$ 9,892	\$ 12,367

	December 31	
	2009	2008
b) Other receivables		
TCC (Note 1)	\$ 3,500,000	61
TFNM (Note 2)	2,003,836	35
TFN	53,418	1
WMT (Note 2)	45,065	1
TFMT (Note 2)	-	-
Other	5,996	-
	\$ 5,608,315	\$ 2,067,754

Note 1: Receivables from capital reduction.

Note 2: Financing to related parties was as follows:

Related Party	Year Ended December 31, 2009		
	Ending Balance	Maximum Balance	Interest Rate (%)
TFNM	\$ 2,000,000	\$ 2,000,000	0.838
WMT	45,000	60,000	0.838
TFMT	-	2,045,000	0.838-2.417
TCC	-	8,000,000	0.847
	\$ 2,045,000	\$ 12,105,000	\$ 43,465

Related Party	Year Ended December 31, 2008		
	Ending Balance	Maximum Balance	Interest Rate (%)
TFMT	\$ 2,000,000	\$ 2,005,000	2.417-2.568
TFNM	-	1,250,000	2.538-2.548
	\$ 2,000,000	\$ 3,255,000	\$ 61,662

	December 31		2008	
	2009	%	Amount	%
c) Prepayments				
Fubon Ins.	\$ 8,712	2	\$ 43,604	7
d) Accounts payable				
TFN	\$ -	-	\$ 55,609	2
e) Accrued expenses				
TFN	\$ 265,004	6	\$ 197,416	4
TT&T	65,790	1	79,715	2
Fubon Ins.	10,607	-	20	-
TSBC	4,300	-	20,000	-
	\$ 345,701		\$ 297,151	
f) Other payables				
TFN	\$ 176,836	5	\$ 99,249	2
g) Other current liabilities - collections and temporary credits for the following				
TFN	\$ 83,059	18	\$ 92,455	25
		Years Ended December 31		2008
7) Telecommunication service expenses				
TFN	\$ 78,101		\$ 79,002	
8) Professional service fees				
TT&T (include the former TT&T)	\$ 859,159		\$ 911,679	
9) Insurance expenses				
Fubon Ins.	\$ 10,029		\$ 13,594	
10) Other expenses				
FPM	\$ 25,611		\$ 21,537	
11) Donation				
TWM Foundation	\$ 30,400		\$ 22,000	
12) Rental expenses				
TFN	\$ 13,304		\$ 9,029	

	Years Ended December 31		2008	
	2009	%	Amount	%
13) Repairs and Maintenance				
FPM	\$ 23,485		\$ 22,883	
14) Advertisement expenses				
TSBC	\$ 34,300		\$ 32,000	
15) Financing from related parties was as follows:				
		Year Ended December 31, 2009		Year Ended December 31, 2008
Related Party	Ending Balance	Interest Rate (%)	Maximum Balance	Interest Expense
TFN	\$ -	1.068-2.417	\$ 1,600,000	\$ 16,869
			Year Ended December 31, 2008	
Related Party	Ending Balance	Interest Rate (%)	Maximum Balance	Interest Expense
TAT	\$ -	2.572-2.604	\$ 1,745,609	\$ 15,205
TFN	1,300,000	2.124-2.417	1,300,000	3,813
	\$ 1,300,000		\$ 3,045,609	\$ 19,018
16) Endorsement/guarantee provided				
a) The Corporation provided \$21,500,000 thousand guarantee for TFN's bank loan. The Corporation also provided \$21,328,330 thousand in promissory notes outstanding for TFN's borrowing with banks. TFN has drawn down \$1,848,322 thousand from banks within the guarantee amount.				
b) The Corporation and its subsidiary, TFN, obtained \$13,500,000 thousand of syndicated loan from 9 banks led by Chinatrust Commercial Bank. The Corporation provided a guarantee for TFN's bank loan. As of December 31, 2009, the Corporation and TFN had not made any drawdown on this loan.				
c) As of December 31, 2009, the Corporation had provided TFN \$50,000 thousand as performance guarantee for IDD calling card service issued by July 31, 2008 in accordance with NCC's new policy effective on April 1, 2007.				
17) Compensation to directors, supervisors and managers:				
		Years Ended December 31		2008
Salaries, incentives and special compensation	\$ 204,702		\$ 192,440	
Earnings paid as remunerations to directors	37,483		41,470	
Earnings paid as bonus to employees	62,668		77,293	
Professional fee	2,330		3,210	
	\$ 307,183		\$ 314,413	

The compensation to directors, supervisors and managers for the year ended December 31, 2008 included the bonus appropriation from 2008 earnings approved in 2009 AGM. While that for the year ended December 31, 2009 included the bonus appropriation from 2009 earnings subject to approval in 2010 AGM. More detailed information may be referred in the Corporation's annual reports.

18) Other

For the years ended December 31, 2009 and 2008, the Corporation provided services to companies below and fees received by the Corporation, which were recorded as deductions from related costs and expenses. The Corporation's service charges were as follows:

	Years Ended December 31	
	2009	2008
TFN	\$ 458,519	\$ 377,035
TAT	-	488,422
	<u>\$ 458,519</u>	<u>\$ 865,457</u>

25. ASSETS PLEDGED

The assets pledged as collaterals for credit line of deposit overdraft were as follows:

	December 31	
	2009	2008
Time deposits	<u>\$ 10,000</u>	<u>\$ 10,000</u>

26. 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 Siemens Networks Taiwan Co., Ltd. for \$4,800,000 thousand in September 2006 and \$3,242,661 thousand in May 2009, respectively. As of December 31, 2009, the purchase amount was \$4,693,485 thousand and \$975,556 thousand, respectively.

b. Future minimum rental payments as of December 31, 2009 for significant operating lease agreements are summarized as follows:

	Amount
2010	\$ 42,352
2011	26,268
2012	17,893
2013	8,976
2014	8,976

27. 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

The Corporation entered into interest rate swap (IRS) contracts in December 2002 to hedge fluctuation on inverse floating interest rates of bonds, which are settled semiannually. Please refer to Note 23 for the related information.

Financial Instrument	Term	Contract Amount	Due Date
Interest rate swap contracts	Inverse floating interest rate in exchange for fixed interest rate of 2.45%	\$ 5,000,000	December 2009

The Corporation entered into IRS contracts to hedge inverse floating interest rate fluctuation. For the years ended December 31, 2009 and 2008, the Corporation recognized gains of \$84,485 thousand and losses of \$30,531 thousand, respectively, recorded as deduction and addition to interest expense, respectively.

- 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.

28. SEGMENT INFORMATION

a. Industry

The Corporation is primarily a wireless communication services provider.

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	Years Ended December 31		Percentage of Operating Revenue
	2009	2008	
Chunghwa Telecom Co., Ltd.	\$ 8,730,057	\$ 8,956,659	16

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	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		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
											Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Tai Fu Media Technology Co., Ltd. Wealth Media Technology Co., Ltd. TFN Media Co., Ltd. Taiwan Cellular Co., Ltd.	Other receivables Other receivables Other receivables Other receivables	\$ 2,045,000 60,000 2,000,000 8,000,000	\$ - 45,000 2,000,000 -	0.8338%-2.417% 0.8338% 0.8338% 0.8477%	Short-term financing Short-term financing Short-term financing Short-term financing	\$ - - - -	To meet its financing needs in acquiring minorities Operation requirements Operation requirements Operation requirements	\$ - - - -	- - - -	\$ 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1)	\$ 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1)	
1	Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Other receivables	5,040,000	4,670,000	0.8338%-2.417%	Short-term financing	-	To meet its financing needs in acquiring minorities and operation requirements Operation requirements	-	-	20,878,023 (Note 1)	20,878,023 (Note 1)	
		TCC Investment Co., Ltd.	Other receivables	2,270,000	2,270,000	0.845%	Short-term financing	-	Operation requirements	-	-	20,878,023 (Note 1)	20,878,023 (Note 1)	
2	TCC Investment Co., Ltd. (Note 3)	TFN Media Co., Ltd. TFN Media Co., Ltd.	Other receivables Other receivables	1,000,000 2,900,000	- -	2.417% 0.929%-2.602%	Short-term financing Short-term financing	- -	To meet its financing needs in acquiring minorities Operation requirements	- -	- -	8,386,254 (Note 1) 8,386,254 (Note 1)	8,386,254 (Note 1) 8,386,254 (Note 1)	
3	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd. The Corporation Taiwan Cellular Co., Ltd.	Other receivables Other receivables Other receivables	1,320,000 1,600,000 8,410,000	- - 8,040,000	0.862%-2.581% 1.068%-2.417% 0.8338%-0.847%	Short-term financing Short-term financing Short-term financing	- - -	Operation requirements Operation requirements Operation requirements	- - -	- - -	14,084,712 (Note 1) 14,084,712 (Note 1) 14,084,712 (Note 1)	14,084,712 (Note 1) 14,084,712 (Note 1) 14,084,712 (Note 1)	
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables-related parties	700,000	700,000	0.8338%-2.604%	Transactions	270,213	Business requirements	-	-	13,500,000 (Note 2)	13,500,000 (Note 2)	
5	Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Other receivables-related parties	188,000	-	0.844%-2.594%	Transactions	32,440	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
6	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables-related parties	450,000	200,000	0.862%-2.604%	Transactions	221,977	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
7	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables-related parties	680,000	680,000	0.8338%-2.594%	Transactions	563,225	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
8	Shin Ho Cable TV Co., Ltd. (Note 4)	TFN Media Co., Ltd.	Other receivables-related parties	207,700	-	0.8339%-2.604%	Transactions	1,350	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
9	Yeong Jialah Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables-related parties	360,000	360,000	0.8338%-2.594%	Transactions	478,941	Business requirements	-	-	24,000,000 (Note 2)	24,000,000 (Note 2)	
10	TFN Media Co., Ltd.	WinTV Broadcasting Co., Ltd.	Other receivables-related parties	470,000	307,000	0.8339%-0.862%	Transactions	57,336	Business requirements	-	-	15,000,000 (Note 2)	15,000,000 (Note 2)	

(Continued)

No.	Lending Company	Borrowing Company	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		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
											Item	Value		
11	Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Other receivables - related parties	\$ 60,000	\$ 45,000	0.838%	Short-term financing	\$ -	Repayment of financing	\$ -	-	\$ 77,046 (Note 1)	\$ 77,046 (Note 1)	
12	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Other receivables - related parties	9,000	4,000	0.867%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	76,471 (Note 1)	76,471 (Note 1)	

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) * (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: 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 3: TCC Investment Co., Ltd. assumed all TFN Investment Co., Ltd.'s financing provided to others due to merger.

Note 4: Shin Ho Cable TV Co., Ltd. was liquidated on December 1, 2009.

(Concluded)

TABLE 2

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	\$ 42,000,000 (Note 3)	\$ 34,878,330	\$ -	66.98%	\$ 52,073,226	
1	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Fixed Network Co., Ltd.	(Note 4)	20,000 (Note 5)	146	-	0.16%	93,063 (Note 5)	

Note 1: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.

Note 2: Direct/indirect subsidiary

Note 3: For 100% direct/indirect owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of the Corporation, and the upper-limit to each subsidiary shall be the double of the investment amount.

Note 4: Parent company

Note 5: TT&T is directly and indirectly 100% owned by TFN. The endorsement/guarantee amount provided by TT&T, shall be limited within the net worth of TT&T, and not over double of the investment amount in TT&T.

TABLE 3

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2009

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

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
Taiwan Mobile Co., Ltd. (the "Corporation")	Stock Chunghua Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,989	\$ 177,821	0.028	\$ 177,821 (Note 5)
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	50,324	10.00	- (Note 3)
	Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	-	0.19	- (Note 3)
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,200	(Note 2)	100.00	192,615 (Note 3)
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	9,353,920	100.00	52,195,059
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments - equity method	24,950	211,974 (Note 4)	49.90	211,974
Wealth Media Technology Co., Ltd.	Stock Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,000	191,178	100.00	191,178
Tai Fu Media Technology Co., Ltd.	Stock Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	86,982	100.00	86,982
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	968	100.00	968
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	13,500	140,858	100.00	140,858
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	780	100.00	780
Global Wealth Media Technology Co., Ltd.	Stock Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,749	89,199	6.694	42,130
Fu Sin Media Technology Co., Ltd.	Stock Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	2,272	131,937	3.34	31,657
Taiwan Cellular Co., Ltd.	Stock Arcoa Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21	- (Note 3)
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	20,207	3.00	- (Note 3)
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	-	12.00	- (Note 3)
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	6,773 (Note 2)	3.17	- (Note 3)
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US\$ 8,415	100.00	US\$ 8,415 (Note 3)

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
TWM Holding Co., Ltd.	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100,000	\$ 35,211,780	100.00	\$ 35,211,780
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	10,950	100.00	10,950
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100	21,092,818	100.00	20,965,635
TCC Investment Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 3,872	100.00	US\$ 2,982
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	222,774	\$ 13,901,109	5.86	\$ 13,901,109 (Note 5)
TCCI Investment & Development Co., Ltd.	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	17,905	253,732	98.50	250,914
	TFN Media Co., Ltd.	Subsidiary	Long-term investments - equity method	230,526	1,763,621	100.00	3,603,385
	TCCI Investment & Development Co., Ltd.	Subsidiary	Long-term investments - equity method	400	8,123,641	100.00	8,123,641
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	46,074	6.67	- (Note 3)
TCCI Investment & Development Co., Ltd.	<u>Preferred stock</u> Taiwan High Speed Rail Corporation	-	Bonds measured at amortized cost - non-current	50,000	500,000	1.24	- (Note 3)
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	132,849	8,289,757	3.50	8,289,757 (Note 5)
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,111,821	100.00	587,341
	Mangrove Cable TV Corporation	Related party in substance	Long-term investments - equity method	6,248	546,514	29.53	283,339 (Note 6)
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	65,818	3,141,644	96.66	917,139
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	2,058,304	99.99	1,853,557
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,203,928	92.38	581,407
	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	400	27,902,369	100.00	27,902,369
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,300	3,346	100.00	3,346
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	1,000	93,063	100.00	93,063
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.47	- (Note 3)
TFN Union Investment Co., Ltd.	New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	21,890	187,042	0.84	- (Note 3)
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	456,295	28,472,793	12.00	28,472,793 (Note 5)

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
Taiwan Teleservices & Technologies Co., Ltd.	Stock TT & T Holdings Co., Ltd. Taiwan Super Basketball Co., Ltd.	Subsidiary Subsidiary	Long-term investments - equity method Long-term investments - equity method	1,300 2,000	US\$ 1,409 20,023	100.00 100.00	US\$ 1,409 20,023
TT&T Holdings Co., Ltd.	Stock Xiamen Taifu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 1,403	100.00	US\$ 1,403

Note 1: Based on the investee's net worth as shown in its audited financial statements if market value was not available.

Note 2: Impairment loss recognized in 2004 reduced the value to zero.

Note 3: As of January 20, 2010, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCL, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$52,195,059 thousand on TCC shall be reduced by 1) downward adjusting \$31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book, 2) excluding \$11,420,417 thousand unrealized gain from financial assets investment, 3) adding back \$475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$7,529 thousand.

Note 5: Based on the closing price on December 31, 2009

Note 6: 70.47% shares are held under trustee accounts.

(Concluded)

TABLE 4

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, 2009
(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	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount
Taiwan Fixed Network Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Union Investment Co., Ltd.	Subsidiary	456,295	\$ 22,221,555	-	\$ -	456,295	\$ 18,616,561	-	\$ -
TFN Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TCCI Investment & Development Co., Ltd.	Subsidiary	355,623	17,318,833	-	-	132,849	5,552,137	-	(Note 4)
TFN Union Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	Taiwan Fixed Network Co., Ltd.	Parent	-	-	456,295	22,769,109	-	-	-	28,472,793
TCCI Investment & Development Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Investment Co., Ltd.	Parent	-	-	132,849	6,629,149	-	-	-	8,289,757
TWM Holding Co., Ltd.	ADS Hurray Holding Co., Ltd.	Available-for-sale financial assets - current	-	-	1,080	US\$ 2,052	-	-	1,080	US\$ 5,771	-	US\$ (1,451)

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

Note 2: TFN resolved to inject capital into TUI with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, \$4,152,548 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 3: TFNI resolved to inject capital into TTD with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, \$1,077,012 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 4: TCCI assumed the 222,774 thousand Taiwan Mobile shares and \$13,901,109 thousand (including unrealized gain of financial instruments) from TFNI due to merger.

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 YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details		Transactions with Terms Different From Others			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. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ (2,276,319)	(4)	Based on contract terms	-	-	\$ 368,183	6	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	1,390,303	(Note 2)	Based on contract terms	-	-	(301,974)	(Note 3)	
			Purchase	859,159	(Note 4)	Based on contract terms	-	-	(65,790)	(Note 5)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(859,350)	(85)	Based on contract terms	-	-	65,804	85	
	Taiwan Fixed Network Co., Ltd.	Parent	Sale	(156,205)	(15)	Based on contract terms	-	-	11,240	15	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(1,464,178)	(15)	Based on contract terms	-	-	294,399	15	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	2,273,452	32	Based on contract terms	-	-	(367,857)	(21)	
			Purchase	156,205	(Note 4)	Based on contract terms	-	-	(11,240)	(Note 5)	
TfN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(459,667)	(19)	Based on contract terms	(Note 6)	(Note 6)	115,122	27	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(212,096)	(9)	Based on contract terms	(Note 6)	(Note 6)	53,205	13	
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(388,009)	(16)	Based on contract terms	(Note 6)	(Note 6)	97,917	23	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(182,643)	(7)	Based on contract terms	(Note 6)	(Note 6)	45,862	11	
Mangrove Cable TV Corporation	Dai-Ka Ltd.	Related party in substance	Royalty of copyright	143,665	59	Based on contract terms	(Note 6)	(Note 6)	(35,916)	(82)	
Globalview Cable TV Co., Ltd.	TfN Media Co., Ltd.	Parent	Royalty of copyright	182,643	58	Based on contract terms	(Note 6)	(Note 6)	(45,862)	(82)	
Union Cable TV Co., Ltd.	TfN Media Co., Ltd.	Parent	Royalty of copyright	212,096	60	Based on contract terms	(Note 6)	(Note 6)	(53,205)	(84)	
Yeong Jialeh Cable TV Co., Ltd.	TfN Media Co., Ltd.	Parent	Royalty of copyright	388,009	59	Based on contract terms	(Note 6)	(Note 6)	(97,917)	(79)	
Phoenix Cable TV Co., Ltd.	TfN Media Co., Ltd.	Parent	Royalty of copyright	459,667	63	Based on contract terms	(Note 6)	(Note 6)	(115,122)	(89)	

Note 1: The \$368,183 thousand accounts receivable amount was expressed on a gross basis in accord with sales amount. The net accounts receivable should be \$19,347 thousand after deducting accounts payable and accrued custodial receipts/payments totaled \$348,836 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accounts payable and accrued expenses.

Note 4: Recognized as operating expenses.

Note 5: Recognized as accrued expenses.

Note 6: No comparables on such kind of transactions.

TABLE 6

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, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable \$ 368,183	5.92	-	-	\$ 167	-
	TFN Media Co., Ltd.	Subsidiary	Other receivables 53,418		-	-	41	-
	Taiwan Cellular Co., Ltd.	Subsidiary	Other receivables 2,003,836		-	-	-	-
Taiwan Cellular Co., Ltd.	TCC Investment Co., Ltd.	Subsidiary	Other receivables 3,500,000		-	-	-	-
			Other receivables 4,679,014		-	-	240,632	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Other receivables 2,274,467		-	-	-	-
			Accounts receivable 65,804	11.81	-	-	14	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 11,240	11.07	-	-	-	-
			Accounts receivable 294,399	6.06	-	-	8,989	-
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Other receivables 268,588		-	-	148,488	-
			Accounts receivable 8,055,329		-	-	240,584	-
Phoenix Cable TV Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd.	Related party in substance	Accounts receivable 134,306	5.37	-	-	-	-
			Accounts receivable 115,567	5.57	-	-	-	-
			Accounts receivable 116	13.33	-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 307,000		-	-	-	-
			Accounts receivable 2,859	13.37	-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 680,139		-	-	-	-
			Accounts receivable 5,767	6.11	-	-	-	-
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 700,055		-	-	-	-
			Accounts receivable 1,933	11.00	-	-	-	-
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 200,036		-	-	-	-
			Accounts receivable 3,020	14.13	-	-	-	-
			Other receivables 360,127		-	-	-	-

TABLE 7

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2009	Shares (Thousands)	Balance as of December 31, 2009 Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	\$ 37,558,330	30,000	100.00	\$ 9,353,920 (Note 1)	\$ 2,648,823	\$ 3,115,006	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real Estate Rental and Sale	249,500	24,950	49.90	211,974	(75,203)	(37,526)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	272,000	27,200	100.00	192,615	(33,120)	(33,120)	
Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	270,000	27,000	100.00	191,178	(32,871)	NA	
	Global Wealth Media Technology Co., Ltd.	Taipei County, Taiwan	Investment	84,000	8,400	100.00	86,982	2,465	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,700	100	100.00	968	(231)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	135,000	13,500	100.00	140,858	5,386	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,000	100	100.00	780	(145)	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	90,099	3,749	6.694	89,199	42,400	NA	
Fu Sin Media Technology Co., Ltd.	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	133,358	2,272	3.34	131,937	166,870	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	1 share	100.00	US\$ 8,415	US\$ (1,396)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	2,100,000	100.00	35,211,780	2,195,548	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	12,000	1,200	100.00	10,950	(131)	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,451,000	2,100	100.00	21,092,818	502,577	NA	
TWM Holding Co. Ltd.	TWM Communications (Beijing) Ltd.	Beijing, China	Mobile application development and design	US\$ 4,936	-	100.00	US\$ 3,872	US\$ 22	NA	
TCC Investment Co., Ltd.	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	179,047	17,905	98.50	253,732	72,961	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	2,035,714	230,526	100.00	1,763,621	1,012,976	NA	
	TCCI Investment & Development Co., Ltd.	Taipei, Taiwan	Investment	6,629,149	400	100.00	8,123,641	(56)	NA	
TFN Media Co., Ltd.	Yeong Jiahn Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	1,616,824	33,940	100.00	2,111,821	160,341	NA	
	Mangrove Cable TV Corporation	Taipei County, Taiwan	Cable TV service provider	397,703	6,248	29.53	546,514	47,872	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	2,294,967	65,818	96.66	3,141,644	166,870	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,904,440	170,441	99.99	2,058,304	131,110	NA	
	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	841,413	51,733	92.38	1,203,928	42,400	NA	
Taiwan Fixed Network Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,769,109	400	100.00	27,902,369	(56)	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	5,816	1,300	100.00	3,346	457	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and ISR (international simple resales)	10,000	1,000	100.00	93,063	57,320	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	US\$ 1,300	1,300	100.00	US\$ 1,409	US\$ 45	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	20,000	2,000	100.00	20,023	14	NA	
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Ltd.	Xiamen, China	Call center service	US\$ 1,300	1,300	100.00	US\$ 1,403	US\$ 40	NA	

Note 1: The Corporation's shares held by TCCI, TTD and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$52,195,059 thousand on TCC shall be reduced by 1) downward adjusting \$31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book; 2) excluding \$11,420,417 thousand unrealized gain from financial assets investment; 3) adding back \$475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from the Corporation's shares; and 4) excluding recognition of upstream transactions gain of \$7,529 thousand.

Note 2: 70.47% shares are held under trustee accounts.

TABLE 8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2009
(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 January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US\$ 1,300 (NT\$ 41,909)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 41,909)	\$ -	\$ -	US\$ 1,300 (NT\$ 41,909)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ 40 (NT\$ 1,290)	US\$ 1,403 (NT\$ 45,230)	\$ -
TWM Communications (Beijing) Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 96,714)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary, Taiwan Cellular Co., Ltd.	US\$ 4,617 (NT\$ 148,843)	US\$ 255 (NT\$ 8,221)	US\$ 8,221 (NT\$ 255)	US\$ 4,872 (NT\$ 157,064)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ 22 (NT\$ 709)	US\$ 3,872 (NT\$ 124,826)	\$ -
Accumulated Investment in Mainland China as of December 31, 2009			Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)						
US\$1,300 (NT\$41,909)		US\$1,300 (NT\$41,909)		US\$1,300 (NT\$41,909)							
US\$4,872 (NT\$157,064)		US\$5,300 (NT\$170,861)		US\$5,300 (NT\$170,861)							

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.238, RMB1=NT\$4.7213 as of December 31, 2009.

Note 2: The indirect investments made by Taiwan Teleservices & Technologies Co., Ltd. and Taiwan Cellular Co., Ltd., subsidiaries of the Corporation.

Note 3: Calculation was based on audited financial statements.

SCHEDULE 1**TAIWAN MOBILE CO., LTD.**

CASH AND CASH EQUIVALENTS
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Due Date	Amount
Cash in banks		
Foreign-currency deposits		
EUR 1,570.25 (exchange rate at EUR1=NT\$46.294)		\$ 73
US\$1,211,527.94 (exchange rate at US\$1=NT\$32.238)		39,057
Checking deposits		7,838
Demand deposits		470,103
		<u>517,071</u>
Government bonds with repurchase rights	January 5, 2010	265,000
Short-term bills with repurchase rights	January 4, 2010	202,000
Time deposits		
Foreign-currency deposit		45,139
US\$1,400,193.62 (exchange rate at US\$1=NT\$32.238)		<u>45,139</u>
Cash on hand		21,999
Revolving funds		5,833
		<u>\$ 1,057,042</u>

SCHEDULE 2**TAIWAN MOBILE CO., LTD.**

ACCOUNTS RECEIVABLE
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Client	Amount
Related parties	
Taiwan Fixed Network Co., Ltd.	\$ 19,347
Other (Note)	3,321
	<u>22,668</u>
Third parties	
Chunghwa Telecom Co., Ltd.	704,095
Other (Note)	5,245,758
	5,949,853
	<u>(411,001)</u>
	5,538,852
Less allowance for doubtful accounts	<u>\$ 5,561,520</u>

Note: Each of the account was less than 5% of the total account balance.

TAIWAN MOBILE CO., LTD.

**CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Beginning Balance		Increase		Decrease		Adjustments on Equity Method (Note 3)		Ending Balance		Market Price or Net Equity (Notes 5 and 5)	
	Thousand Shares	Amount	Thousand Shares	Amount (Note 1)	Thousand Shares	Amount (Note 2)	Thousand Shares	Amount	Thousand Shares	% of Ownership		Amount
Taiwan Cellular Co., Ltd.	NT\$10	149,958	\$ 15,125,451	230,042	\$ -	-	350,000	\$ 9,025,230	\$ 3,253,699	30,000	100.00	\$ 9,353,920
Taipei New Horizons Co., Ltd.	NT\$10	-	-	24,950	249,500	-	-	-	(37,526)	24,950	49.90	211,974
Wealth Media Technology Co., Ltd.	NT\$10	27,200	225,735	-	-	-	-	-	(33,120)	27,200	100.00	192,615
Total			\$ 15,351,186	\$ 249,500				\$ 9,025,230	\$ 3,183,053			\$ 9,758,509

Note 1: The increase in equity-method investments included the following:

Taipei New Horizons Co., Ltd. \$ 249,500

Note 2: The decrease in equity-method investments included the following:

a. Distributing cash dividends by Taiwan Cellular Co., Ltd. \$ 5,525,230
 b. Capital reduction of Taiwan Cellular Co., Ltd. \$ 3,500,000

Note 3: Other adjustment from evaluation included the following:

a. Recognized investment income from investees. \$ 3,044,360
 b. Recognized changes in cumulative translation adjustment of investees. (5,829)
 c. Recognized changes in revaluation gain (loss) on financial assets of investees. 122,216
 d. Recognized changes in net loss not recognized as pension cost of investees. (6,659)
 e. Recognized changes in paid in capital of investees. 28,965
\$ 3,183,053

Note 4: Calculation was based on audited financial statements as of December 31, 2009.

Note 5: None of the above investments were provided as collateral.

SCHEDULE 6

TAIWAN MOBILE CO., LTD.

NON-OPERATING ASSETS
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

	Cost	Accumulated Depreciation	Net Carrying Value
Assets leased to others			
Land	\$ 1,572,359	\$ -	\$ 1,572,359
Buildings	<u>765,052</u>	<u>129,343</u>	<u>635,709</u>
	\$ 2,337,411	\$ 129,343	2,208,068
Deferred charges, net			814
Less accumulated impairment			<u>2,208,882</u>
			<u>(10,591)</u>
			\$ 2,198,291
Idle assets			
Land	\$ 238,960	\$ -	\$ 238,960
Buildings	<u>137,010</u>	<u>27,403</u>	<u>109,607</u>
Telecommunication equipment	<u>51,578</u>	<u>15,650</u>	<u>35,928</u>
	\$ 427,548	\$ 43,053	384,495
Less allowance for price decline			(35,929)
Less accumulated impairment			<u>(126,429)</u>
			\$ 222,137

SCHEDULE 3

TAIWAN MOBILE CO., LTD.

OTHER RECEIVABLES
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Item	Amount
Receivable for capital reduction	\$ 3,500,000
Receivable for financing provided	<u>2,048,901</u>
Other (Note)	<u>217,151</u>
	\$ 5,766,052

Note: Each of the account was less than 5% of the total account balance.

SCHEDULE 8

TAIWAN MOBILE CO., LTD.

ACCOUNTS PAYABLE
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Suppliers	Amount
National Communication Commission	\$ 1,581,702
Other (Note)	<u>321,521</u>
	<u>\$ 1,903,223</u>

Note: Each of the account was less than 5% of the total account balance.

SCHEDULE 5

TAIWAN MOBILE CO., LTD.

CHANGES IN PROPERTY AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Changes for the Period			Ending Balance
		Increase	Decrease	Reclassification	
Cost					
Land	\$ 3,866,289	-	-	-	\$ 3,866,289
Buildings	2,385,587	-	-	-	2,385,587
Telecommunication equipment	60,783,882	9,490	7,345,415	4,686,400	58,134,357
Office equipment	100,333	1,637	61,997	(7,373)	32,600
Leased assets	1,285,920	-	-	-	1,285,920
Miscellaneous equipment	2,065,396	665,822	595,995	7,373	2,142,596
	<u>70,487,407</u>	<u>\$ 676,949</u>	<u>\$ 8,003,407</u>	<u>\$ 4,686,400</u>	<u>67,847,349</u>
Accumulated depreciation					
Buildings	343,780	\$ 49,173	-	-	392,953
Telecommunication equipment	28,153,739	6,343,324	5,859,791	-	28,637,272
Office equipment	69,825	10,621	53,421	(5,727)	21,298
Leased assets	420,303	65,152	-	-	485,455
Miscellaneous equipment	920,166	533,511	561,498	5,727	897,906
	<u>29,907,813</u>	<u>\$ 7,001,781</u>	<u>\$ 6,474,710</u>	<u>\$ 5,727</u>	<u>30,434,884</u>
Construction in progress and advance payments	2,439,097	\$ 3,869,419	\$ 1,569	\$ (4,686,400)	1,620,547
Net property and equipment	<u>\$ 43,018,691</u>				<u>\$ 39,033,012</u>

Note 1: The total insurance for property and equipment and assets leased to others amounted to \$30,527,264 thousand.

Note 2: The increase of the construction in progress and advance payments included capitalized interests amounting to \$16,685 thousand.

SCHEDULE 10

TAIWAN MOBILE CO., LTD.
OTHER PAYABLES
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Nature	Amount
Payables for equipment and constructions	\$ 1,355,332
Value-added tax payables	156,349
Other	<u>2,227,773</u>
	<u>\$ 3,739,454</u>

SCHEDULE 7

TAIWAN MOBILE CO., LTD.
SHORT-TERM BORROWINGS
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Bond Type and Creditor	Financing Period	Interest Rate	Amount	Credit Line	Mortgage or Guarantee
Unsecured loans					
Taiwan Cooperation Bank	December 10, 2009 - January 29, 2010	0.60	\$ 2,200,000	\$ 2,200,000	None
Bank of Taiwan	December 30, 2009 - January 29, 2010	0.59	2,000,000	10,000,000	None
Hua Nan Commercial Bank	December 30, 2009 - January 29, 2010	0.57	500,000	3,000,000	None
First Commercial Bank	December 30, 2009 - January 29, 2010	0.57	<u>300,000</u>	<u>2,000,000</u>	None
			<u>\$ 5,000,000</u>	<u>\$ 17,200,000</u>	

SCHEDULE 12

TAIWAN MOBILE CO., LTD.

**OPERATING COSTS
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)**

Item	Amount
Telecom service costs	
Interconnection cost (Note 1)	\$ 8,941,581
Depreciation	6,448,639
Cost of goods sold	2,977,141
Leased-line charges	1,785,716
Rents	1,638,978
2G concession fee and 3G license amortization	1,606,407
Maintenance materials and constructions	943,794
Administrative and utilities expense of radio base stations	922,666
Frequency usage fee	467,505
Other (Note 2)	<u>1,433,498</u>
	<u>\$ 27,165,925</u>

Note 1: Including airtime and interconnection charges paid to other telecommunication service providers.

Note 2: Including expenses for maintaining telecommunication network and equipment.

SCHEDULE 9

TAIWAN MOBILE CO., LTD.

**ACCRUED EXPENSES
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)**

Nature	Amount
Salaries and bonuses	\$ 1,167,974
Commissions	842,491
Bonus to employees and remunerations to directors	406,548
Professional service fees	333,678
BTS expenses	328,898
Repair and maintenance expenses	304,752
Other (Note)	<u>1,317,400</u>
	<u>\$ 4,701,741</u>

Note: Each of the item was less than 5% of the total account balance.

SCHEDULE 12

TAIWAN MOBILE CO., LTD.

OPERATING COSTS
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Item	Amount
Telecom service costs	
Interconnection cost (Note 1)	\$ 8,941,581
Depreciation	6,448,639
Cost of goods sold	2,977,141
Leased-line charges	1,785,716
Rents	1,638,978
2G concession fee and 3G license amortization	1,606,407
Maintenance materials and constructions	943,794
Administrative and utilities expense of radio base stations	922,666
Frequency usage fee	467,505
Other (Note 2)	<u>1,433,498</u>
	<u>\$ 27,165,925</u>

Note 1: Including airtime and interconnection charges paid to other telecommunication service providers.

Note 2: Including expenses for maintaining telecommunication network and equipment.

SCHEDULE 13

TAIWAN MOBILE CO., LTD.

OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Item	Marketing	Administrative	Total
Commissions	\$ 5,952,338	\$ -	\$ 5,952,338
Salaries and pension	863,590	1,142,344	2,005,934
Professional service fees	1,059,561	261,172	1,320,733
Bad debts	-	599,482	599,482
Service charges	40,859	529,052	569,911
Depreciation	22,877	530,265	553,142
Advertising	324,587	50,522	375,109
Telecommunication and postage expenses	107,433	222,359	329,792
Other (Note)	<u>829,125</u>	<u>681,164</u>	<u>1,510,289</u>
	<u>\$ 9,200,370</u>	<u>\$ 4,016,360</u>	<u>\$ 13,216,730</u>

Note: Each item was less than 5% of the total account balance.

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2009 and 2008 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, 2009 and 2008, 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 express an opinion on these financial statements 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, 2009 and 2008, and the consolidated results of its operations and its consolidated cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the consolidated financial statements, in March 2007, the Accounting Research and Development Foundation issued an interpretation that requires companies to recognize employees' bonuses and remuneration paid to directors and supervisors as expenses starting from January 1, 2008. The mentioned bonuses and remuneration were previously recorded as appropriations from earnings.

January 20, 2010

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 consolidated 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 consolidated financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

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

ASSETS	2009		2008		2009		2008	
	Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS								
Cash and cash equivalents (Notes 2, 4 and 24)	\$ 2,999,036	3	\$ 3,868,062	4	\$ 6,800,000	8	\$ -	-
Available-for-sale financial assets - current (Notes 2 and 5)	177,821	-	241,442	-	799,638	1	-	-
Hedging derivative financial assets - current (Notes 2, 23 and 27)	-	-	82,485	-	277,571	-	186,506	3
Notes receivable	68,498	-	66,389	-	2,447,324	3	2,794,305	3
Accounts receivable - third parties (Notes 2 and 6)	6,637,950	8	6,411,711	7	1,665,244	2	2,798,352	3
Accounts receivable - related parties (Notes 2 and 24)	165,998	-	233,029	-	5,806,865	7	5,909,947	6
Other receivables (Note 2)	472,058	1	359,119	1	1,123,131	1	1,123,131	1
Prepayments (Note 24)	696,279	1	823,697	1	2,057,563	2	2,584,294	3
Deferred income tax assets - current (Notes 2 and 20)	29,132	-	149,534	-	60,624	-	7,500,000	8
Deferred income tax assets (Notes 24 and 25)	32,157	-	38,015	-	24,761,119	29	26,735,149	29
Other current assets	3,944	-	12,653	-	524,869	-	431,101	-
Total current assets	11,600,654	13	12,712,754	14	24,761,119	29	26,735,149	29
INVESTMENTS								
Investments accounted for using the equity method (Notes 2 and 7)	211,974	-	-	-	8,000,000	9	8,000,000	9
Prepayment for long-term investments (Note 7)	2,498,980	3	2,513,068	3	-	-	5,200,000	6
Financial assets carried at cost - non-current (Notes 2 and 8)	500,000	1	500,000	1	8,000,000	9	13,200,000	15
Bonds measured at amortized cost - non-current (Notes 2 and 9)	3,210,954	4	3,264,668	4	-	-	-	-
Total investments	4,421,908	5	6,277,736	7	16,000,000	19	16,200,000	19
PROPERTY AND EQUIPMENT (Notes 2, 10 and 24)								
Cost								
Land	6,097,370	7	6,087,548	7	324,243	-	346,316	-
Buildings	3,924,993	5	3,918,908	5	125,956	-	90,388	-
Telecommunication equipment	63,148,505	73	65,293,248	71	605,405	1	630,723	1
Office equipment	148,627	-	173,887	-	-	-	-	-
Leased assets	1,285,920	1	1,285,921	1	1,055,604	1	1,067,427	1
Miscellaneous equipment	2,367,848	3	2,240,123	3	33,816,723	39	41,002,576	45
Total cost	76,973,263	89	78,999,635	86	-	-	-	-
Less accumulated depreciation	(32,860,164)	(38)	(32,261,532)	(35)	-	-	-	-
Net property and equipment	44,113,099	51	46,738,103	51	-	-	-	-
Construction in progress and payments for equipment	2,430,318	3	2,264,128	3	-	-	-	-
Net property and equipment	46,543,617	54	49,002,231	54	-	-	-	-
INTANGIBLE ASSETS (Note 2)								
3G concession	6,729,382	8	7,477,091	8	38,009,254	44	38,009,254	41
Computer software cost	71,471	-	61,577	-	8,775,819	10	8,775,819	9
Goodwill (Note 11)	10,485,941	12	10,485,048	11	3,639,302	5	3,493,759	4
Other intangible assets	2,511,760	3	2,686,541	3	3,743	-	1,166	-
Customer relationship (Note 11)	1,382,000	2	1,382,000	2	-	-	-	-
Operating rights (Note 11)	33,184	-	30,112	-	12,840	-	27,095	-
Other intangible assets	3,926,944	5	4,095,653	5	-	-	-	-
Total intangible assets	21,213,738	25	22,122,369	24	-	-	-	-
OTHER ASSETS								
Assets leased to others (Notes 2 and 12)	438,611	1	543,924	1	52,083,109	61	50,936,533	55
Idle assets (Notes 2 and 12)	311,726	-	228,269	-	-	-	-	-
Refundable deposits	388,391	-	393,438	-	-	-	-	-
Deferred charges (Note 2)	421,839	1	338,151	-	-	-	-	-
Deferred income tax assets - non-current (Notes 2 and 20)	1,631,570	2	2,478,484	3	-	-	-	-
Other (Notes 2, 18, 24 and 25)	139,332	-	136,821	-	-	-	-	-
Total other assets	3,331,469	4	4,119,087	4	-	-	-	-
TOTAL	\$ 85,899,832	100	\$ 91,939,109	100	\$ 85,899,832	100	\$ 91,939,109	100

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

(With Deloitte & Touche audit report dated January 20, 2010)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009	2008		2009	2008
	Amount	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 24)	\$ 68,470,232	\$ 69,296,096	100	\$ 69,296,096	100
OPERATING COSTS (Notes 2, 22 and 24)	<u>33,195,238</u>	<u>31,720,111</u>	<u>48</u>	<u>31,720,111</u>	<u>46</u>
GROSS PROFIT	<u>35,274,994</u>	<u>37,575,985</u>	<u>52</u>	<u>37,575,985</u>	<u>54</u>
OPERATING EXPENSES (Notes 2, 22 and 24)					
Marketing	10,056,904	10,956,669	15	10,956,669	16
Administrative	<u>4,769,956</u>	<u>4,857,476</u>	<u>7</u>	<u>4,857,476</u>	<u>7</u>
Total operating expenses	<u>14,826,860</u>	<u>15,814,145</u>	<u>22</u>	<u>15,814,145</u>	<u>23</u>
OPERATING INCOME	<u>20,448,134</u>	<u>21,761,840</u>	<u>30</u>	<u>21,761,840</u>	<u>31</u>
NON-OPERATING INCOME AND GAINS					
Penalty income	265,387	212,756	1	212,756	-
Rental income (Notes 2 and 24)	71,453	74,935	-	74,935	-
Gain on disposal of property and equipment (Note 2)	27,605	49,859	-	49,859	-
Interest income (Note 2)	16,501	103,583	-	103,583	-
Dividend income (Note 2)	10,405	11,451	-	11,451	-
Gain on disposal of investments, net (Note 2)	-	262,759	-	262,759	1
Other (Notes 2 and 6)	<u>204,780</u>	<u>316,823</u>	<u>-</u>	<u>316,823</u>	<u>1</u>
Total non-operating income and gain	<u>596,131</u>	<u>1,032,166</u>	<u>1</u>	<u>1,032,166</u>	<u>2</u>
NON-OPERATING EXPENSES AND LOSSES					
Loss on disposal and retirement of property and equipment (Notes 2 and 24)	1,627,693	1,461,851	3	1,461,851	2
Interest expenses (Notes 2 and 10)	561,364	689,043	1	689,043	1
Loss on disposal of investments (Note 2)	49,044	-	-	-	-
Investment loss recognized under the equity method (Notes 2 and 7)	37,526	-	-	-	-
Financial expenses	24,578	18,837	-	18,837	-
Impairment loss (Notes 2, 8 and 12)	16,188	23,656	-	23,656	-
Other (Note 2)	<u>81,541</u>	<u>63,909</u>	<u>-</u>	<u>63,909</u>	<u>-</u>
Total non-operating expenses and losses	<u>2,397,934</u>	<u>2,257,296</u>	<u>4</u>	<u>2,257,296</u>	<u>3</u>
INCOME BEFORE INCOME TAX	18,646,331	20,536,710	27	20,536,710	30
INCOME TAX EXPENSE (Notes 2 and 20)	<u>4,755,815</u>	<u>5,154,461</u>	<u>7</u>	<u>5,154,461</u>	<u>8</u>
CONSOLIDATED NET INCOME	<u>\$ 13,890,516</u>	<u>\$ 15,382,249</u>	<u>20</u>	<u>\$ 15,382,249</u>	<u>22</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2009	2008		2009	2008
	Amount	Amount	%	Amount	%
ATTRIBUTED TO Shareholders of the parent	\$ 13,888,862	\$ 15,371,386	20	\$ 15,371,386	22
Minority interests	<u>1,654</u>	<u>10,863</u>	<u>-</u>	<u>10,863</u>	<u>-</u>
	<u>\$ 13,890,516</u>	<u>\$ 15,382,249</u>	<u>20</u>	<u>\$ 15,382,249</u>	<u>22</u>
	2009	2008		2009	2008
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 21)	\$ 6.09	\$ 4.66		\$ 6.67	\$ 5.18
Basic	<u>\$ 6.07</u>	<u>\$ 4.65</u>		<u>\$ 6.65</u>	<u>\$ 5.17</u>
Diluted					

EARNINGS PER SHARE (Note 21)

 Basic
Diluted

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

(With Deloitte & Touche audit report dated January 20, 2010)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	Authorized and Issued Capital Stock	Capital Surplus	Retained Earnings		Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Treasury Stock	Unrealized Losses on Financial Instruments	Minority Interests	Total Shareholders' Equity
			Legal Reserve	Special Reserve						
BALANCE, JANUARY 1, 2008	\$ 38,009,254	\$ 8,785,159	\$ 11,745,475	\$ 3,493,563	\$ 10,720,230	\$ 1,534	\$ (40,844,007)	\$ (64,043)	\$ 552,232	\$ 32,405,161
Appropriation of the 2007 earnings	-	-	661,300	-	(661,300)	-	-	-	-	-
Legal reserve	-	-	661,300	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(86,819)	86,819	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	(18,116)	18,116	-	-	-	-	(18,116)
Dividends to employees	-	-	-	(16,455)	16,455	-	-	-	-	(16,455)
Cash dividends - NT\$2.54/26 per share	-	-	-	(7,601,851)	7,601,851	-	-	-	-	(7,601,851)
Balance after appropriation	38,009,254	8,785,159	12,406,775	3,406,744	2,344,627	1,534	(40,844,007)	(64,043)	552,232	24,604,039
Consolidated net income in 2008	-	-	-	-	15,371,386	-	(1,059,732)	-	10,863	15,382,249
Buyback of issued shares	-	-	-	-	-	-	-	-	-	(1,059,732)
Compensation cost recognized from employee stock options	-	27,095	-	-	-	-	-	-	-	27,095
Adjustments on change of equity in equity-method investments	-	(147)	-	-	-	1,328	-	(39,362)	-	(26,105)
Disposal of the Corporation's shares held by subsidiaries	-	3,485,732	-	-	-	-	8,954,907	-	-	12,440,639
Unrealized gain on financial instruments, net	-	-	-	-	-	-	-	97,508	-	97,508
Cash dividends paid to minority interests by subsidiaries	-	-	-	-	-	-	-	-	(1,148)	(1,148)
Decrease in minority interests	-	-	-	-	-	-	-	-	(528,012)	(528,012)
BALANCE, DECEMBER 31, 2008	38,009,254	12,297,839	12,406,775	3,406,744	17,716,013	2,862	(32,948,832)	(5,897)	33,935	50,936,533
Appropriation of the 2008 earnings	-	-	1,537,138	-	(1,537,138)	-	-	-	-	-
Legal reserve	-	-	1,537,138	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(56,744)	56,744	-	-	-	-	-
Cash dividends - NT\$4.68/04 per share	-	-	-	(13,968,864)	13,968,864	-	-	-	-	(13,968,864)
Balance after appropriation	38,009,254	12,297,839	13,943,913	3,350,000	2,266,755	2,862	(32,948,832)	(5,897)	33,935	36,967,669
Consolidated net income in 2009	-	-	-	-	13,888,862	-	-	-	1,654	13,890,516
Adjustments on change of equity in equity-method investments	-	2,578	-	-	-	(6,659)	-	122,216	-	112,306
Transfer of treasury stock to employees	-	(3,254)	-	-	-	-	1,059,732	-	-	1,056,478
Unrealized loss on financial instruments, net	-	-	-	-	-	-	-	(52,695)	-	(52,695)
Compensation cost recognized from employee stock options	-	134,541	-	-	-	-	-	-	-	134,541
Cash dividends paid to minority interests by subsidiaries	-	-	-	-	-	-	-	-	(592)	(592)
Decrease in minority interest	-	-	-	-	-	-	-	-	(25,114)	(25,114)
BALANCE, DECEMBER 31, 2009	38,009,254	12,431,704	13,943,913	3,350,000	16,155,617	(3,797)	(31,889,100)	63,624	9,883	52,083,109

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

(With Deloitte & Touche audit report dated January 20, 2010)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 13,890,516	\$ 15,382,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,754,522	7,188,030
Loss on disposal and retirement of property and equipment, net	1,600,088	1,411,992
Amortization	1,089,051	1,095,670
Deferred income taxes	1,023,505	426,497
Bad debts	605,708	675,057
Compensation cost recognized from employee stock options	134,541	27,095
Loss (gain) on disposal of investments	49,044	(262,759)
Investment loss recognized under the equity method, net	37,526	-
Impairment loss	16,188	23,656
Pension cost	(12,860)	(23,543)
Provision for (recovery of) loss on inventories	(10,983)	19,126
Other	9,215	28,484
Amortization of long-term notes payable	-	9,660
Net changes in operating assets and liabilities		
Financial assets held for trading	-	131,973
Notes receivable	(1,909)	18,514
Accounts receivable - third parties	(874,448)	(325,236)
Accounts receivable - related parties	69,031	(112,395)
Other receivables	104,424	(184,026)
Long-term capital lease receivables	(4,463)	(58,497)
Inventories	(97,414)	(218,254)
Prepayments	127,252	(54,565)
Other current assets	8,709	10,270
Notes payable	92,908	(36,714)
Accounts payable	(339,822)	379,368
Income taxes payable	(1,133,108)	1,081,841
Accrued expenses	(103,478)	178,969
Other payables	8,928	502,378
Advance receipts	(187,652)	290,635
Other current liabilities	95,853	(68,105)
Net cash provided by operating activities	<u>23,950,872</u>	<u>27,537,370</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(6,673,566)	(6,636,745)
Increase in deferred charges	(220,214)	(149,644)
Proceeds from disposal of available-for-sale financial assets	139,259	2,089,511
Increase in computer software cost and other intangible assets	(14,922)	(15,376)
Acquisition of subsidiaries	(11,066)	(140,919)
Decrease (increase) in other assets	10,176	(9,617)
Proceeds from disposal of property and equipment	9,663	316,435
		(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	2009	2008
Decrease in pledged time deposits	\$ 5,358	\$ 9,691
Proceeds from investees' capital return	5,356	2,688
Decrease in refundable deposits	5,047	12,292
Increase in goodwill	(3,742)	(1,222,018)
Proceeds from disposal of idle assets	952	-
Increase in long-term investments accounted for using the equity method	-	(249,500)
Net cash used in investing activities	<u>(6,747,695)</u>	<u>(5,993,202)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,968,840)	(7,601,804)
Decrease in long-term borrowings	(7,700,000)	(900,000)
Decrease in bonds payable	(7,500,000)	(2,500,000)
Increase (decrease) in short-term borrowings	6,800,000	(19,340,000)
Increase in long-term borrowings	2,500,000	6,100,000
Transfer of treasury stock to employees	1,056,478	-
Increase (decrease) in short-term notes and bills payable	799,638	(1,594,753)
Decrease in guarantee deposits	(29,545)	(31,418)
Capital return to minority interest	(21,401)	-
Decrease in minority interests	(3,474)	(7,313,488)
Cash dividends paid to minority interests	(592)	(1,148)
Proceeds from the disposal of treasury stock	-	13,509,828
Capital reduction	-	(9,434,461)
Issuance of bonds payable	-	8,000,000
Repayment of long-term notes payable	-	(2,450,000)
Buyback of treasury stock	-	(1,059,732)
Bonus to employees	-	(181,155)
Remuneration to directors and supervisors	-	(18,116)
Net cash used in financing activities	<u>(18,067,736)</u>	<u>(24,816,247)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(4,463)</u>	<u>8,440</u>
ACQUISITION OF CASH AND CASH EQUIVALENTS FOR SUBSIDIARIES	<u>-</u>	<u>103,610</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(869,026)</u>	<u>(3,160,029)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,868,062</u>	<u>7,028,091</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,999,036</u>	<u>\$ 3,868,062</u>
		(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 470,605	\$ 849,930
Less interest capitalized	16,685	11,296
Interest paid - excluding interest capitalized	<u>\$ 453,920</u>	<u>\$ 838,634</u>
Income tax paid	<u>\$ 4,869,494</u>	<u>\$ 3,259,187</u>
	<u>\$ -</u>	<u>\$ 7,500,000</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	-	-
CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 6,244,641	\$ 7,531,939
Decrease in notes payable	1,842	6,812
Increase in accrued expenses	(395)	-
Decrease (increase) in other payables	402,160	(291,027)
Decrease (increase) in other liabilities-other	25,318	(610,979)
Cash paid for acquisition of property and equipment	<u>\$ 6,673,566</u>	<u>\$ 6,636,745</u>

The Corporation acquired 100% shares of TWM Communications (Beijing) Ltd. (formerly named Hurray! Times Communications (Beijing) Ltd.) on April 24, 2008. The fair values of the assets and liabilities upon acquisition were as follows:

Cash	\$ 103,610	\$ 103,610
Accounts receivable	46,443	46,443
Prepayments	1,590	1,590
Other current assets	320	320
Property and equipment	2,727	2,727
Intangible assets	50	50
Other assets	146	146
	<u>154,886</u>	<u>154,886</u>
Accounts payable	7,841	7,841
Accrued expenses	844	844
Other payables	6,326	6,326
Advance receipts	16,595	16,595
Other current liabilities	270	270
	<u>31,876</u>	<u>31,876</u>
Net	123,010	123,010
Percentage of equity interest	100%	100%
Add goodwill	123,010	123,010
Less investment payable	29,193	29,193
	<u>(21,955)</u>	<u>(21,955)</u>
Cash paid for acquisition of TWM Communications (Beijing) Ltd. (formerly named Hurray! Times Communications (Beijing) Ltd.)	<u>\$ 130,248</u>	<u>\$ 130,248</u>

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

(With De loitte & Touche audit report dated January 20, 2010)

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2009 AND 2008 (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 trading on the ROC Over-the-Counter Securities Exchange (known as Gre'fai 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 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, 2009 and 2008, the Corporation and subsidiaries had 4,416 and 4,552 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 and accounting principles generally accepted in the ROC. In conformity with these guidelines 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, bonus to employees, remuneration to directors and supervisors, impairment loss on assets, etc. Actual results may differ from these estimates.

For the convenience of readers, the accompanying consolidated 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 consolidated 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	Main Businesses and Products	Percentage of Direct Ownership as of December 31		Note
			2009	2008	
Corporation	TransAsia Telecommunications Inc. (TAT)	Wireless service provider	-	-	Merged into the Corporation on September 2, 2008
Corporation	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	
WMT	Tai Fu Media Technology Co., Ltd. (TFMT)	Investment	100.00	100.00	(Note 1)
TFMT	Global Wealth Media Technology Co., Ltd. (GWM)	Investment	100.00	100.00	
TFMT	Fu Lin Media Technology Co., Ltd. (FLMT)	Investment	100.00	100.00	
TFMT	Fu Sheng Media Technology Co., Ltd. (FSMT)	Investment	100.00	100.00	
TFMT	Global Focus Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	Established on December 26, 2008
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV SO (System Operator)	6.694	6.179	
FSMT	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV SO (system Operator)	3.34	3.34	
Corporation	Taiwan Cellular Co., Ltd. (TCC)	Equipment installation and IT service	100.00	100.00	
TCC	Tai Yi Digital Broadcasting Co., Ltd. (TYDB)	Broadcasting business and cell phone number agency	-	49.90	Liquidated on February 28, 2009
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed network service	100.00	100.00	
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	Equipment installation and IT service	100.00	100.00	
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	-	Established on August 10, 2009 As of December 31, 2009, TCCI, TID and TUI collectively owned 811,918 thousand shares of the Corporation representing 21.36% of total outstanding shares.
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	-	Established on September 22, 2009
TCCI	Win TV Broadcasting Co., Ltd. (WTVB)	TV program producing	98.50	98.50	(Note 2)
TCCI	TFN Media Co., Ltd. (TFNM)	Cable broadband service	100.00	100.00	(Note 2)
TFNM	Union Cable TV Co., Ltd. (UCTV)	Cable TV SO (System Operator)	99.99	99.99	
TFNM	Yeong Jaleh Cable TV Co., Ltd. (YJCTV)	Cable TV SO (System Operator)	100.00	100.00	
TFNM	Mangrove Cable TV Corporation (MCTV)	Cable TV SO (System Operator)	29.53	29.53	Another 70.47% shares were held under trustee accounts
TFNM	PCTV	Cable TV SO (System Operator)	96.66	96.66	
TFNM	GCTV	Cable TV SO (System Operator)	92.38	92.38	
TFNM	Shin Ho Cable TV Co., Ltd. (SHCTV)	Cable TV SO (System Operator)	-	30.15	Liquidated on December 31, 2009. Another 69.85% shares were held under trustee accounts.

(Continued)

Investor	Subsidiary	Main Businesses and Products	Percentage of Direct Ownership as of December 31		Note
			2009	2008	
TFNM	North Coast Cable TV Co., Ltd. (NCCTV)	Cable TV SO (System Operator)	-	-	Liquidated on October 1, 2008
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	
TWM Holding	TWM Communications (Beijing) Ltd. (formerly named Huray Times Communications (Beijing))	Mobile application development and design	100.00	100.00	100% acquired by TWM Holding and consolidated into financial statements on April 24, 2008
TCC	Taiwan Teleservices & Technologies Co., Ltd. (the former TT&T)	Call center service	-	-	Merged into TT&T on September 1, 2008
The former TT&T	TT&T Casualty & Property Insurance Agency Co., Ltd. (TCPA)	Insurance agency	-	-	Liquidated on March 15, 2008
The former TT&T	TT&T Life Insurance Agency Co., Ltd. (TLIA)	Insurance agency	-	-	Liquidated on May 15, 2008
TFN	Taiwan United Communication Co., Ltd. (TUC)	Equipment installation and IT service	-	-	Merged into TFN on January 1, 2008
TFN	Taiwan Telecommunication Network Services Co., Ltd. (TFNS)	Telecommunications	-	-	Merged into TFN on August 1, 2008
TFN	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and international simple resale (ISR)	100.00	100.00	Formerly YoPier Communications (Taiwan) Co., Ltd. (YoPier) merged with the former TT&T on September 1, 2008 with YoPier as the surviving company and renamed as Taiwan Teleservices & Technologies Co., Ltd. (Note 3)
TT&T	Taiwan Super Basketball Co., Ltd. (TSB)	Basketball team management and related business	100.00	100.00	(Note 4)
TT&T	TT&T Holdings (TT&T Holdings)	Investment	100.00	100.00	(Note 4)
TT&T Holdings	Xianen Taifu Teleservices & Technologies Ltd.	Call center service	100.00	100.00	
TFN	TFN HK Ltd.	Telecommunications	100.00	100.00	
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	-	Established on September 22, 2009
TFN	TFN Investment Co., Ltd. (TFNI)	Investment	-	100.00	Merged into TCCI on September 19, 2009
TFNI	Reich & Range Inc. (R&R)	Telecom equipment sales and maintenance	-	100.00	Merged into TFN on May 1, 2009

(Concluded)

Note 1: To expand its CATV business, the Corporation's 100%-owned subsidiary, WMT, plans to buy a 100% stake in Cheng Ting Co., Ltd. to acquire all the cable TV and content distribution business of Kbro Co., Ltd. The purchase will be settled using the Corporation's treasury shares (up to 15.5% of total outstanding shares), and the remainder in cash. The Corporation expects to close the deal after obtaining the authorities' approval.

Note 2: Became a subsidiary of TCCI, which merged TFNI on September 19, 2009.

Note 3: Became a subsidiary of TFN, which merged TTN on August 1, 2008.

Note 4: Became a subsidiary of TT&T, which merged the former TT&T on September 1, 2008.

The Group's significant 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 sheet 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.

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 recorded at weighted-average cost. Before January 1, 2009, inventories are stated at the lower of the cost or market value. Market value is evaluated on the basis of replacement cost or net realizable value. Effective from January 1, 2009, however, inventories are stated at the lower of cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual items.

Investments Accounted for Using the Equity Method

Long-term investments in which the Group owns 20% or more of an investee's outstanding voting shares or exercise significant influence on an investee are accounted for under equity method.

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. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to non-current assets (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 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.

The cost and the resulting gain or loss of an investment sold 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 cannot 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 an available-for-sale financial assets. Impairment losses are recognized if a decrease in fair value of the instruments can be objectively related to an event. 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 derecognized, 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. Leased property and equipment from others 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.

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. 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.

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, mainly interior decoration costs, are amortized by the straight-line method over 3 to 7 years.

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 its 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.

Share-based Compensation

For the grant date of the employee stock options which falls on or after January 1, 2008 should apply SFAS No. 39 - "Accounting for Share-based Payment". The value of stock option granted, the product of the number of vested stock options multiplies by the fair value of the option on grant date, shall be expensed over the vesting period, and to increase "capital surplus - employee stock options" by the same amount accordingly.

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.

For cost associated with dismantling and relocating fixed assets and restoring the leased premises housing our fixed assets to the previous state should be recognized as an addition to the fixed assets and accrued as a potential liability accordingly, according to the Accounting Research and Development Foundation (ARDF) issued the Interpretation No. 2008-340 in November 2008.

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings - 20 to 55 years; telecommunication equipment - 2 to 15 years; office equipment - 3 to 8 years; leased assets - 20 years; and miscellaneous equipment - 2 to 9 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.

Accounting for Leases

In accordance with SFAS No. 2, "Accounting for Leases," a lease is identified as either an operating lease or a capital lease based on the lease contract terms, the collectability of the leasehold and the non-reimbursable costs to be incurred by the lessor.

The asset held under an operating lease is stated at cost, and depreciated on the straight-line basis over the estimated useful life. Receivables collected are periodically recognized as rental income during the lease contract.

At the inception date of a capital lease, total leasehold receivables shall be recognized as all rental receivables plus the pre-determined bargain purchase price offered to the lessee upon maturity or estimated residual value. For a sales-type capital lease, sales revenue should be recognized as the sum of present value derived from each future rental receivable based on an implicit interest rate of the lease. The excess of total leasehold receivables over sales revenue should be deferred as unrealized interest income, and amortized as interest income by the effective interest method upon each collection. For a financing-type capital lease, leasehold receivables should be recognized as the sum of present value derived from each future rental receivable based on an implicit interest rate of the lease. The excess of total leasehold receivables over the present value of leasehold receivables should be deferred as unrealized interest income, and amortized as interest income by the effective interest method upon each collection.

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 by the straight-line method over 13 years and 9 months starting from the launch of 3G services.

b. Computer software

Computer software cost is amortized by the straight-line method over 2 to 5 years.

c. Goodwill

Goodwill is the unidentifiable difference between the cost of acquisition and the equity in the investee's net asset value. 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.

Income Taxes

The inter-period and intra-period allocation methods are 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 carry forwards. 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 provided for as income tax in the year when the shareholders resolve to retain the earnings.

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 year 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 year.

Hedging Derivative Financial Instruments

Derivatives that qualify as effective hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in earning or shareholders' equity, depending on the nature of the hedge.

Hedge Accounting

When hedge accounting is applied, gain or loss from changes in the fair value of the derivatives (hedging instruments) shall be offset by that of financial assets/liabilities (hedged position).

The Corporation entered into interest rate swaps (IRS) contracts to hedge against cash flow risk from inverse floating interest rates of liabilities, thus was qualified to apply hedge accounting. The accounting treatment is as follows: Gain or loss from changes in the fair value of the derivatives, which is recognized in shareholder's equity, shall be reclassified in earnings, if gain or loss from the expected transaction of the hedged position occurs. When there is objective evidence that the net loss recognized in shareholders' equity is expected to be not recoverable, the mentioned net loss should be reclassified in earnings as well.

Reclassification

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2008 have been reclassified to conform to the presentation of consolidated financial statements as of and for the year ended December 31, 2009.

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

In March 2007, the ARDF issued an interpretation that requires companies and their subsidiaries to recognize those bonuses to employees and remunerations to directors and supervisors as compensation expenses starting from January 1, 2008. The mentioned bonuses and remunerations were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of \$343,629 thousand in consolidated net income and a decrease in basic earnings per share of NT\$0.12 for the year ended December 31, 2008.

4. CASH AND CASH EQUIVALENTS

	December 31	2008
Government bonds with repurchase rights	\$ 1,580,638	\$ 2,176,133
Cash in banks	838,313	996,349
Time deposits	347,350	270,108
Short-term notes and bills with repurchase rights	202,000	391,879
Cash on hand	22,239	26,124
Revolving funds	<u>8,496</u>	<u>7,469</u>
	<u>\$ 2,999,036</u>	<u>\$ 3,868,062</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31	2008
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	\$ 177,821	\$ 174,008
Overseas listed stocks		
Hurray! Holding Co., Ltd. (NASDAQ listed company)	<u>—</u>	<u>67,434</u>
	<u>\$ 177,821</u>	<u>\$ 241,442</u>

6. ACCOUNTS RECEIVABLE - THIRD PARTIES

	December 31	2008
Accounts receivable	\$ 7,057,849	\$ 6,876,210
Less allowance for doubtful accounts	<u>(419,919)</u>	<u>(464,499)</u>
	<u>\$ 6,637,930</u>	<u>\$ 6,411,711</u>

For the year ended December 31, 2008, the Corporation and its subsidiaries entered into an accounts receivable factoring contract with HC Second Asset Management Co., Ltd. The Corporation and its subsidiaries sold \$5,188,398 thousand of the overdue accounts receivable, which had been written off, to HC Second Asset Management Co., Ltd. The aggregate selling price was \$60,525 thousand. Under this contract, the Corporation and its subsidiaries would no longer assume the risk on this receivable.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Taipei New Horizons Co., Ltd. (TNH) is established to invest in a property development project located in the old Songshan Tobacco Factory site. On January 15, 2009, TNH signed a 50-year BOT contract with Taipei City Government.

The Corporation established TNH on December 31, 2008 with initial investment of \$249,500 thousand, representing 49.9% ownership. Investment loss was \$37,526 thousand for the year ended December 31, 2009 based on the audited financial statements of TNH.

8. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

	December 31	2008
Domestic emerging stocks		
Taiwan High Speed Rail Corporation	\$ 2,120,829	\$ 2,120,829
Domestic unlisted stocks		
New Century Information Tech. Co., Ltd.	187,042	-
Arcoa Communication Co., Ltd.	67,731	67,731
Great Taipei Broadband Co., Ltd.	46,074	50,527
Parawin Venture Capital Corp.	20,207	22,202
WEB Point Co., Ltd.	6,773	6,773
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	50,324	60,064
Domestic unlisted preferred stock		
New Century Information Tech. Co., Ltd.	<u>—</u>	<u>187,042</u>
	<u>\$ 2,498,980</u>	<u>\$ 2,515,168</u>

Because there is no active market quotation and a reliable fair value can not be estimated, the above investments are measured at cost. For the years ended December 31, 2009 and 2008, the Group recognized an impairment loss of \$16,188 thousand and \$11,532 thousand, respectively.

9. BONDS MEASURED AT AMORTIZED COST - NON-CURRENT

	December 31	2008
Taiwan High Speed Rail Corporation - unlisted convertible preferred stock - series A	<u>\$ 500,000</u>	<u>\$ 500,000</u>

10. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

	December 31	2008
Buildings	\$ 595,463	\$ 515,681
Telecommunication equipment	30,516,262	30,209,157
Office equipment	65,726	99,252
Leased assets	485,455	420,303
Miscellaneous equipment	<u>997,258</u>	<u>1,017,139</u>
	<u>\$ 32,660,164</u>	<u>\$ 32,261,532</u>

Capitalized interest for the years ended December 31, 2009 and 2008 amounted to \$16,685 thousand and \$11,296 thousand, respectively, with capitalization rates ranging from 2.40% to 2.76%.

The Corporation and its subsidiary bought farmland located in Yang-Mei, Taoyuan and Fangshan, Pingtung, recognized as land of \$12,000 thousand and idle asset of \$35,787 thousand, respectively, based on the need for deploying telecom equipment. Because only an individual could be the owner of farmland according to related regulations, its ownership is under the landholder through a fiduciary contract.

11. INTANGIBLE ASSETS

	Year Ended December 31, 2009	
	Customer Relationship	Operating Rights
<u>Cost</u>		
Beginning balance	\$ 10,485,048	\$ 1,382,000
Add:		
Acquired from merger	3,742	-
Adjustment in contingent consideration of acquisition transaction	(2,371)	-
Effect to exchange rate changes	(478)	-
Amortization	-	(174,781)
Ending balance	<u>\$ 10,485,941</u>	<u>\$ 2,511,760</u>
	Year Ended December 31, 2008	
	Customer Relationship	Operating Rights
<u>Cost</u>		
Beginning balance	\$ 9,231,478	\$ 1,382,000
Add:		
Acquired from merger	1,251,211	-
Effect of exchange rate changes	2,359	-
Amortization	-	(174,782)
Ending balance	<u>\$ 10,485,048</u>	<u>\$ 2,686,541</u>

a. Customer relationship and operating rights

Under SFAS No. 25 - "Accounting for Business Combinations" and No. 37 - "Accounting for Intangible Assets"; the Group 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, TTN, the Corporation's 100%-owned subsidiary, acquired more than 50% of the former TFN through a public tender offer at the price of NT\$88.3 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:

The Group's members, which were engaged in mobile or wireless phone services, fixed network services and the cable television business, were viewed as separate, independent cash-generating units. Thus, the recoverable amounts of the operating assets and goodwill were evaluated by business type, and the critical assumptions used for this evaluation 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 2009 and 2008 financial statements.
 - c) Assumptions on discount rate
In 2009 and 2008, the discount rate used to calculate the asset recoverable amounts of the Corporation was 8.50% and 7.48% respectively.
- 2) Fixed network 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, the types of data transmission, bandwidth on demand, minutes of incoming and outgoing calls and average revenue per minute.
 - b) Assumptions on operating costs and expenses
The costs and expenses were based on the proportion of the actual costs and expenses to operating revenues in the 2009 and 2008 financial statements.
 - c) Assumptions on discount rate
In 2009 and 2008, the discount rate was 8.31% and 7.60%, respectively, in calculating the asset recoverable amounts of TTN.
- 3) 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 copyright costs, network maintenance 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 2009 and 2008 financial statements.

c) Assumptions on discount rate

The discount rate used to calculate the asset recoverable amounts for each System Operation was ranging from 2.90% to 6.42% and from 3.21% to 5.92% in 2009 and 2008, respectively.

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, 2009 and 2008.

12. ASSETS LEASED TO OTHERS AND IDLE ASSETS

	<u>December 31</u>	<u>2008</u>
	<u>2009</u>	
Assets leased to others		
Cost	\$ 471,664	\$ 639,696
Less accumulated depreciation	(22,462)	(41,279)
Less accumulated impairment	(10,591)	(54,493)
	<u>\$ 438,611</u>	<u>\$ 543,924</u>
Idle assets		
Cost	\$ 517,137	\$ 612,975
Less allowance for value decline	(35,929)	(187,519)
Less accumulated depreciation	(43,053)	(100,616)
Less accumulated impairment	(126,429)	(96,571)
	<u>\$ 311,726</u>	<u>\$ 228,269</u>

The impairment losses of idle equipment were determined based on their net realizable value. The Group recognized impairment losses of \$12,124 thousand for the year ended December 31, 2008.

13. SHORT-TERM BORROWINGS

	<u>December 31</u>	<u>2008</u>
	<u>2009</u>	
Unsecured loans from financial institutions	<u>\$ 6,800,000</u>	<u>\$ -</u>
Interest rate	0.57%-0.60%	-

14. SHORT-TERM NOTES AND BILLS PAYABLE

	<u>December 31</u>	<u>2008</u>
	<u>2009</u>	
Commercial paper payable		
International Bills financial Corporation	\$ 500,000	\$ -
Grand Bills Finance Corporation	300,000	-
Less discount on short-term notes and bills payable	(362)	-
	<u>\$ 799,638</u>	<u>\$ -</u>
Net carrying value	0.27%-0.33%	-
Interest rate		
Period	2009.12.10-	-
	2010.01.29	-

15. ADVANCE RECEIPTS

The Corporation entered into a contract with Mega International Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from prepaid card customers in accordance with NCC's new policy effective on April 1, 2007. The guaranteed advance receipts from prepaid card customers were \$832,908 thousand as of December 31, 2009.

TFN, the Corporation's subsidiary, entered into a contract with Mega International Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from IDD calling card customers in accordance with NCC's new policy effective on April 1, 2007. The Corporation also bears the repayment liability with respect to TFN's drawdown from its credit line with Mega Bank. The guaranteed advance receipts from above-mentioned IDD calling card customers were \$48,322 thousand as of December 31, 2009.

16. BONDS PAYABLE

	<u>December 31</u>		<u>2008</u>
	<u>2009</u>	<u>Non-current</u>	<u>Current</u>
	<u>Current</u>	<u>Non-current</u>	<u>Non-current</u>
Domestic unsecured bonds	\$ -	<u>\$ 8,000,000</u>	<u>\$ 7,500,000</u>
			<u>\$ 8,000,000</u>

a. 1st 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:

	<u>Principal</u>	<u>Rate</u>	<u>Terms</u>
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

(Continued)

The Labor Standards Act (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 Group 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 of Taipei City Government, the Corporation suspended contributing from February 2007 to January 2010.

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

a. Pension cost

	Years Ended December 31	
	2009	2008
Service cost	\$ 4,238	\$ 4,386
Interest cost	16,620	13,920
Projected return of pension assets	(16,280)	(14,851)
Amortization	5,172	213
Gain on settlement	<u>(11,657)</u>	<u>(1,087)</u>
Pension cost	<u>\$ (1,907)</u>	<u>\$ 2,581</u>

b. Changes in the prepaid pension cost

	December 31	
	2009	2008
Benefit obligation	\$ (6,540)	\$ (3,878)
Vested	<u>(427,856)</u>	<u>(358,040)</u>
Non-vested	(434,396)	(361,918)
Accumulated	<u>(282,031)</u>	<u>(295,360)</u>
Additional benefits based on future salaries	(716,427)	(657,278)
Projected benefit obligation	665,367	657,784
Fair value of plan assets	<u>(51,060)</u>	<u>506</u>
Funded status	17,821	20,900
Unrecognized net transition obligation	26,662	28,056
Unrecognized prior service cost	90,981	50,984
Unamortized net gain or loss	<u>(35,345)</u>	<u>(64,247)</u>
Unrecognized net gain	<u>(36,899)</u>	<u>(29,694)</u>
Additional liability	<u>\$ 12,160</u>	<u>\$ 6,505</u>
Prepaid pension cost	<u>\$ (7,364)</u>	<u>\$ (4,523)</u>

c. Vested benefit

	Years Ended December 31	
	2009	2008
Discount rate used in determining present values	2.00%-2.25%	2.50%-2.75%
Future salary increase rate	2.50%-3.00%	3.00%
Expected rate of return on plan assets	2.00%	2.50%-2.75%

d. Actuarial assumptions

	Principal	Rate	Terms
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>		(Concluded)

The last installments of the above-mentioned corporate bonds were repaid by the Corporation in December 2009.

b. 2nd domestic unsecured bonds

On November 14, 2008, the Corporation issued \$8,000,000 thousand five-year domestic unsecured bonds, with each bond having a face value of \$10,000 thousand and a coupon rate of 2.88% per annum, simple interest due annually. Repayment will be made in the fourth and fifth year with equal installments, i.e. \$4,000,000 thousand, respectively.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2012	\$ 4,000,000
2013	<u>4,000,000</u>
	<u>\$ 8,000,000</u>

17. LONG-TERM BORROWINGS

	December 31	
	2009	2008
Unsecured loans	\$ -	\$ 5,200,000
Interest rate	-	2.5916%

To provide medium-term working capital, the Corporation and its subsidiary, TFN, entered into a syndicated loan with a joint credit line of \$13,500,000 thousand with 9 banks led by Chinatrust Commercial Bank on February 21, 2008. The tenor is three years starting from May 20, 2008. Based on contract term, interests are payable monthly and the principal is due upon maturity. Upon maturity, the loan is allowed to revolve within its credit limits. The contract requires the Corporation to maintain certain financial ratio including debt ratios, interest coverage, and tangible net asset ratio based on semi-annual financials. The Corporation also bears the repayment liability with respect to TFN's borrowing. Please refer to Note 26 for further information.

18. PENSION PLAN

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Group should contribute monthly an amount equal to 6% of the employees' monthly wages to the employees' individual pension accounts. The contributed amount was \$172,910 thousand and \$174,989 thousand for the years ended December 31, 2009 and 2008, respectively.

19. 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. Also, the capital surplus from long-term investments may not be used for any purpose.

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.

For the year ended December 31, 2009, the bonuses to employees and remuneration to directors and supervisors were accrued based on a respective 3% and 0.3% of net income (net of the bonus to employees and remuneration to directors and supervisors) after setting aside 10% net income as legal reserves. The significant difference between annual accruals and the amount approved by the Board shall be adjusted in the current year. If the Board of Directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimation and will be adjusted in 2010 P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by its closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2008 and 2007 earnings appropriations resolved by the AGMs on June 19, 2009 and June 13, 2008 were as follows:

	Appropriation of Earnings For Fiscal		Dividend Per Share (NT\$) For Fiscal	
	Year 2008	Year 2007	Year 2008	Year 2007
Appropriation of legal reserve	\$ 1,537,138	\$ 661,300		
Reversal of special reserve	(56,744)	(86,819)		
Remuneration to directors and supervisors	-	18,116		
Cash bonus to employees	-	181,155		\$2,54326
Cash dividends	13,968,864	7,601,851	\$4,68704	
	<u>\$ 15,449,258</u>	<u>\$ 8,375,603</u>		

The shareholders on June 19, 2009 resolved to distribute 2008 bonus of \$414,697 thousand to employees and remuneration of \$41,470 thousand to directors and supervisors.

Information on the appropriation of the 2008 earnings, bonus and remuneration to employees, directors and supervisors proposed by the Board of Directors and approved at 2009 AGM is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Capital reduction by cash

To increase ROE (Return of Equity) and maintain stable EPS (Earnings per Share) and dividend, the Corporation's AGM resolved on June 15, 2007, a capital reduction of \$12,000,000 thousand, representing 24% of outstanding shares. The Corporation's Board of Directors resolved the record date of December 1, 2007, and completed the procedure for registration changes, which is already approved by the authority. Trading suspension period started from February 1 to 19, 2008, and new shares resumed trading from February 20, 2008.

d. Treasury stock

(Shares in Thousands)

Year ended December 31, 2009	Purpose of Buyback	Beginning Shares	Increase	Decrease	Ending Shares
To be transferred to employees		24,193	-	24,193	-
Shares held by subsidiaries		811,918	-	-	811,918
<u>Year ended December 31, 2008</u>		-	24,193	-	24,193
To be transferred to employees		1,368,250	-	556,332	811,918
Shares held by subsidiaries		(Note)			

Note: Shares held before capital reduction.

1) Transfer of stock to employees

For the year ended December 31, 2009, the Corporation transferred 24,193 thousand shares bought back from the market to employees at NT\$43.8 per share, resulting in a reduction of \$3,254 thousand in capital surplus.

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

As of December 31, 2009, the carrying and market value of the Corporation's stocks held by TCCI, TID and TUJ (all are subsidiaries 100%-owned by the Corporation) were \$50,663,659 thousand. The Corporation reclassified \$31,889,100 thousand from investments accounted for using equity method to treasury stock based on SFAS No. 30, "Accounting for Treasury Stock". Although these shares are treated as treasury stock in the consolidated financial statements, 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.

In the first quarter of 2008, TFN sold 300,000 thousand shares of the Corporation for \$13,509,828 thousand. Disposal gain from the sales resulted in an increase in capital surplus by \$3,485,732 thousand. In addition, the Corporation's shares held by subsidiaries were reduced by 256,332 thousand shares due to the Corporation's capital reduction.

e. Unrealized gains or losses on financial instruments

Unrealized gains or losses on financial instruments for the years ended December 31, 2009 and 2008 were summarized as follows:

	Years Ended December 31	
	2009	2008
Available-for-sale financial assets		
Balance, beginning of year	\$ 54,455	\$ 57,560
Fair value changes recognized directly in equity	9,169	(3,105)
	<u>63,624</u>	<u>54,455</u>
Changes in unrealized gains (losses) of cash flow hedge		
Balance, beginning of year	61,864	(38,749)
Fair value changes recognized directly in equity	(61,864)	100,613
	<u>-</u>	<u>61,864</u>
Changes in unrealized gains (losses) recognized by the equity method		
Balance, beginning of year	(122,216)	(82,854)
Fair value changes recognized directly in equity	122,216	(39,362)
	<u>-</u>	<u>(122,216)</u>
Unrealized gains (losses) on financial instruments	<u>\$ 63,624</u>	<u>\$ (5,897)</u>

20. INCOME TAX EXPENSE

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

	Years Ended December 31	
	2009	2008
Tax on pretax income at statutory tax rate (25%)	\$ 6,509,331	\$ 7,351,511
Add (deduct) tax effects of		
Permanent differences		
Investment income from domestic investees accounted for using equity method	(2,195,626)	(2,705,374)
Other	(23,226)	91,238
Temporary differences		
Tax-exempt income	(544,301)	(507,231)
Deferred income taxes	1,023,505	426,497
Prior years' adjustment	22,135	509,901
Prior years' loss carryforward	(20,412)	(39,901)
Investment tax credits	(15,857)	(316,878)
Tax on short-term bills	266	11,601
Income tax (10%) on unappropriated earnings	-	195,172
Income basic tax	<u>-</u>	<u>163,926</u>
Income tax expense	<u>\$ 4,755,815</u>	<u>\$ 5,154,461</u>

In January 2009, the Article 39 of the Income Tax Law was amended to extend the operating losses carryforward period from five years to ten years. In May 2009, the Article 5 of the Income Tax Law was amended to reduce corporate statutory income tax rate from 25% to 20%, effective from 2010. The Group recalculated its deferred tax assets and liabilities in accordance with the amended Articles and recorded the resulting difference as an income tax expense.

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

	December 31	
	2009	2008
Unrealized loss on retirement of property and equipment	\$ 1,412,488	\$ 2,155,031
Provision for doubtful accounts	482,476	690,256
Investment tax credits	27,760	484,494
Amortization of goodwill	(256,598)	(136,519)
Prior years' loss carryforward	66,022	101,901
Provision for impairment losses on idle assets	30,375	66,416
Unrealized gain on financial liabilities	-	(20,622)
Accrued pension cost	(4,571)	(2,526)
Other	1,864,240	106,288
	<u>1,864,240</u>	<u>3,380,030</u>
Less valuation allowance	(329,494)	(842,400)
	<u>\$ 1,534,746</u>	<u>\$ 2,537,630</u>

(Continued)

	December 31	
	2009	2008
Deferred income tax assets		
Current	\$ 29,132	\$ 149,534
Non-current	<u>1,631,570</u>	<u>2,478,484</u>
	\$ <u>1,660,702</u>	\$ <u>2,628,018</u>
Deferred income tax liabilities		
Non-current	<u>(125,956)</u>	<u>(90,388)</u>
		(Concluded)

c. As of December 31, 2009, the Corporation and its subsidiaries' 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	\$ 42,718	\$ 26,861	2013
	Personnel training	<u>899</u>	<u>899</u>	2012
		<u>\$ 43,617</u>	<u>\$ 27,760</u>	

d. Following were the net operating loss carryforwards of the Group of December 31, 2009:

Year	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
2004	\$ 8,733	\$ -	2014
2005	22,558	-	2015
2006	184,627	139,148	2016
2007	129,144	126,539	2017
2008	65,226	62,951	2018
2009	<u>1,471</u>	<u>1,471</u>	2019
	<u>\$ 411,759</u>	<u>\$ 330,109</u>	

e. Integrated income tax information was as follows:

	December 31	
	2009	2008
Balance of imputation credit account (ICA)		
The Corporation	\$ 2,990,179	\$ 2,797,888
TCC	-	2,668
WMT	-	-
TFMT	2,674	-
FILMT	-	-
GWMT	1,627	1,624
FSMT	2,370	1,950
GFMT	-	-
TYDB	-	97
	Not applicable	(Continued)

	December 31	
	2009	2008
TDC	-	-
TCCI	-	-
TID	-	-
TSB	-	10
TFN	712,967	1,615,935
TUI	-	-
TT&T	562	29
TFNI	Not applicable	123,168
R&R	Not applicable	-
WTVB	-	-
TFNM	148,001	198,248
UCTV	27,364	44,364
SHCTV	Not applicable	9,641
YJCTV	56,870	54,683
MCTV	14,119	7,914
PCTV	34,556	31,588
GCTV	28,694	33,738
		(Concluded)

As of December 31, 2009, there were no unappropriated earnings generated before January 1, 1998. The estimated or actual creditable ratios for the 2009 and 2008 earnings appropriation were as follows:

	December 31	
	2009	2008
The Corporation		
TCC	32.17%	35.28%
TCC	30.56%	29.90%
WMT	-	-
TFMT	33.33%	33.33%
FILMT	-	-
GWMT	33.33%	33.33%
FSMT	33.33%	33.33%
GFMT	-	-
TYDB	Not applicable	-
TDC	-	-
TCCI	33.33%	Not applicable
TID	-	Not applicable
TSB	-	25.98%
TFN	33.33%	33.33%
TT&T	27.61%	0.05%
TUI	-	Not applicable
TFNI	Not applicable	30.52%
R&R	Not applicable	-
WTVB	-	-
TFNM	33.35%	33.35%
UCTV	29.75%	33.33%
SHCTV	Not applicable	-
YJCTV	33.33%	33.33%
MCTV	33.39%	33.37%
PCTV	33.7%	32.59%
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 2009 earnings appropriation may be adjusted when the imputation credits are distributed.

f. 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	All applicable
TAT	2007
Mobitai	2006
TCC	2007
WMT	2007
TFMT	2007
FJLMT	2007
GWMT	2007
FSMT	2007
GFMT	Not applicable
TYDB	All applicable
TDC	2008
The former TT&T	2007
TCPIA	All applicable
TLIA	All applicable
TSB	2007
TFN	2007
The former TFN	2006, only 2005 not applicable
TUC	All applicable
TTN	2007
TT&T	2007
TFNI	2007
R&R	2007
WTVB	2007
TFNM	2006
UCTV	2005
SHCTV	2007
YJCTV	2007
MCTV	2007
NCCTV	All applicable
PCTV	2007
GCTV	2007

The Corporation's income tax returns as of 2005 had been examined by the tax authorities. The Corporation filed for corrections of its 1999 through 2001 income tax returns. The Corporation also disagreed with the results on the income tax returns of 2002 through 2005 and had filed requests for reexamination.

TAT's income tax returns as of 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns and had requested a reexamination of the 2006 and 2007 income tax returns.

The former TAT's income tax returns as of 2006 had been examined by the tax authorities. The former TAT disagreed with the examination results of the 2002 and 2003 income tax returns and had filed an appeal, which is reviewed by the Supreme Court of the R.O.C. The former TAT also filed administrative proceedings for 2004 and 2005's income tax returns.

Mobitai's income tax returns as of 2006 had been ratified by the tax authorities. Mobitai disagreed with the result on the income tax returns and plans to apply for a reexamination of the 2006 income tax return.

TFNM's income tax returns as of 2006 had been examined by the tax authorities. However, TFNM disagreed with the examination result on the 2006 income tax return and requested a reexamination of the 2006 income tax return.

21. EARNINGS PER SHARE

	Amounts (Numerator)		Shares (Denominator) (Thousands)	EPS (NT\$)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
For the year ended December 31, 2009					
Basic EPS					
Income of common shareholders	\$ 18,132,491	\$ 13,888,862	2,979,311	\$ 6.09	\$ 4.66
Add effect of potentially dilutive common stocks	—	—	—	—	—
Bonus to employees	—	—	9,846	—	—
Diluted EPS					
Income of common shareholders with dilutive effect or potential common shares	\$ 18,132,491	\$ 13,888,862	2,989,157	\$ 6.07	\$ 4.65
For the year ended December 31, 2008					
Basic EPS					
Income of common shareholders	\$ 19,777,097	\$ 15,371,386	2,966,368	\$ 6.67	\$ 5.18
Add effect of potentially dilutive common stocks	—	—	—	—	—
Bonus to employees	—	—	8,515	—	—
Diluted EPS					
Income of common shareholders with dilutive effect or potential common shares	\$ 19,777,097	\$ 15,371,386	2,974,883	\$ 6.65	\$ 5.17

The ARDF issued Interpretation No. 2007-052 that requires companies to recognize bonuses paid to employees and remunerations to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings. If the Corporation may settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the potential share dilutions should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. In the calculation of diluted EPS, the number of outstanding shares is derived from dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. Such potential dilutive effect should be taken into consideration in the calculation of diluted EPS until the shareholders resolved the actual number of shares to be distributed to employees at the AGM of the following year.

22. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Years Ended December 31		
	2009	2008	2007
	Classified as Operating Cost	Classified as Operating Cost	Classified as Operating Expenses
Labor cost	\$ 1,348,639	\$ 1,363,649	\$ 3,362,099
Salary		\$ 4,637,901	\$ 4,725,748
Labor and health insurance	87,907	268,070	173,194
Pension	58,567	169,131	104,273
Other	59,474	192,451	148,617
	\$ 1,554,587	\$ 5,267,553	\$ 5,351,328
Depreciation	\$ 7,136,715	\$ 7,747,175	\$ 581,721
Amortization	961,926	1,089,051	122,067
			\$ 7,179,601
			1,095,670

23. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

	December 31	
	2009	2008
	Carrying Value	Fair Value
Non-derivative financial instruments		
Liabilities		
Bonds payable (including current portion)	\$ 8,000,000	\$ 8,373,376
		\$ 15,500,000
		\$ 15,621,815

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

- 1) 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 investments accounted for using equity method, prepayment for long-term investments, financial assets carried at cost or bonds investment with no active market can be measured by the net worth of the investees' or the estimated book value.
- 3) Bonds payable - based on the over-the-counter quotations in December.
- 4) Fair value of long-term loans - based on the present value of future cash flows discounted by the interest rates the Corporation may obtain for similar loans (e.g., similar maturities).
- 5) Derivative financial instruments - based on valuation results provided by banks. As of December 31, 2008, the financial instrument held by the Corporation was 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 borrowings, 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 \$2,006,775 thousand and \$2,764,594 thousand as of December 31, 2009 and 2008, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$15,599,638 thousand and \$15,700,000 thousand as of December 31, 2009 and 2008, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$975,905 thousand and \$1,173,229 thousand as of December 31, 2009 and 2008, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$0 thousand and \$5,000,000 thousand as of December 31, 2009 and 2008, respectively.

e. Information on financial risks:

1) Market risk

The Group didn't enter into any financial derivatives transactions, which will have big exposure to exchange rate and interest rate risks.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Group 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 Group's evaluation of credit risk exposure as of December 31, 2009 and 2008 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's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

24. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Group
Taiwan Mobile Foundation (TWM Foundation)	Over one third of the Foundation's issued fund came from the Corporation
Taipei New Horizons Co., Ltd.	Equity-method investee
Fubon Life Assurance Co., Ltd. (FLA)	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
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. (FPPM)	Related party in substance
Fubon Marketing Co., Ltd. (formerly named Fubon Direct Marketing Consulting Co., Ltd.)	Related party in substance (renamed on April 13, 2009)
Fubon Financial Holding Company	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Venture Capital Consulting Co., Ltd.	Related party in substance
Dai-Ka Ltd. (DKL)	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance

b. Significant transactions with related parties are summarized below:

1) Operating revenues

	Years Ended December 31		% of Total Revenues
	2009	2008	
TFCB	\$ 133,447	\$ 149,783	-
FMT	108,446	73,494	-
FLA	25,203	14,510	-
TSL	24,822	102,147	-
Fubon Financial Holding Company	18,359	5,634	-
FSC	16,565	47,429	-
Fubon Ins.	16,521	15,765	-
	<u>\$ 343,363</u>	<u>\$ 408,762</u>	

The Group mainly rendered telecommunication service to the above companies. The average collection period for notes and accounts receivable was based on regular terms.

2) Operating costs

	Years Ended December 31		% of Total Costs
	2009	2008	
DKL	\$ 146,948	\$ 155,199	-
Fubon Ins.	66,336	76,375	-
	<u>\$ 213,284</u>	<u>\$ 231,574</u>	

The above companies mainly rendered telecommunication, maintenance, insurance and TV programs licensing services to the Group. The average payment term for notes and accounts payable was based on regular terms.

3) Property transactions

Disposal of property and equipment

Description	Year Ended December 31, 2008	Amount	Loss
FMT	Telecommunication equipment and miscellaneous equipment	\$ 62,807	\$ 7,038

The transaction amount of WTVB's sale of equipment to FMT was negotiated based on the value appraised by an independent third party. WTVB's receivables from the above transaction were fully collected as of December 31, 2008.

4) Rental income

	Year Ended December 31, 2009		% of Total Revenues
	Leased Sites/Equipment	2009	
FMT	Offices appliance, etc.	\$ 33,423	\$ 29,972

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

5) Cash in banks

	December 31		% of Total Assets
	2009	2008	
a) Cash in banks	\$ 408,101	\$ 556,278	14
TFCB			
b) Pledged time deposits	\$ 10,000	\$ 36,965	31
TFCB			

6) Receivables and payables

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
a) Accounts receivable				
TFCB	\$ 79,594	1	\$ 114,822	2
FSC (Note)	17,983	-	29,715	-
TSL (Note)	15,835	-	42,716	1
Fubon Ins.	15,199	-	14,436	-
FLA (Note)	14,566	-	13,455	-
Other	20,821	-	17,885	-
	<u>\$ 163,998</u>		<u>\$ 233,029</u>	

Note: Leasehold receivables from FSC were as follows:

	December 31, 2009		December 31, 2008	
	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total	
December 31, 2009				
Leasehold receivable	\$ 4,295	\$ 9,288	\$ 13,583	
Less unrealized interest income	(679)	(766)	(1,445)	
	<u>\$ 3,616</u>	<u>\$ 8,522</u>	<u>\$ 12,138</u>	
December 31, 2008				
Leasehold receivable	\$ 5,443	\$ 12,700	\$ 18,143	
Less unrealized interest income	(868)	(1,425)	(2,293)	
	<u>\$ 4,575</u>	<u>\$ 11,275</u>	<u>\$ 15,850</u>	

Note: Leasehold receivables from TSL were as follows:

	December 31, 2009		December 31, 2008	
	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total	
December 31, 2009				
Leasehold receivable	\$ 16,095	\$ 33,340	\$ 49,435	
Less unrealized interest income	(2,438)	(2,498)	(4,936)	
	<u>\$ 13,657</u>	<u>\$ 30,842</u>	<u>\$ 44,499</u>	

(Continued)

	December 31, 2008		Maturities of Over One Year (Classified Under Other Assets)		Total
	Current Portion	Amount	Amount	%	
December 31, 2008					
Leasehold receivable	\$ 30,851	\$ 70,841	\$ 101,692		
Less unrealized interest income	(4,578)	(7,134)	(11,712)		
	<u>\$ 26,273</u>	<u>\$ 63,707</u>	<u>\$ 89,980</u>		

Note: Leasehold receivables from FLA were as follows:

	December 31, 2009		December 31, 2008	
	Current Portion	Maturities of Over One Year (Classified Under Other Assets)	Total	
December 31, 2009				
Leasehold receivable	\$ 5,587	\$ 9,391	\$ 14,978	
Less unrealized interest income	(209)	(670)	(879)	
	<u>\$ 5,378</u>	<u>\$ 8,721</u>	<u>\$ 14,099</u>	

(Concluded)

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
b) Prepayments	\$ 20,543	3	\$ 46,502	6
Fubon Ins.				
c) Accounts payable				
DKL	\$ 35,916	1	\$ 38,800	1
d) Accrued expenses				
Fubon Ins.	\$ 13,176	1	\$ 56	-

	Years Ended December 31	
	2009	2008
7) Insurance expenses		
Fubon Ins.	\$ <u>12,065</u>	\$ <u>15,887</u>
8) Donation		
TWM Foundation	\$ <u>30,400</u>	\$ <u>22,000</u>
9) Repairs and maintenance		
FPM	\$ <u>24,709</u>	\$ <u>23,347</u>
10) Other expenses		
FPM	\$ <u>27,392</u>	\$ <u>28,085</u>
11) Endorsement/guarantee provided		

The Corporation and its subsidiaries provide guarantee contracts for related party. Please see Note 26.

12) Compensation to directors, supervisors and managers:

	Years Ended December 31	2008
	2009	2008
Salaries, incentives and special compensation	\$ 216,507	\$ 202,012
Earnings paid as remuneration to directors	37,483	41,470
Earnings paid as bonus to employees	62,668	77,293
Professional fee	<u>3,092</u>	<u>3,688</u>
	\$ <u>319,750</u>	\$ <u>324,463</u>

The compensation to directors, supervisors and managers for the year ended December 31, 2008 included the bonus appropriation from 2008 earnings approved in 2009 AGM. While that for the year ended December 31, 2009 included the bonus appropriation from 2009 earnings subject to approval in 2010 AGM. More detailed information may be referred in the Corporation's annual reports.

25. 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:

	December 31	2008
	2009	2008
Current assets - time deposits	\$ 32,157	\$ 38,015
Other assets - time deposits	<u>500</u>	<u>—</u>
	\$ <u>32,657</u>	\$ <u>38,015</u>

26. 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 and \$3,242,661 thousand in May 2009, respectively. As of December 31, 2009, the purchase amount was \$4,693,485 thousand and \$975,556 thousand, respectively.
- b. The Corporation provided \$21,500,000 thousand guarantee for TFN's bank loans. The Corporation also provided \$21,328,330 thousand in promissory notes outstanding for TFN's borrowings with banks. TFN has drawn down \$1,848,322 thousand from banks within the guarantee amount.
- c. The Corporation and its subsidiary, TFN, obtained \$13,500,000 thousand of syndicated loan from 9 banks led by Chinatrust Commercial Bank. The Corporation provided a guarantee for TFN's bank loan. As of December 31, 2009, both the Corporation and TFN had not made any drawdown on this loan.
- d. As of December 31, 2009, the Corporation had provided TFN \$50,000 thousand as performance guarantee for IDD calling card issued by July 31, 2008, in accordance with NCC's new policy effective on April 1, 2007.
- e. As of December 31, 2009, TT&T provided an \$146 thousand guarantee for TFN's obligation of construction and equipment sales.
- f. Future minimum rental payments as of December 31, 2009 for significant operating lease agreements are summarized as follows:

	Amount
2010	\$ 159,153
2011	141,873
2012	131,152
2013	8,976
2014	8,976

27. 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 of inverse floating interest rates of bonds, which are settled semiannually. Please refer to Note 23 for the related information.

Financial Instrument	Term	Contract Amount	Due Date
Interest rate swap contracts	Inverse floating interest rate in exchange for fixed interest rate of 2.45%	\$ 5,000,000	December 2009

The Corporation entered into IRS contracts to hedge inverse floating interest rate fluctuation. For the years ended December 31, 2009 and 2008, the Corporation recognized gains of \$84,485 thousand and losses \$30,531 thousand, respectively, recorded as deduction and addition to interest expense, respectively

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).

28. SEGMENT INFORMATION

a. Industry

	Year Ended December 31, 2009			Adjustments and Elimination	Consolidated
	Mobile	Fixed-line	Cable TV		
Revenues from outside of the Group	\$ 54,762,097	\$ 8,399,835	\$ 5,244,538	\$ 63,762	\$ 68,470,232
Revenues from other segments in the Group (Note 2)	2,299,111	1,541,744	28,527	(3,904,452)	-
Total revenues	\$ 57,061,208	\$ 9,941,579	\$ 5,273,065	\$ (3,904,452)	\$ 68,470,232
Gross profit (loss) (Note 3)	\$ 16,696,861	\$ 1,778,066	\$ 1,984,498	\$ (20,134)	\$ 20,448,134
Interest income	-	-	-	-	16,501
Interest expenses	-	-	-	-	(579,630)
Operating expenses	-	-	-	-	(861,364)
Other expenses	-	-	-	-	(1,816,570)
Income before income tax	\$ 65,984,131	\$ 6,427,272	\$ 12,642,162	\$ (2,570,260)	\$ 82,511,057
Identifiable assets (Note 4)	-	-	-	-	177,821
Financial assets	-	-	-	-	3,210,954
Long-term investment	-	-	-	-	-
General assets	-	-	-	-	-
Total assets	\$ 7,026,751	\$ 232,577	\$ 491,537	\$ 3,657	\$ 8,099,832
Depreciation expenses	\$ 872,755	\$ 72,801	\$ 142,468	\$ 1,027	\$ 1,097,051
Amortization expenses	\$ 4,573,900	\$ 1,183,005	\$ 877,341	\$ 305	\$ 6,634,251
Capital expenditure	-	-	-	-	-

	Year Ended December 31, 2008			Adjustments and Elimination	Consolidated
	Mobile	Fixed-line	Cable TV		
Revenues from outside of the Group	\$ 56,104,767	\$ 8,862,675	\$ 4,186,480	\$ 142,174	\$ 69,296,096
Revenues from other segments in the Group (Note 2)	2,151,979	1,127,584	50,900	(3,363,963)	-
Total revenues	\$ 58,256,746	\$ 9,990,259	\$ 4,237,380	\$ (3,363,963)	\$ 69,296,096
Gross profit (loss) (Note 3)	\$ 18,455,240	\$ 1,726,187	\$ 1,666,003	\$ (60,222)	\$ 21,761,840
Interest income	-	-	-	-	103,583
Interest expenses	-	-	-	-	(697,043)
Operating expenses	-	-	-	-	(1,568,253)
Other expenses	-	-	-	-	-
Income before income tax	\$ 78,745,897	\$ 5,866,249	\$ 12,511,028	\$ (240,474)	\$ 88,350,514
Identifiable assets (Note 4)	-	-	-	-	323,927
Financial assets	-	-	-	-	3,246,668
Long-term investment	-	-	-	-	-
General assets	-	-	-	-	-
Total assets	\$ 6,598,035	\$ 87,509	\$ 483,282	\$ 19,204	\$ 7,188,030
Depreciation expenses	\$ 888,390	\$ 69,290	\$ 159,914	\$ 1,377	\$ 1,159,971
Amortization expenses	\$ 5,911,444	\$ 1,222,258	\$ 317,368	\$ 302	\$ 7,451,372
Capital expenditure	-	-	-	-	-

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

Note 2: Represents sales or service revenue 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) Long-term investments accounted for using equity method.

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	Years Ended December 31		Percentage of Operating Revenues (%)
	2009	2008	
Chunghwa Telecom Co., Ltd.	\$ 8,833,137	\$ 9,850,395	14

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	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		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
											Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Tai Fu Media Technology Co., Ltd. Wealth Media Technology Co., Ltd. TFN Media Co., Ltd. Taiwan Cellular Co., Ltd.	Other receivables Other receivables Other receivables Other receivables	\$ 2,045,000 60,000 2,000,000 8,000,000	\$ - 45,000 2,000,000 -	0.838%-2.417% 0.838% 0.838% 0.847%	Short-term financing Short-term financing Short-term financing Short-term financing	\$ - - - -	To meet its financing needs in acquiring minorities Operation requirements Operation requirements Operation requirements	\$ - - - -	- - - -	\$ 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1)	\$ 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1) 20,829,291 (Note 1)	
1	Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd.	Other receivables	5,040,000	4,670,000	0.838%-2.417%	Short-term financing	-	To meet its financing needs in acquiring minorities and operation requirements	-	-	20,878,023 (Note 1)	20,878,023 (Note 1)	
		TCC Investment Co., Ltd.	Other receivables	2,270,000	2,270,000	0.845%	Short-term financing	-	Operation requirements	-	-	20,878,023 (Note 1)	20,878,023 (Note 1)	
2	TCC Investment Co., Ltd. (Note 3)	TFN Media Co., Ltd. TFN Media Co., Ltd.	Other receivables Other receivables	1,000,000 2,900,000	- -	2.417% 0.929%-2.602%	Short-term financing Short-term financing	- -	To meet its financing needs in acquiring minorities Operation requirements	- -	- -	8,386,254 (Note 1) 8,386,254 (Note 1)	8,386,254 (Note 1) 8,386,254 (Note 1)	
3	Taiwan Fixed Network Co., Ltd.	TFN Media Co., Ltd. The Corporation Taiwan Cellular Co., Ltd.	Other receivables Other receivables Other receivables	1,320,000 1,600,000 8,410,000	- - 8,040,000	0.862%-2.581% 1.068%-2.417% 0.838%-0.847%	Short-term financing Short-term financing Short-term financing	- - -	Operation requirements Operation requirements Operation requirements	- - -	- - -	14,084,712 (Note 1) 14,084,712 (Note 1) 14,084,712 (Note 1)	14,084,712 (Note 1) 14,084,712 (Note 1) 14,084,712 (Note 1)	
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	700,000	700,000	0.838%-2.604%	Transactions	270,213	Business requirements	-	-	13,500,000 (Note 2)	13,500,000 (Note 2)	
5	Mangrove Cable TV Corporation	TFN Media Co., Ltd.	Other receivables - related parties	188,000	-	0.844%-2.594%	Transactions	32,440	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
6	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	450,000	200,000	0.862%-2.604%	Transactions	221,977	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
7	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	680,000	680,000	0.838%-2.594%	Transactions	563,225	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
8	Shin Ho Cable TV Co., Ltd. (Note 4)	TFN Media Co., Ltd.	Other receivables - related parties	207,700	-	0.839%-2.604%	Transactions	1,350	Business requirements	-	-	12,000,000 (Note 2)	12,000,000 (Note 2)	
9	Yeong-Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables - related parties	360,000	360,000	0.838%-2.594%	Transactions	478,941	Business requirements	-	-	24,000,000 (Note 2)	24,000,000 (Note 2)	
10	TFN Media Co., Ltd.	WinTV Broadcasting Co., Ltd.	Other receivables - related parties	470,000	307,000	0.839%-0.862%	Transactions	57,336	Business requirements	-	-	15,000,000 (Note 2)	15,000,000 (Note 2)	

(Continued)

No.	Lending Company	Borrowing Company	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		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
											Item	Value		
11	Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	Other receivables - related parties	\$ 60,000	\$ 45,000	0.833%	Short-term financing	\$ -	Repayment of financing	\$ -	-	\$ 77,046 (Note 1)	\$ 77,046 (Note 1)	
12	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	Other receivables - related parties	9,000	4,000	0.867%	Short-term financing	-	To meet its financing needs in acquiring minorities	-	-	76,471 (Note 1)	76,471 (Note 1)	

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) * (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: 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 3: TCC Investment Co., Ltd. assumed all TFN Investment Co., Ltd.'s financing provided to others due to merger.

Note 4: Shin Ho Cable TV Co., Ltd. was liquidated on December 1, 2009.

(Concluded)

TABLE 2

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount Can Be Provided to Each Receiving Party (Note 3)	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	\$ 42,000,000 (Note 3)	\$ 34,878,330	\$ 34,878,330	\$ -	66.98%	\$ 52,073,226
1	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Fixed Network Co., Ltd.	(Note 4)	20,000 (Note 5)	146	146	-	0.16%	93,063 (Note 5)

Note 1: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.

Note 2: Direct/indirect subsidiary

Note 3: For 100% direct/indirect owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of the Corporation, and the upper-limit to each subsidiary shall be the double of the investment amount.

Note 4: Parent company

Note 5: TT&T is directly and indirectly 100% owned by TFN. The endorsement/guarantee amount provided by TT&T, shall be limited within the net worth of TT&T, and not over double of the investment amount in TT&T.

TABLE 3

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
Taiwan Mobile Co., Ltd. (the "Corporation")	Stock Chunghua Telecom Co., Ltd.	-	Available-for-sale financial assets - current	2,989	\$ 177,821	0.028	\$ 177,821 (Note 5)
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost - non-current	2,200	50,324	10.00	- (Note 3)
	Yes Mobile Holdings Company	-	Financial assets carried at cost - non-current	74	-	0.19	-
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,200	(Note 2) 192,615	100.00	(Note 3) 192,615
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments - equity method	30,000	9,353,920	100.00	52,195,059
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments - equity method	24,950	(Note 4) 211,974	49.90	211,974
Wealth Media Technology Co., Ltd.	Stock Tai Fu Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	27,000	191,178	100.00	191,178
Tai Fu Media Technology Co., Ltd.	Stock Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	8,400	86,982	100.00	86,982
	Fu Jia Leh Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	968	100.00	968
	Fu Sin Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	13,500	140,858	100.00	140,858
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments - equity method	100	780	100.00	780
Global Wealth Media Technology Co., Ltd.	Stock Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	3,749	89,199	6.694	42,130
Fu Sin Media Technology Co., Ltd.	Stock Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	2,272	131,937	3.34	31,657
Taiwan Cellular Co., Ltd.	Stock Areca Communication Co., Ltd.	-	Financial assets carried at cost - non-current	6,998	67,731	5.21	- (Note 3)
	Parawin Venture Capital Corp.	-	Financial assets carried at cost - non-current	3,000	20,207	3.00	- (Note 3)
	Transportation High Tech Inc.	-	Financial assets carried at cost - non-current	1,200	-	12.00	- (Note 3)
	WEB Point Co., Ltd.	-	Financial assets carried at cost - non-current	803	(Note 2) 6,773	3.17	- (Note 3)
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments - equity method	1 share	US\$ 8,415	100.00	US\$ 8,415 (Note 3)

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
TWM Holding Co., Ltd.	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100,000	\$ 35,211,780	100.00	\$ 35,211,780
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments - equity method	1,200	10,950	100.00	10,950
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	2,100	21,092,818	100.00	20,965,635
TCC Investment Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 3,872	100.00	US\$ 2,982
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	222,774	\$ 13,901,109	5.86	\$ 13,901,109
TFN Media Co., Ltd.	WinTV Broadcasting Co., Ltd.	Subsidiary	Long-term investments - equity method	17,905	253,732	98.50	(Note 5) 250,914
	TFN Media Co., Ltd.	Subsidiary	Long-term investments - equity method	230,526	1,763,621	100.00	3,603,385
	TCCI Investment & Development Co., Ltd.	Subsidiary	Long-term investments - equity method	400	8,123,641	100.00	8,123,641
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost - non-current	10,000	46,074	6.67	(Note 3) -
TCCI Investment & Development Co., Ltd.	<u>Preferred stock</u> Taiwan High Speed Rail Corporation	-	Bonds measured at amortized cost - non-current	50,000	500,000	1.24	(Note 3) -
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	132,849	8,289,757	3.50	8,289,757 (Note 5)
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jiaeh Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	33,940	2,111,821	100.00	587,341
	Mangrove Cable TV Corporation	Related party in substance	Long-term investments - equity method	6,248	546,514	29.53	283,339 (Note 6)
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	65,818	3,141,644	96.66	917,139
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	170,441	2,058,304	99.99	1,853,557
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments - equity method	51,733	1,203,928	92.38	581,407
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments - equity method	400	27,902,369	100.00	27,902,369
	TFN HK LIMITED	Subsidiary	Long-term investments - equity method	1,300	3,346	100.00	3,346
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments - equity method	1,000	93,063	100.00	93,063
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost - non-current	225,531	2,120,829	3.47	(Note 3) -
TFN Union Investment Co., Ltd.	New Century InfoComm Technology Co., Ltd.	-	Financial assets carried at cost - non-current	21,890	187,042	0.84	(Note 3) -
	<u>Stock</u> Taiwan Mobile Co., Ltd. (the "Corporation")	The Corporation	Available-for-sale financial assets - non-current	456,295	28,472,793	12.00	28,472,793 (Note 5)

(Continued)

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2009			Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	
Taiwan Teleservices & Technologies Co., Ltd.	Stock TT & T Holdings Co., Ltd. Taiwan Super Basketball Co., Ltd.	Subsidiary Subsidiary	Long-term investments - equity method Long-term investments - equity method	1,300 2,000	US\$ 1,409 20,023	100.00 100.00	US\$ 1,409 20,023
TT&T Holdings Co., Ltd.	Stock Xiamen Taihu Teleservices & Technologies Ltd.	Subsidiary	Long-term investments - equity method	-	US\$ 1,403	100.00	US\$ 1,403

Note 1: Based on the investee's net worth as shown in its audited financial statements if market value was not available.

Note 2: Impairment loss recognized in 2004 reduced the value to zero.

Note 3: As of January 20, 2010, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$52,195,059 thousand on TCC shall be reduced by 1) downward adjusting \$31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book, 2) excluding \$11,420,417 thousand unrealized gain from financial assets investment, 3) adding back \$475,907 thousand income tax expenses resulted from TPN and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$7,529 thousand.

Note 5: Based on the closing price on December 31, 2009

Note 6: 70.47% shares are held under trustee accounts.

(Concluded)

TABLE 4

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, 2009
(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	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount
Taiwan Fixed Network Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Union Investment Co., Ltd.	Subsidiary	456,295	\$ 22,221,555	-	\$ -	456,295	\$ 18,616,561	(Note 2)	-
TFN Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TCCI Investment & Development Co., Ltd.	Subsidiary	355,623	17,318,833	-	-	132,849	5,552,137	(Note 3)	(Note 4)
TFN Union Investment Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	Taiwan Fixed Network Co., Ltd.	Parent	-	-	456,295	22,769,109	-	-	-	456,295
TCCI Investment & Development Co., Ltd.	Stock Taiwan Mobile Co., Ltd.	Available-for-sale financial assets - non-current	TFN Investment Co., Ltd.	Parent	-	-	132,849	6,629,149	-	-	-	132,849
TWM Holding Co., Ltd.	ADS Hurray/Holding Co., Ltd.	Available-for-sale financial assets - current	-	-	1,080	US\$ 2,052	-	-	1,080	US\$ 5,771	US\$ (1,451)	-
								US\$ 4,320	US\$ 4,320	US\$ 5,771	US\$ (1,451)	8,289,757

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

Note 2: TFN resolved to inject capital into TUI with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, \$4,152,548 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 3: TFNI resolved to inject capital into TTD with its Taiwan Mobile shares. The difference between the original cost and the disposal price of shares, \$1,077,012 thousand, was recognized as deferred credits. There was no gain or loss on this transaction.

Note 4: TCCI assumed the 222,774 thousand Taiwan Mobile shares and \$13,901,109 thousand (including unrealized gain of financial instruments) from TFNI due to merger.

TABLE 5

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 YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details		Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable Ending Balance	% to Total	Note
			Purchase/Sale	Amount	% to Total	Payment Terms			
Taiwan Mobile Co., Ltd. (the Corporation)	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ (2,276,319)	(4)	Based on contract terms	\$ 368,183	6	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	1,390,303	(Note 2)	Based on contract terms	(301,974)	(Note 3)	
	The Corporation	Ultimate parent	Purchase	859,159	(Note 4)	Based on contract terms	(65,790)	(Note 5)	
Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Fixed Network Co., Ltd.	Parent	Sale	(859,350)	(85)	Based on contract terms	65,804	85	
	The Corporation	Ultimate parent	Sale	(156,205)	(15)	Based on contract terms	11,240	15	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(1,464,178)	(15)	Based on contract terms	294,399	15	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	2,273,452	32	Based on contract terms	(367,857)	(21)	
TFN Media Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	156,205	(Note 4)	Based on contract terms	(11,240)	(Note 5)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(459,667)	(19)	Based on contract terms	115,122	27	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(212,096)	(9)	Based on contract terms	53,205	13	
	Yeong Jialeh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(388,009)	(16)	Based on contract terms	97,917	23	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(182,643)	(7)	Based on contract terms	45,862	11	
	Mangrove Cable TV Corporation	Dai-Ka Ltd.	Related party in substance	Royalty of copyright	143,665	59	Based on contract terms	(35,916)	(82)
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	182,643	58	Based on contract terms	(45,862)	(82)	
	Union Cable TV Co., Ltd.	Parent	Royalty of copyright	212,096	60	Based on contract terms	(53,205)	(84)	
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	388,009	59	Based on contract terms	(97,917)	(79)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty of copyright	459,667	63	Based on contract terms	(115,122)	(89)	

Note 1: The \$368,183 thousand accounts receivable amount was expressed on a gross basis in record with sales amount. The net accounts receivable should be \$19,347 thousand after deducting accounts payable and accrued custodial receipts/payments totaled \$348,836 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accounts payable and accrued expenses.

Note 4: Recognized as operating expenses.

Note 5: Recognized as accrued expenses.

Note 6: No comparables on such kind of transactions.

TABLE 6

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, 2009
(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable \$ 368,183	5.92	\$ -	-	167	\$ -
	TFN Media Co., Ltd.	Subsidiary	Other receivables 53,418		-	-	41	-
	Taiwan Cellular Co., Ltd.	Subsidiary	Other receivables 2,003,836		-	-	-	-
Taiwan Cellular Co., Ltd.	TFN Media Co., Ltd. TCC Investment Co., Ltd.	Subsidiary Subsidiary	Other receivables 4,679,014		-	-	240,632	-
			Other receivables 2,274,467		-	-	-	-
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation Taiwan Fixed Network Co., Ltd.	Ultimate parent Parent	Accounts receivable 65,804	11.81	-	-	14	-
			Accounts receivable 11,240	11.07	-	-	-	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 294,399	6.06	-	-	8,989	-
			Other receivables 268,588		-	-	148,488	-
			Other receivables 8,053,329		-	-	240,584	-
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd. Yeong Jialeh Cable TV Co., Ltd. WinTV Broadcasting Co., Ltd.	Subsidiary Subsidiary Related party in substance	Accounts receivable 134,306	5.37	-	-	-	-
			Accounts receivable 115,567	5.57	-	-	-	-
			Accounts receivable 116	13.33	-	-	-	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 307,000		-	-	-	-
			Accounts receivable 2,859	13.37	-	-	-	-
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 680,139		-	-	-	-
			Accounts receivable 5,767	6.11	-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 700,055		-	-	-	-
			Accounts receivable 1,933	11.00	-	-	-	-
Yeong Jialeh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Other receivables 200,036		-	-	-	-
			Accounts receivable 3,020	14.13	-	-	-	-
			Other receivables 360,127		-	-	-	-

TABLE 7

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2009
 (In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount December 31, 2009	Investment Amount December 31, 2008	Shares (Thousands)	Balance as of December 31, 2009 Percentage of Ownership	Carrying Value	Net Income (Loss) of the Investee	Investment Income (Loss)	Note
Taiwan Mobile Co., Ltd. (the Corporation)	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	\$ 37,558,330	\$ 41,058,330	30,000	100.00	\$ 9,353,920 (Note 1)	\$ 2,648,823	\$ 3,115,006	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real Estate Rental and Sale	249,500	249,500	24,950	49.90	211,974	(75,203)	(37,526)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	272,000	272,000	27,200	100.00	192,615	(33,120)	(33,120)	
	Tai Fu Media Technology Co., Ltd.	Taipei, Taiwan	Investment	270,000	270,000	27,000	100.00	191,178	(32,871)	NA	
	Global Wealth Media Technology Co., Ltd.	Taipei County, Taiwan	Investment	84,000	84,000	8,400	100.00	86,982	2,465	NA	
	Fu Jia Leh Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,700	2,001,700	100	100.00	968	(231)	NA	
	Fu Sin Media Technology Co., Ltd.	Taipei, Taiwan	Investment	135,000	135,000	13,500	100.00	140,858	5,386	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	1,000	1,000	100	100.00	780	(145)	NA	
	Globalview Media Technology Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	90,099	82,882	3,749	6.694	89,199	42,400	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	133,358	133,358	2,272	3.34	131,937	166,870	NA	
	TWM Holding Co., Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 10,800	1 share	100.00	US\$ 8,415	US\$ (1,396)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	40,000,000	2,100,000	100.00	3,521,780	2,195,548	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	Telecom engineering and IT service	12,000	12,000	1,200	100.00	10,950	(131)	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,451,000	-	2,100	100.00	21,092,818	502,577	NA	
	TWM Communications (Beijing) Ltd.	Beijing, China	Mobile application development and design	US\$ 4,936	US\$ 5,005	-	100.00	US\$ 3,872	US\$ 22	NA	
	WinTV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	179,047	252,141	17,905	98.50	253,732	72,961	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	2,035,714	2,035,714	230,526	100.00	1,763,621	1,012,976	NA	
	TCCI Investment & Development Co., Ltd.	Taipei, Taiwan	Investment	6,629,149	-	400	100.00	8,123,641	(56)	NA	
	Yeong Jialeh Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	1,616,824	1,616,824	33,940	100.00	2,111,821	160,341	NA	
	Mangrove Cable TV Corporation	Taipei County, Taiwan	Cable TV service provider	397,703	397,703	6,248	29.53	546,514	47,872	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	2,294,967	2,294,967	65,818	96.66	3,141,644	166,870	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,904,440	1,904,440	170,441	99.99	2,058,304	131,110	NA	
	Globalview Cable TV Co., Ltd.	Taipei County, Taiwan	Cable TV service provider	841,413	841,413	51,733	92.38	1,203,928	42,400	NA	
	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,769,109	-	400	100.00	27,902,369	(56)	NA	
	TFN HK LIMITED	Hong Kong	Telecommunications service provider	5,816	5,816	1,300	100.00	3,346	457	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and ISR (international simple resales)	10,000	10,000	1,000	100.00	93,063	57,320	NA	
	TT&T Holdings Co., Ltd.	Samsa	Investment	US\$ 1,300	US\$ 1,300	1,300	100.00	US\$ 1,409	US\$ 45	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Basketball team management	20,000	20,000	2,000	100.00	20,023	14	NA	
	TT&T Holdings Co., Ltd.	Xiamen, China	Call center service	US\$ 1,300	US\$ 1,300	-	100.00	US\$ 1,403	US\$ 40	NA	

Note 1: The Corporation's shares held by TCCI, TTD and TUI (all are subsidiaries 100%-owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$52,195,059 thousand on TCC shall be reduced by 1) downward adjusting \$31,889,100 thousand, the carrying value of total treasury shares on the Corporation's book, 2) excluding \$11,420,417 thousand unrealized gain from financial assets investment, 3) adding back \$475,907 thousand income tax expenses resulted from TFN and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$7,529 thousand.

Note 2: 70.47% shares are held under trustee accounts.

TABLE 8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2009
(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 January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Ltd.	Call center service	US\$ 1,300 (NT\$ 41,909)	Indirect investment in the Companies in Mainland China through a third place by the Corporation's subsidiary, Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 41,909)	\$ -	\$ -	US\$ 1,300 (NT\$ 41,909)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ 40 (NT\$ 1,290)	US\$ 1,403 (NT\$ 45,230)	\$ -
TWM Communications (Beijing) Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 96,714)	Indirect investment in the Companies in Mainland China through a third place by the Corporation's subsidiary, Taiwan Cellular Co., Ltd.	US\$ 4,617 (NT\$ 148,843)	US\$ 255 (NT\$ 8,221)	-	US\$ 4,872 (NT\$ 157,064)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ 22 (NT\$ 709)	US\$ 3,872 (NT\$ 124,826)	\$ -

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
US\$1,300 (NT\$41,909)	US\$1,300 (NT\$41,909)	\$ 93,063
US\$4,872 (NT\$157,064)	US\$5,300 (NT\$170,861)	52,195,059

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$32.238, RMB1=NT\$4.7213 as of December 31, 2009.

Note 2: The indirect investments made by Taiwan Teleservices & Technologies Co., Ltd. and Taiwan Cellular Co., Ltd., subsidiaries of the Corporation.

Note 3: Calculation was based on audited financial statements.

TABLE 9

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2009
 (In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Account	Transaction Details		
					Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
0	Taiwan Mobile Co., Ltd.	Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	\$ 19,347	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accounts receivable	46	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	17	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	39	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Accounts receivable	9	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	51	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	11	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Accounts receivable	45,065	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Other receivables	3,500,000	Based on regular terms	4%
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	53,418	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Other receivables	28	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	2,003,836	Based on regular terms	2%
		TFN Union Investment Co., Ltd.	1	Other receivables	6	Based on regular terms	-
		TCCI Investment & Development Co., Ltd.	1	Other receivables	6	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	212	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Prepayments	21	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	14	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Accrued expenses	275	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Accrued expenses	4,300	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	265,004	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	65,790	Based on regular terms	-
		TWM Communications (Beijing) Ltd.	1	Other payables	5,508	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	176,836	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	476	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	1,253	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other payables	361	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	1,720	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	297	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Advance receipts	175	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Advance receipts	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	83,059	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other current liabilities	893	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other current liabilities	2,638	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other current liabilities	693	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other current liabilities	1,851	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	779	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	\$ 830	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	2,276,319	Based on regular terms	3%
		TFN Media Co., Ltd.	1	Operating revenues	642	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	605	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	101	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	803	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	438	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,105	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	449	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	1,404,455	Based on regular terms	2%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	971	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	171	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Operating costs	34,304	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	91,612	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	860,420	Based on regular terms	1%
		TFN Investment Co., Ltd.	1	Operating expenses	3,157	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Operating expenses	(549)	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating expenses	(497)	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	(10)	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	(23)	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating expenses	(3)	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	(29)	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	(11)	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Interest income	69	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	40,132	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Interest income	371	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	2,893	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fu Jia Leh Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fu Sin Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Global Forest Media Technology Co., Ltd.	1	Rental income	37	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	119,447	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Reach & Range Inc.	1	Rental income	34	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Rental income	173	Based on regular terms	-
		TFN Media Co., Ltd.	1	Rental income	10,784	Based on regular terms	-
		TFN Union Investment Co., Ltd.	1	Rental income	6	Based on regular terms	-
		TCCI Investment & Development Co., Ltd.	1	Rental income	6	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Rental income	14	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	3,221	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	16,869	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
1	Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd. Tawan Mobile Co., Ltd. Taiwan Mobile Co., Ltd. Tawan Mobile Co., Ltd. Tai Fu Media Technology Co., Ltd. Tawan Mobile Co., Ltd.	1 2 2 2 1 2	Other receivables	\$ 45,065	Payment terms varied depend on the agreements	-
				Accrued expenses	65	Payment terms varied depend on the agreements	-
				Other payables	45,000	Payment terms varied depend on the agreements	-
				Operating expenses	34	Payment terms varied depend on the agreements	-
				Interest income	69	Payment terms varied depend on the agreements	-
				Interest expenses	69	Payment terms varied depend on the agreements	-
2	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd. Wealth Media Technology Co., Ltd. Wealth Media Technology Co., Ltd. Tawan Mobile Co., Ltd. Global Wealth Media Technology Co., Ltd. Tawan Mobile Co., Ltd. Wealth Media Technology Co., Ltd.	1 2 2 2 1 2 2	Other receivables	4,000	Payment terms varied depend on the agreements	-
				Accrued expenses	65	Payment terms varied depend on the agreements	-
				Other payables	45,000	Payment terms varied depend on the agreements	-
				Operating expenses	34	Payment terms varied depend on the agreements	-
				Interest income	37	Payment terms varied depend on the agreements	-
				Interest expenses	40,132	Payment terms varied depend on the agreements	-
				Interest expenses	69	Payment terms varied depend on the agreements	-
				Other payables	4,000	Payment terms varied depend on the agreements	-
3	Global Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd. Globalview Cable TV Co., Ltd. Tai Fu Media Technology Co., Ltd.	2 1 2	Operating expenses	34	Payment terms varied depend on the agreements	-
				Interest expenses	37	Payment terms varied depend on the agreements	-
				Operating expenses	34	Payment terms varied depend on the agreements	-
4	Fu Jia Leh Media Technology Co., Ltd.	Tawan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
5	Fu Sin Media Technology Co., Ltd.	Tawan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
6	Global Forest Media Technology Co., Ltd.	Tawan Mobile Co., Ltd.	2	Operating expenses	37	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
7	Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other receivables	\$ 275	Based on regular terms	-
		IT&T Holdings Co., Ltd.	1	Other receivables	100	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Other receivables	100	Based on regular terms	-
		TWM Communications (Beijing) Ltd.	1	Other receivables	4,679,014	Based on regular terms	5%
		TFN Media Co., Ltd.	1	Other receivables	2,274,467	Based on regular terms	3%
		TCC Investment Co., Ltd.	1	Other receivables	8,040,000	Based on regular terms	9%
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowing	15,329	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	3,500,000	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other payables	34	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	1	Operating expenses	15,056	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	4,467	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Interest income	95	Based on regular terms	-
		IT&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	-
		TWM Communications (Beijing) Ltd.	1	Miscellaneous revenue	371	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	16,667	Based on regular terms	-
		8	Taiwan Fixed Network Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Notes receivable	39
Taiwan Mobile Co., Ltd.	2			Accounts receivable	257,097	Based on regular terms	-
WinTV Broadcasting Co., Ltd.	3			Accounts receivable	10	Based on regular terms	-
TFN Media Co., Ltd.	3			Accounts receivable	12,581	Based on regular terms	-
Union Cable TV Co., Ltd.	3			Accounts receivable	62	Based on regular terms	-
Yeong Jialeh Cable TV Co., Ltd.	3			Accounts receivable	99	Based on regular terms	-
Mangrove Cable TV Corporation	3			Accounts receivable	265	Based on regular terms	-
Phoenix Cable TV Co., Ltd.	3			Accounts receivable	599	Based on regular terms	-
Globalview Cable TV Co., Ltd.	3			Accounts receivable	211	Based on regular terms	-
Taiwan Mobile Co., Ltd.	2			Other receivables	267,490	Based on regular terms	9%
Taiwan Cellular Co., Ltd.	2			Other receivables	8,055,329	Based on regular terms	-
Union Cable TV Co., Ltd.	3			Other receivables	8	Based on regular terms	-
Globalview Cable TV Co., Ltd.	3			Other receivables	3	Based on regular terms	-
Taiwan Mobile Co., Ltd.	2			Prepayments	152	Based on regular terms	-
Taiwan Mobile Co., Ltd.	2			Refundable deposits	830	Based on regular terms	-
Taiwan Mobile Co., Ltd.	2			Accounts payable	19,021	Based on regular terms	-
TFN Media Co., Ltd.	3			Accounts payable	12,195	Based on regular terms	-
TFN Media Co., Ltd.	3			Accrued expenses	53,744	Based on regular terms	-
Taiwan Mobile Co., Ltd.	2			Accrued expenses	2,883	Based on regular terms	-
TWM Communications (Beijing) Ltd.	1			Accrued expenses	8,660	Based on regular terms	-
TFN HK	3			Accrued expenses	11,240	Based on regular terms	-
Taiwan Teleservices & Technologies Co., Ltd.	1			Accrued expenses	113	Based on regular terms	-
Phoenix Cable TV Co., Ltd.	3			Accrued expenses	12,805	Based on regular terms	-
TFN Media Co., Ltd.	3	Other payables	212	Based on regular terms	-		
Taiwan Mobile Co., Ltd.	2	Advance receipts	1,464,178	Based on regular terms	2%		
Taiwan Mobile Co., Ltd.	2	Operating revenues	506	Based on regular terms	-		
WinTV Broadcasting Co., Ltd.	3	Operating revenues	66,972	Based on regular terms	-		
TFN Media Co., Ltd.	3	Operating revenues	1,523	Based on regular terms	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
9	Taiwan Digital Communications Co., Ltd.	Yeong Jialeh Cable TV Co., Ltd. Mangrove Cable TV Corporation Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd. Taiwan Mobile Co., Ltd. TFN HK Reach & Range Inc. TFN Media Co., Ltd. Union Cable TV Co., Ltd. Yeong Jialeh Cable TV Co., Ltd. Mangrove Cable TV Corporation Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd. Taiwan Mobile Co., Ltd. TWM Communications (Beijing) Ltd. Taiwan Teleservices & Technologies Co., Ltd. TFN Media Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Cellular Co., Ltd. TFN Media Co., Ltd. Taiwan Mobile Co., Ltd. Union Cable TV Co., Ltd. Globalview Cable TV Co., Ltd. Taiwan Mobile Co., Ltd. TFN Media Co., Ltd. Taiwan Mobile Co., Ltd.	3	Operating revenues	650	Based on regular terms	-
			3	Operating revenues	1,833	Based on regular terms	-
			3	Operating revenues	5,282	Based on regular terms	-
			3	Operating revenues	800	Based on regular terms	-
			2	Operating costs	2,273,452	Based on regular terms	3%
			1	Operating costs	29,292	Based on regular terms	-
			1	Operating costs	426	Based on regular terms	-
			3	Operating costs	24,390	Based on regular terms	-
			3	Operating costs	1,298	Based on regular terms	-
			3	Operating costs	362	Based on regular terms	-
			3	Operating costs	51	Based on regular terms	-
			3	Operating costs	1,949	Based on regular terms	-
			3	Operating costs	352	Based on regular terms	-
			2	Operating expenses	117,457	Based on regular terms	-
			3	Operating expenses	2,883	Based on regular terms	-
			1	Operating expenses	156,273	Based on regular terms	-
			3	Operating expenses	20	Based on regular terms	-
			2	Interest income	16,869	Based on regular terms	-
			2	Interest income	16,667	Based on regular terms	-
			3	Interest income	11,162	Based on regular terms	-
2	Rental income	21,305	Based on regular terms	-			
3	Rental income	91	Based on regular terms	-			
3	Rental income	31	Based on regular terms	-			
3	Miscellaneous revenue	5,720	Based on regular terms	-			
3	Miscellaneous revenue	1,268	Based on regular terms	-			
2	Miscellaneous expense	3,221	Based on regular terms	-			
2	Operating expenses	34	Based on regular terms	-			
10	TCC Investment Co., Ltd.	Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Cellular Co., Ltd. Taiwan Cellular Co., Ltd. Taiwan Mobile Co., Ltd. TFN Media Co., Ltd. Taiwan Cellular Co., Ltd.	2	Prepayments	34	Based on regular terms	-
			2	Short-term borrowing	2,270,000	Based on regular terms	3%
			2	Accrued expenses	4,467	Based on regular terms	-
			2	Operating expenses	14	Based on regular terms	-
			1	Interest income	1,984	Based on regular terms	-
			2	Interest expenses	4,467	Based on regular terms	-
			2	Accrued expenses	6	Based on regular terms	-
2	Operating expenses	6	Based on regular terms	-			
11	TCCI Investment & Development Co., Ltd.	Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd.	2	Notes receivable	19,781	Payment terms varied depend on the agreements	-
			3	Accounts receivable	50	Based on regular terms	-
12	WinTV Broadcasting Co., Ltd.	TFN Media Co., Ltd. Yeong Jialeh Cable TV Co., Ltd. Mangrove Cable TV Corporation Globalview Cable TV Co., Ltd. Taiwan Mobile Co., Ltd.	3	Accounts receivable	50	Based on regular terms	-
			3	Accounts receivable	50	Based on regular terms	-
			3	Accounts receivable	50	Based on regular terms	-
			3	Accounts receivable	50	Based on regular terms	-
			2	Accrued expenses	28	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd.	3 3	Accrued expenses Other payables	\$ (9) 307,116	Based on regular terms Payment terms varied depend on the agreements	- -
		TFN Media Co., Ltd.	3	Advance receipts	48	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Advance receipts	48	Based on regular terms	-
		Mangrove Cable TV Corporation	3	Advance receipts	48	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	48	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating revenues	56,566	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	300	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	335	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	14,263	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	300	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	300	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	231	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	121	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	425	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	82	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	752	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Operating expenses	770	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Interest expenses	1,348	Payment terms varied depend on the agreements	-
13	TFN Media Co., Ltd.	Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	25,000	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Accounts receivable	116	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	67,651	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	115,567	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accounts receivable	5,808	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	134,306	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	52,737	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		WinTV Broadcasting Co., Ltd.	3	Other receivables	\$ 307,000	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Prepayments	1	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	50	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other current assets	16	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Notes payable	14,836	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Accrued expenses	50	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	9,014	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	12,204	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	3,882	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	5,822	Payment terms varied depend on the agreements and based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued expenses	3,187	Payment terms varied depend on the agreements and based on regular terms	-
		Mangrove Cable TV Corporation	1	Accrued expenses	1,874	Payment terms varied depend on the agreements and based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	2,998	Payment terms varied depend on the agreements and based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	1,986	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other payables	2,000,000	Payment terms varied depend on the agreements	2%
		Taiwan Cellular Co., Ltd.	2	Other payables	4,670,000	Payment terms varied depend on the agreements	5%
		Union Cable TV Co., Ltd.	1	Other payables	700,000	Payment terms varied depend on the agreements	1%
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	360,000	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	680,000	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Other payables	200,000	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	24,390	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating revenues	770	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Union Cable TV Co., Ltd.	1	Operating revenues	\$ 231,708	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	426,306	Payment terms varied depend on the agreements	1%
		Mangrove Cable TV Corporation	1	Operating revenues	17,096	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	502,181	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Operating revenues	200,971	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	56,518	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating costs	36,809	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating costs	1,350	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	51,155	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating costs	18,242	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	59,237	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	21,968	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	299	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	64,707	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	3,489	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Operating expenses	48	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	64	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	11,384	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	2,522	Payment terms varied depend on the agreements and based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	2,765	Payment terms varied depend on the agreements and based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating expenses	1,538	Payment terms varied depend on the agreements and based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	\$ 3,461	Payment terms varied depend on the agreements and based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	1,064	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Interest income	1,348	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Miscellaneous revenue	20	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	2,893	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	15,056	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Interest expenses	11,162	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Interest expenses	43,524	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	10,210	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Interest expenses	3,593	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Interest expenses	3,198	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Interest expenses	2,269	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Interest expenses	8,599	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	4,714	Payment terms varied depend on the agreements	-
		TCC Investment Co., Ltd.	2	Interest expenses	1,984	Payment terms varied depend on the agreements	-
14	Union Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,345	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	5,767	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	700,055	Payment terms varied depend on the agreements and based on regular terms	1%
		TFN Media Co., Ltd.	2	Accounts payable	53,205	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	18	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
15	Yeong Jialeh Cable TV Co., Ltd.	Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	\$ 113	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	14,446	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	258	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,298	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	38,505	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	299	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	414	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	212,096	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	19,611	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	320	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,286	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	10,210	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	826	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	3,494	Payment terms varied depend on the agreements	-
TFN Media Co., Ltd.	2	Accounts receivable	3,020	Payment terms varied depend on the agreements	-		
TFN Media Co., Ltd.	2	Other receivables	360,127	Payment terms varied depend on the agreements and based on regular terms	-		
WinTV Broadcasting Co., Ltd.	3	Prepayments	50	Based on regular terms	-		
TFN Media Co., Ltd.	2	Other current assets	40	Based on regular terms	-		
Taiwan Fixed Network Co., Ltd.	3	Accounts payable	22	Payment terms varied depend on the agreements	-		
TFN Media Co., Ltd.	2	Accounts payable	97,917	Payment terms varied depend on the agreements	-		
Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	61	Based on regular terms	-		
TFN Media Co., Ltd.	2	Accrued expenses	16	Based on regular terms	-		
Taiwan Mobile Co., Ltd.	2	Accrued expenses	40	Payment terms varied depend on the agreements	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		WinTV Broadcasting Co., Ltd. TFN Media Co., Ltd.	3 2	Other payables Other payables	\$ 17,650	Based on regular terms Payment terms varied depend on the agreements	- -
		Union Cable TV Co., Ltd. Mangrove Cable TV Corporation	3 3	Operating revenues Operating revenues	655 1,955	Based on regular terms Based on regular terms	- -
		Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd.	3 3	Operating revenues Operating revenues	1,155 739	Based on regular terms Based on regular terms	- -
		Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd.	3 2	Operating revenues Operating revenues	362 52,635	Payment terms varied depend on the agreements Payment terms varied depend on the agreements	- -
		Taiwan Mobile Co., Ltd. WinTV Broadcasting Co., Ltd.	2 3	Operating costs Operating costs	386 300	Based on regular terms Based on regular terms	- -
		Union Cable TV Co., Ltd. Mangrove Cable TV Corporation	3 3	Operating costs Operating costs	913 1,955	Based on regular terms Based on regular terms	- -
		Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd.	3 3	Operating costs Operating costs	1,476 739	Based on regular terms Based on regular terms	- -
		Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd.	3 2	Operating costs Operating costs	256 388,009	Payment terms varied depend on the agreements Payment terms varied depend on the agreements	- 1%
		WinTV Broadcasting Co., Ltd. TFN Media Co., Ltd.	3 2	Operating expenses Operating expenses	35 38,297	Based on regular terms Payment terms varied depend on the agreements	- -
		Taiwan Mobile Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 3	Operating expenses Operating expenses	439 391	Payment terms varied depend on the agreements and based on regular terms Payment terms varied depend on the agreements and based on regular terms	- -
		TFN Media Co., Ltd. TFN Media Co., Ltd.	2 2	Interest income Miscellaneous revenue	3,198 1,284	Payment terms varied depend on the agreements Based on regular terms	- -
16	Mangrove Cable TV Corporation	Taiwan Mobile Co., Ltd. TFN Media Co., Ltd. TFN Media Co., Ltd. WinTV Broadcasting Co., Ltd. Taiwan Fixed Network Co., Ltd. TFN Media Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 2 2 3 3 2 3	Accounts receivable Accounts receivable Other receivables Prepayments Accounts payable Accounts payable Accrued expenses	1,021 1,786 87 50 120 517 132	Payment terms varied depend on the agreements Payment terms varied depend on the agreements Based on regular terms Based on regular terms Payment terms varied depend on the agreements Payment terms varied depend on the agreements Based on regular terms	- - - - - - -

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	\$ 9	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Other payables	50	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	5,291	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	51	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	18,643	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	220	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	1,369	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	14,263	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	517	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	387	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	16,579	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	184	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	2,269	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	1,137	Based on regular terms	-
17	Phoenix Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	3,506	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	113	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	2,859	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	680,139	Payment terms varied depend on the agreements and based on regular terms	1%
		TFN Media Co., Ltd.	2	Accounts payable	115,122	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	53	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	580	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	19,184	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	3	Operating revenues	321	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,949	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		TFN Media Co., Ltd.	2	Operating revenues	\$ 61,044	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	490	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	3,703	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	459,667	Payment terms varied depend on the agreements	1%
		TFN Media Co., Ltd.	2	Operating expenses	42,514	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	644	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,579	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	8,599	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Rental income	171	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	1,653	Based on regular terms	-
18	Globalview Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,059	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	1,933	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	200,036	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Prepayments	50	Based on regular terms	-
		TFN Media Co., Ltd.	3	Other current assets	18	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	30	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	45,862	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	163	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Accrued expenses	50	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	11	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	6,876	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	352	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	22,465	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
19	Shin Ho Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating costs	\$ 254	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	182,643	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	713	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	117	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	18,327	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	206	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	4,714	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	3	Rental income	34	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	567	Based on regular terms	-
20	TWM Communications (Beijing) Ltd.	TFN Media Co., Ltd.	2	Operating revenues	1,350	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	57	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	45	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	3,593	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	64	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	5,507	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	2,901	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	100	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	2,974	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	102	Based on regular terms	-
21	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	65,804	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	11,240	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Accrued expenses	7,812	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	859,350	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	156,205	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Operating expenses	52,126	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Ltd.	1	Operating expenses	34,448	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	(68)	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Rental income	2,007	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
22	Taiwan Super Basketball Co., Ltd.	Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd.	2 2 2 2	Accounts receivable	\$ 4,300	Based on regular terms	-
				Operating revenues	34,304	Based on regular terms	-
				Operating costs	1	Based on regular terms	-
				Operating expenses	34	Based on regular terms	-
23	TT&T Holdings	Taiwan Teleservices & Technologies Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. Taiwan Cellular Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd.	2 1 2 2 2 1	Accounts receivable	7,799	Based on regular terms	-
				Accounts payable	5,192	Based on regular terms	-
				Accrued expenses	100	Based on regular terms	-
				Operating revenues	52,767	Based on regular terms	-
				Operating expenses	103	Based on regular terms	-
				Operating expenses	33,953	Based on regular terms	-
24	Xiamen Taifu Teleservices & Technologies Ltd.	TT&T Holdings Co., Ltd. Taiwan Cellular Co., Ltd. TT&T Holdings Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd.	2 2 2 2 2	Accounts receivable	5,192	Based on regular terms	-
				Accrued expenses	100	Based on regular terms	-
				Operating revenues	33,944	Based on regular terms	-
				Operating revenues	33,919	Based on regular terms	-
				Operating expenses	103	Based on regular terms	-
				Operating revenues	8,312	Based on regular terms	-
25	TFN HK LIMITED	Taiwan Fixed Network Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 2	Accounts receivable	28,414	Based on regular terms	-
				Operating revenues			
26	TFN Union Investment Co., Ltd.	Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd.	2 2	Accrued expenses	6	Based on regular terms	-
				Operating expenses	6	Based on regular terms	-
27	TFN Investment Co., Ltd.	Taiwan Mobile Co., Ltd. TFN Media Co., Ltd. Taiwan Mobile Co., Ltd.	2 1 2	Operating expenses	36	Based on regular terms	-
				Interest income	43,524	Based on regular terms	-
				Miscellaneous revenue	3,157	Based on regular terms	-
28	Reach & Range Inc.	Taiwan Fixed Network Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 2 2	Operating revenues	426	Based on regular terms	-
				Operating expenses	34	Based on regular terms	-
				Miscellaneous revenue	170	Based on regular terms	-

Note:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

(Concluded)

TABLE 10

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	
0	Taiwan Mobile Co., Ltd.	Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	\$ 214,172	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Accounts receivable	1	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Other receivables	2,008,079	Based on regular terms	2%
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	46,733	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	685	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	2,299	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other receivables	22	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Other receivables	2	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other receivables	59	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other receivables	8	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other receivables	62	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	19	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	238	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowing	1,300,000	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	4,094	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	19	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Accrued expenses	460	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Accrued expenses	20,000	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	197,416	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	79,715	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accrued expenses	35	Based on regular terms	-
		Hurray! Times Communications (Beijing) Ltd.	1	Other payables	9,206	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	99,249	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Other payables	152	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	301	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Other payables	17	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	811	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Other payables	134	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	875	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	289	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Advance receipts	181	Based on regular terms	-
Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	358,142	Based on regular terms	-		
Taiwan Telecommunication Network Services Co., Ltd.	1	Other current liabilities	5	Based on regular terms	-		
Union Cable TV Co., Ltd.	1	Other current liabilities	91	Based on regular terms	-		
Shin Ho Cable TV Co., Ltd.	1	Other current liabilities	6	Based on regular terms	-		
Yeong Jialeh Cable TV Co., Ltd.	1	Other current liabilities	332	Based on regular terms	-		
Mangrove Cable TV Corporation	1	Other current liabilities	51	Based on regular terms	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Phoenix Cable TV Co., Ltd.	1	Other current liabilities	\$ 257	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	120	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	830	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating revenues	459,338	Based on regular terms	1%
		Taiwan Super Basketball Co., Ltd.	1	Operating revenues	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	2,087,756	Based on regular terms	2%
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	171	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating revenues	92	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating revenues	778	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	517	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	172	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	443	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	368	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	34	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,115	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	447	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Operating costs	257,989	Based on regular terms	-
		The former Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	345	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating costs	982,644	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	259	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	200	Based on regular terms	-
		The former Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	601,107	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	310,881	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Operating expenses	32,000	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	82,037	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Operating expenses	9	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating expenses	(1,028)	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	(30)	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	(3)	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	(86)	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating expenses	(10)	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	(66)	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	(23)	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	50,869	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	10,793	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Rental income	23	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fu Jia Leh Media Technology Co., Ltd.	1	Rental income	40	Based on regular terms	-
		Fu Sin Media Technology Co., Ltd.	1	Rental income	40	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Yi Digital Broadcasting Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	34	Based on regular terms	-
		The former 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	-
		Taiwan Super Basketball Co., Ltd.	1	Rental income	34	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
1	TransAsia Telecommunications Inc.	Taiwan Fixed Network Co., Ltd.	1	Rental income	\$ 70,390	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Rental income	31	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	2,075	Based on regular terms	-
		TFN Investment Co., Ltd.	1	Rental income	31	Based on regular terms	-
		Reach & Range Inc.	1	Rental income	31	Based on regular terms	-
		TFN Media Co., Ltd.	1	Rental income	10,640	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	1,572	Based on regular terms	-
		TFN Media Co., Ltd.	1	Miscellaneous revenue	5	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Interest expenses	15,205	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	3,813	Based on regular terms	-
		TransAsia Telecommunications Inc.	1	Miscellaneous expense	1,244	Based on regular terms	-
				Operating revenues	257,796	Based on regular terms	-
				Operating revenues	29,632	Based on regular terms	-
				Operating costs	459,338	Based on regular terms	1%
2	Wealth Media Technology Co., Ltd.	The former Taiwan Teleservices & Technologies Co., Ltd.	2	Operating costs	2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating costs	21,543	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	3	Operating expenses	23	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	329	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	3	Interest income	15,205	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest income	2,199	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Rental income	192	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Rental income	268	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	1,244	Based on regular terms	-
				Operating expenses	34	Based on regular terms	-
				Accrued expenses	8,079	Based on regular terms	-
				Other payables	2,000,000	Based on regular terms	2%
				Operating expenses	34	Based on regular terms	-
				Interest expenses	50,869	Based on regular terms	-
3	Tai Fu Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	40	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	40	Based on regular terms	-
4	Fu Jia Leh Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	34	Based on regular terms	-
5	Fu Sin Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	40	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	40	Based on regular terms	-
7	Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other receivables	460	Based on regular terms	-
		Hurray! Times Communications (Beijing) Ltd.	1	Other receivables	100	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Other receivables	296	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	251,010	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest income	7,947	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	21,178	Based on regular terms	-
		TT&T Holdings Co., Ltd.	1	Miscellaneous revenue	95	Based on regular terms	-
				Operating expenses	34	Based on regular terms	-
				Operating expenses	40	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Xiamen Taifu Teleservices & Technologies Ltd. Hurray! Times Communications (Beijing) Ltd. TransAsia Telecommunications Inc.	1 1 3	Miscellaneous revenue Miscellaneous revenue Interest expenses	\$ 95 95 2,199	Based on regular terms Based on regular terms Based on regular terms	- - -
8	Tai Yi Digital Broadcasting Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
9	Taiwan Digital Communications Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
10	The former Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Mobile Co., Ltd. TransAsia Telecommunications Inc. Taiwan Fixed Network Co., Ltd. Taiwan Mobile Co., Ltd. TT&T Holdings Co., Ltd.	2 3 3 2	Operating revenues Operating revenues Operating revenues Operating expenses	600,942 2 20,648 863	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	1% - - -
		Xiamen Taifu Teleservices & Technologies Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Mobile Co., Ltd.	1 3 2	Operating expenses Operating expenses Rental income	8,338 37,686 243 1,338	Based on regular terms Based on regular terms Based on regular terms	- - -
11	TT&T Life Insurance Agency Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
12	TT&T Casualty & Property Insurance Agency Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
13	Taiwan Super Basketball Co., Ltd.	Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Mobile Co., Ltd.	2 2 2	Other receivables Operating revenues Operating expenses	20,000 32,000 34	Based on regular terms Based on regular terms Based on regular terms	- - -
14	TT&T Holdings Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. The former Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd.	2 2 2 2 2	Accounts receivable Accounts payable Operating revenues Operating revenues Operating expenses	1,268 3,742 8,559 4,606 94	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
15	Xiamen Taifu Teleservices & Technologies Ltd.	Taiwan Teleservices & Technologies Co., Ltd. The former Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd.	2 2 2 2	Accounts receivable Operating revenues Operating revenues Operating expenses	10,723 38,645 21,257 93	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -
16	Hurray! Times Communications (Beijing) Ltd.	Taiwan Mobile Co., Ltd. Taiwan Cellular Co., Ltd. Taiwan Cellular Co., Ltd.	2 2 2	Accounts receivable Accrued expenses Operating expenses	9,035 109 103	Based on regular terms Based on regular terms Based on regular terms	- - -
17	Taiwan Fixed Network Co., Ltd.	Taiwan Mobile Co., Ltd. TFNHK WinTV Broadcasting Co., Ltd. TFN Media Co., Ltd.	2 1 1 1	Accounts receivable Accounts receivable Accounts receivable Accounts receivable	227,065 2 14 10,136	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Union Cable TV Co., Ltd.	1	Accounts receivable	\$ 61	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts receivable	96	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Accounts receivable	193	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	466	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	97	Based on regular terms	2%
		Taiwan Mobile Co., Ltd.	2	Other receivables	1,518,862	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	1,148	Based on regular terms	1%
		TFN Media Co., Ltd.	1	Other receivables	1,052,674	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	8	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Prepayments	183	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other current assets	18	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Refundable deposits	830	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	3,125	Based on regular terms	-
		TFNHHK	1	Accounts payable	3,095	Based on regular terms	-
		Reach & Range Inc.	1	Accounts payable	5,314	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accounts payable	4,215	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	226	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	1	Accounts payable	62	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	44,921	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	16,986	Based on regular terms	-
		Reach & Range Inc.	1	Accrued expenses	36	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accrued expenses	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Advance receipts	237	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other liabilities	1,268	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	1,040,440	Based on regular terms	1%
		TransAsia Telecommunications Inc.	3	Operating revenues	21,901	Based on regular terms	-
		The former Taiwan Teleservices & Technologies Co., Ltd.	3	Operating revenues	243	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	1	Operating revenues	24,925	Based on regular terms	-
		Reach & Range Inc.	1	Operating revenues	(13)	Based on regular terms	-
		WinTV Broadcasting Co., Ltd.	1	Operating revenues	600	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating revenues	356	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	53,498	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	1,615	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Operating revenues	730	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	2,647	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	22	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	5,201	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	900	Based on regular terms	2%
		TransAsia Telecommunications Inc.	2	Operating costs	2,080,134	Based on regular terms	-
		TFNHHK	3	Operating costs	29,932	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	6,828	Based on regular terms	-
		Reach & Range Inc.	1	Operating costs	374	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating costs	(354)	Based on regular terms	-
		Reach & Range Inc.	1	Operating costs	10,935	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating costs	40,088	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Mobile Co., Ltd. TT&T Holdings Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Mobile Co., Ltd.	2 1 1 2 2	Operating expenses Operating expenses Operating expenses Operating expenses Rental income	\$ 2,575 4,830 22,480 7,823 669	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
21	TFN Investment Co., Ltd.	TFN Media Co., Ltd. Taiwan Mobile Co., Ltd. TFN Media Co., Ltd. Taiwan Fixed Network Co., Ltd.	1 2 1 2	Other receivables Operating expenses Interest income Interest expenses	3,923,679 33 82,705 8,732	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	4% - - -
22	Reach & Range Inc.	Taiwan Fixed Network Co., Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Telecommunication Network Services Co., Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Telecommunication Network Services Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 2 3 2 3 2 2	Accounts receivable Operating revenues Operating revenues Operating costs Operating costs Operating expenses Operating expenses	5,352 11,031 355 (2) 1,036 31 599	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - -
23	WinTV Broadcasting Co., Ltd.	Taiwan Mobile Co., Ltd. Union Cable TV Co., Ltd. Yeong Jialeh Cable TV Co., Ltd. Mangrove Cable TV Corporation Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd. Taiwan Mobile Co., Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Fixed Network Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 3 3 3 3 2 2 2	Other receivables Operating revenues Operating revenues Operating revenues Operating revenues Operating costs Operating costs Operating expenses Miscellaneous revenue	159 300 300 300 300 4 577 121 191	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - - -
24	TFN Media Co., Ltd.	Taiwan Fixed Network Co., Ltd. Union Cable TV Co., Ltd. Yeong Jialeh Cable TV Co., Ltd. Mangrove Cable TV Corporation Phoenix Cable TV Co., Ltd. Globalview Cable TV Co., Ltd.	2 1 1 1 1 1	Accounts receivable Accounts receivable Accounts receivable Accounts receivable Accounts receivable Accounts receivable	4,215 60,050 92,509 2,604 120,232 45,363	Payment terms varied depend on the agreements Payment terms varied depend on the agreements Payment terms varied depend on the agreements Payment terms varied depend on the agreements Payment terms varied depend on the agreements Payment terms varied depend on the agreements	- - - - - -
		Taiwan Mobile Co., Ltd. Taiwan Fixed Network Co., Ltd. Union Cable TV Co., Ltd. Taiwan Fixed Network Co., Ltd.	2 2 1 2	Other receivables Other receivables Other receivables Prepayments	35 1 1 3	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - -

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Fixed Network Co., Ltd.	2	Other intangible assets	\$ 1,268	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts payable	1,745	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Accounts payable	365	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accounts payable	2,172	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Accounts payable	744	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	3,635	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	1,475	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	2,299	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	10,122	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	5,138	Payment terms varied depend on the agreements and based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Accrued expenses	25	Based on regular terms	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Accrued expenses	2,280	Payment terms varied depend on the agreements and based on regular terms	-
		Mangrove Cable TV Corporation	1	Accrued expenses	657	Payment terms varied depend on the agreements and based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	2,755	Payment terms varied depend on the agreements and based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	724	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	1,010	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	2,559	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Accrued expenses	23,679	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Other payables	250,000	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Other payables	1,050,000	Payment terms varied depend on the agreements	1%

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		TEN Investment Co., Ltd.	2	Other payables	\$ 3,900,000	Payment terms varied depend on the agreements	4%
		Union Cable TV Co., Ltd.	1	Other payables	540,001	Payment terms varied depend on the agreements and based on regular terms	1%
		Shin Ho Cable TV Co., Ltd.	1	Other payables	207,700	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Other payables	130,001	Payment terms varied depend on the agreements and based on regular terms	-
		Mangrove Cable TV Corporation	1	Other payables	138,000	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	500,000	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Other payables	350,000	Payment terms varied depend on the agreements	-
		Fu Jia Leh Media Technology Co., Ltd.	3	Advance receipts	2,000,000	Payment terms varied depend on the agreements	2%
		Mangrove Cable TV Corporation	1	Other liabilities	3,299	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Other liabilities	1,459	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	40,088	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating revenues	217,336	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating revenues	4,762	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating revenues	363,041	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating revenues	15,380	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating revenues	7,630	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	476,829	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Operating revenues	189,683	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	292	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	58,432	Payment terms varied depend on the agreements and based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating costs	46,026	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating costs	4,172	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating costs	\$ 44,320	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating costs	12,162	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating costs	551	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating costs	66,119	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating costs	21,793	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	12,454	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	2,819	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	3,342	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Operating expenses	478	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Operating expenses	2,353	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Operating expenses	1,098	Payment terms varied depend on the agreements	-
		North Coast Cable TV Co., Ltd.	1	Operating expenses	68	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	3,699	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	838	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	164	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Miscellaneous revenue	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	10,775	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	21,091	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Interest expenses	17,745	Payment terms varied depend on the agreements	-
		TFN Investment Co., Ltd.	2	Interest expenses	82,636	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	12,296	Payment terms varied depend on the agreements	-
		Shin Ho Cable TV Co., Ltd.	1	Interest expenses	5,318	Payment terms varied depend on the agreements	-
		Yeong Jialeh Cable TV Co., Ltd.	1	Interest expenses	1,722	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	1	Interest expenses	1,825	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		North Coast Cable TV Co., Ltd.	1	Interest expenses	\$ 3,258	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Interest expenses	6,589	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	7,948	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Miscellaneous expense	37	Based on regular terms	-
		Shin Ho Cable TV Co., Ltd.	1	Miscellaneous expense	7	Based on regular terms	-
		Yeong Jialoh Cable TV Co., Ltd.	1	Miscellaneous expense	19	Based on regular terms	-
		Mangrove Cable TV Corporation	1	Miscellaneous expense	10	Based on regular terms	-
		North Coast Cable TV Co., Ltd.	1	Miscellaneous expense	4	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Miscellaneous expense	30	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Miscellaneous expense	17	Based on regular terms	-
25	Union Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	392	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	6,830	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	540,042	Payment terms varied depend on the agreements and based on regular terms	1%
		TFN Media Co., Ltd.	2	Accounts payable	49,410	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Accounts payable	72	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	30	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	29	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accrued expenses	1	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	10,640	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	703	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	48,870	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating revenues	6	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	283	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	358	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	197,640	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Corporation	3	Operating costs	74	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	246	Payment terms varied depend on the agreements and based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	\$ 1,771	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	19,695	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	12,296	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	534	Payment terms varied depend on the agreements and based on regular terms	-
26	Shin Ho Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	26	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	390	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	207,700	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	3	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	4,172	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	416	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	25	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating costs	416	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	161	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	4,762	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	5,318	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	485	Based on regular terms	-
27	Yeong Jialeh Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,443	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	4,429	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	130,000	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other current assets	19	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	22	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Accounts payable	81,331	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	\$ 86	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	60	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	11,178	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	3,960	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	46,166	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	223	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	257	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	256	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	325,323	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating costs	223	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	258	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	684	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	37,717	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	1,722	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	526	Based on regular terms	-
28	Mangrove Cable TV Corporation	Taiwan Mobile Co., Ltd.	2	Accounts receivable	186	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	1,304	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	71	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	138,097	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other intangible assets	3,299	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts payable	120	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	10	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	60	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	2,604	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
29	North Coast Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Operating revenues	\$ 12,478	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	60	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	11	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	175	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	2,167	Payment terms varied depend on the agreements and based on regular terms	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating costs	59	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating costs	11	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	146	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	667	Based on regular terms	-
		Taiwan Telecommunication Network Services Co., Ltd.	3	Operating expenses	22	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	15,380	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	1,825	Payment terms varied depend on the agreements	-
TFN Media Co., Ltd.	Union Cable TV Co., Ltd.	2	3	Miscellaneous revenue	793	Based on regular terms	-
				Miscellaneous revenue	68	Based on regular terms	-
30	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Operating revenues	551	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	20	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating costs	5,775	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	13	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	63	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	1,855	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	3,258	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	71	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,134	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	113	Payment terms varied depend on the agreements	-
TFN Media Co., Ltd.	TFN Media Co., Ltd.	2	2	Accounts receivable	6,272	Payment terms varied depend on the agreements	-
				Other receivables	500,118	Payment terms varied depend on the agreements and based on regular terms	1%
TFN Media Co., Ltd.	2	Accounts payable	108,422	Payment terms varied depend on the agreements	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	\$ 87	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accrued expenses	453	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	11,810	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	5,491	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	68,616	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	506	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating costs	379	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating costs	3,588	Payment terms varied depend on the agreements	-
		WinTV Broadcasting Co., Ltd.	3	Operating costs	300	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating costs	433,687	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating costs	506	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	555	Payment terms varied depend on the agreements and based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating expenses	1,865	Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	43,143	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	6,589	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Rental income	171	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	1,232	Based on regular terms	-
31	Globalview Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	409	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	31	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	2,151	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	350,040	Payment terms varied depend on the agreements and based on regular terms	-
		TFN Media Co., Ltd.	2	Other current assets	8	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other intangible assets	1,459	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
	Taiwan Fixed Network Co., Ltd.		2	Accounts payable	\$ 30	Payment terms varied depend on the agreements and based on regular terms	-
	TFN Media Co., Ltd.		2	Accounts payable	42,136	Payment terms varied depend on the agreements	-
	Taiwan Mobile Co., Ltd.		2	Accrued expenses	24	Payment terms varied depend on the agreements	-
	Taiwan Fixed Network Co., Ltd.		2	Accrued expenses	65	Based on regular terms	-
	TFN Media Co., Ltd.		2	Other payables	3,227	Payment terms varied depend on the agreements	-
	Taiwan Fixed Network Co., Ltd.		2	Operating revenues	657	Payment terms varied depend on the agreements	-
	TFN Media Co., Ltd.		2	Operating revenues	22,187	Payment terms varied depend on the agreements	-
	Union Cable TV Co., Ltd.		3	Operating revenues	273	Based on regular terms	-
	Taiwan Mobile Co., Ltd.		2	Operating costs	212	Based on regular terms	-
	Taiwan Fixed Network Co., Ltd.		2	Operating costs	383	Payment terms varied depend on the agreements	-
	WinTV Broadcasting Co., Ltd.		3	Operating costs	300	Payment terms varied depend on the agreements	-
	TFN Media Co., Ltd.		2	Operating costs	168,545	Payment terms varied depend on the agreements	-
	Union Cable TV Co., Ltd.		3	Operating costs	273	Based on regular terms	-
	Taiwan Mobile Co., Ltd.		2	Operating expenses	173	Payment terms varied depend on the agreements and based on regular terms	-
	Taiwan Fixed Network Co., Ltd.		2	Operating expenses	842	Based on regular terms	-
	Taiwan Telecommunication Network Services Co., Ltd.		3	Operating expenses	22	Based on regular terms	-
	TFN Media Co., Ltd.		2	Operating expenses	21,138	Payment terms varied depend on the agreements	-
	TFN Media Co., Ltd.		2	Interest income	7,947	Payment terms varied depend on the agreements	-
	Global Wealth Media Technology Co., Ltd.		2	Rental income	34	Payment terms varied depend on the agreements	-
	TFN Media Co., Ltd.		2	Miscellaneous revenue	461	Based on regular terms	-

Note:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

(Concluded)





Taiwan Mobile

