

Taiwan Mobile Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

January 11, 2008

Notice to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2007 AND 2006

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

| ASSETS | 2007 | | 2006 | | 2007 | | 2006 | |
|--|---------------|------|----------------|------|---------------|------|----------------|-----|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| CURRENT ASSETS | | | | | | | | |
| Cash and cash equivalents (Notes 2, 4 and 25) | \$ 7,028,091 | 7 | \$ 12,415,725 | 11 | \$ 19,340,000 | 20 | \$ - | - |
| Financial assets at fair value through profit or loss - current (Notes 2, 3 and 5) | 131,973 | - | 14,077,168 | 12 | 1,594,753 | 2 | - | - |
| Available-for-sale financial assets - current (Notes 2, 3 and 6) | 2,103,403 | 2 | 381,569 | - | 230,032 | 3 | 1,084 | 1 |
| Notes receivable | 85,103 | - | 11,833 | - | 2,868,000 | 3 | 1,809,069 | 3 |
| Accounts receivable - third parties (Notes 2 and 7) | 6,759,589 | 7 | 6,167,474 | 5 | 1,346,836 | 1 | 3,051,840 | 3 |
| Accounts receivable - related parties (Notes 2 and 25) | 120,634 | - | 249,938 | - | 5,312,326 | 5 | 4,008,682 | 3 |
| Other receivables (Note 2) | 246,695 | 1 | 278,989 | - | 19,441,195 | 20 | 3,482,799 | 3 |
| Inventories (Note 2) | 159,843 | - | 31,232 | - | 1,977,063 | 2 | 1,015,535 | 1 |
| Prepayments (Note 25) | 850,600 | 1 | 600,914 | 1 | 4,940,340 | 5 | 3,814,448 | 3 |
| Deferred income tax assets - current (Notes 2 and 21) | 134,055 | - | 185,973 | - | 84,017 | - | 119,083 | - |
| Pledged time deposits (Notes 25 and 26) | 47,706 | - | 10,000 | - | 15,806 | - | - | - |
| Other current assets | 22,603 | - | 22,367 | - | 503,568 | 1 | 677,772 | 1 |
| Total current assets | 17,690,295 | 18 | 34,433,182 | 29 | 57,653,936 | 59 | 17,980,312 | 15 |
| INVESTMENTS | | | | | | | | |
| Financial assets carried at cost - non-current (Notes 2 and 9) | 2,526,701 | 3 | 3,879,192 | 3 | 51,665 | - | 291,046 | - |
| Bonds measured at amortized cost - non-current (Notes 2 and 10) | 500,000 | - | - | - | 7,500,000 | 8 | 10,000,000 | 9 |
| Total investments | 3,026,701 | 3 | 3,879,192 | 3 | 7,551,665 | 8 | 10,291,046 | 9 |
| PROPERTY AND EQUIPMENT (Notes 2, 11, 25 and 26) | | | | | | | | |
| Cost | | | | | | | | |
| Land | 6,102,661 | 6 | 5,040,980 | 4 | 2,948 | - | - | - |
| Buildings | 4,127,653 | 4 | 3,044,455 | 3 | 361,813 | - | 248,889 | - |
| Telecommunication equipment | 63,494,920 | 65 | 77,034,600 | 65 | 34,989 | - | - | - |
| Office equipment | 286,826 | - | 159,161 | - | 19,744 | - | - | - |
| Leased assets | 1,276,190 | 1 | 1,276,190 | 1 | 419,494 | - | - | - |
| Miscellaneous equipment | 2,347,927 | 3 | 1,859,680 | 2 | - | - | 248,889 | - |
| Total cost | 77,636,177 | 79 | 88,415,066 | 75 | 65,625,095 | 67 | 28,520,247 | 24 |
| Less accumulated impairment | (998) | - | (30,755,119) | (26) | - | - | - | - |
| Accumulated depreciation | (28,950,472) | (29) | (30,755,119) | (26) | 57,659,947 | 49 | - | - |
| Construction in progress and advance payments | 48,684,707 | 50 | 57,659,947 | 50 | 3,305,954 | 3 | - | - |
| Net property and equipment | 2,296,595 | 2 | 3,305,954 | 3 | 60,965,901 | 52 | 28,520,247 | 24 |
| INTANGIBLE ASSETS (Note 2) | | | | | | | | |
| 3G concession | 50,981,302 | 52 | 60,965,901 | 52 | 38,009,254 | 39 | 49,993,251 | 42 |
| Goodwill (Note 12) | 8,224,800 | 8 | 8,972,509 | 7 | 8,783,159 | 9 | 8,748,571 | 7 |
| Computer software cost | 9,231,478 | 10 | 6,835,370 | 6 | 11,745,475 | 12 | 10,128,401 | 9 |
| Other intangible assets | 127,818 | - | 137,997 | - | 3,493,563 | 3 | 3,350,000 | 3 |
| Customer relationship (Note 12) | 2,861,323 | 3 | - | - | 10,720,230 | 11 | 19,228,424 | 16 |
| Operating rights (Note 12) | 1,382,000 | 1 | - | - | 5,764 | - | 3,860 | - |
| Other intangible assets | 15,934 | - | - | - | (64,043) | - | (147,423) | - |
| Total intangible assets | 4,259,257 | 4 | 15,945,876 | 13 | (40,844,007) | (42) | (1,437,290) | (1) |
| Minority interests | 21,843,353 | 22 | - | - | 31,852,929 | 32 | 89,867,794 | 76 |
| Total other assets | 4,488,605 | 5 | 3,188,398 | 3 | 572,252 | 1 | 24,506 | - |
| OTHER ASSETS | | | | | | | | |
| Assets leased to others (Notes 2 and 13) | 547,295 | 1 | 722,041 | 1 | 38,009,254 | 39 | 49,993,251 | 42 |
| Idle assets (Notes 2 and 13) | 315,583 | - | 227,921 | - | 8,783,159 | 9 | 8,748,571 | 7 |
| Refundable deposits | 405,585 | 1 | 301,960 | - | 11,745,475 | 12 | 10,128,401 | 9 |
| Deferred charges (Notes 2 and 14) | 262,093 | - | 300,879 | - | 3,493,563 | 3 | 3,350,000 | 3 |
| Deferred income tax assets - non-current (Notes 2 and 21) | 2,898,598 | 3 | 1,554,290 | 2 | 10,720,230 | 11 | 19,228,424 | 16 |
| Other (Notes 2 and 19) | 59,451 | - | 81,307 | - | 5,764 | - | 3,860 | - |
| Total other assets | 4,488,605 | 5 | 3,188,398 | 3 | (147,423) | - | (147,423) | - |
| TOTAL | \$ 98,030,256 | 100 | \$ 118,412,549 | 100 | \$ 98,030,256 | 100 | \$ 118,412,549 | 100 |

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

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

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

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

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

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

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

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

| | 2007 | 2006 |
|---|----------------------|---------------------|
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | \$ 1,014,951 | \$ 469,519 |
| Less: interest capitalized | <u>(25,981)</u> | <u>(11,647)</u> |
| Interest paid - excluding interest capitalized | <u>\$ 988,970</u> | <u>\$ 457,872</u> |
| Income tax paid | <u>\$ 4,708,894</u> | <u>\$ 1,531,391</u> |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | |
| Current portion of long-term liabilities | <u>\$ 4,940,340</u> | <u>\$ 3,814,448</u> |
| Conversion of convertible bonds to capital stock and entitlement certificates | <u>\$ 43,251</u> | <u>\$ 1,314,549</u> |
| Payables for capital reduction | <u>\$ 12,000,000</u> | <u>\$ -</u> |
| CASH INVESTING AND FINANCING ACTIVITIES | | |
| Acquisition of property and equipment | \$ 6,284,450 | \$ 7,512,091 |
| Increase in notes payable | (1,073) | - |
| Decrease (increase) in other payables | <u>774,486</u> | <u>(164,505)</u> |
| Cash paid for acquisition of property and equipment | <u>\$ 7,057,863</u> | <u>\$ 7,347,586</u> |

The Corporation acquired 74.65% of Taiwan Fixed Network Co., Ltd.'s shares (the former TFN) on April 17, 2007. The fair values of the assets and liabilities as of April 17, 2007 were as follows:

| | |
|--|-------------------|
| Cash | \$ 3,919,950 |
| Available-for-sale financial assets - current | 13,363,247 |
| Accounts receivable | 896,662 |
| Inventories | 160,803 |
| Other receivable | 3,066,995 |
| Other current assets | 439,823 |
| Investments accounted for using equity method | 44,670,593 |
| Financial assets carried at cost - non-current | 2,239,242 |
| Bonds measured at amortized cost - non-current | 500,000 |
| Property and equipment | 5,229,013 |
| Intangible assets | 6,650,044 |
| Other assets | <u>357,080</u> |
| | <u>81,493,452</u> |
| Accounts payable | 1,327,269 |
| Accrued expenses | 567,354 |
| Other payables | 453,711 |
| Current portion of long-term liabilities | 15,748,972 |
| Other current liabilities | 928,479 |
| Long-term bank loans and notes payables | 7,315,099 |

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

| | |
|---|---------------------|
| Accrued pension costs | \$ 121,265 |
| Other liabilities | <u>148,086</u> |
| | <u>26,610,235</u> |
| Net | 54,883,217 |
| Percentage of equity interest | <u>84.6%</u> |
| | 46,431,202 |
| Less: Fair value of 9.95% stake owned before tender offer (including investment income recognized under the equity method from January 1, 2007 to April 16, 2007, and the difference between preceding and following fair market value of purchase price allocation.) | <u>(6,444,914)</u> |
| Cash paid for acquisition of the former TFN | <u>\$39,986,288</u> |
| The Corporation acquired 52.35% of Taiwan Telecommunication Network Services Co., Ltd.'s shares in September 2007. The fair values of the assets and liabilities upon acquisition were as follows: | |
| Cash | \$ 222,689 |
| Financial assets at fair value through profit or loss - current | 141,111 |
| Accounts receivable | 165,087 |
| Inventories | 11,263 |
| Other current assets | 13,578 |
| Financial assets carried at cost - non-current | 332,400 |
| Property and equipment | 292,462 |
| Intangible assets | 551,454 |
| Other assets | <u>41,843</u> |
| | <u>1,771,887</u> |
| Accounts payable | 116,329 |
| Accrued expenses | 34,364 |
| Other payables | 4,796 |
| Other current liabilities | 76,632 |
| Accrued pension costs | 31,080 |
| Other liabilities | <u>3,968</u> |
| | <u>267,169</u> |
| Net | 1,504,718 |
| Percentage of equity interest | <u>52.35%</u> |
| Cash paid for acquisition of Taiwan Telecommunication Network Services Co., Ltd. | <u>\$ 787,720</u> |

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

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

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

1. ORGANIZATION AND OPERATIONS

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Consolidation

a. Basis of consolidation

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

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

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

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

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

(Continued)

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

(Concluded)

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

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

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

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

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

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

Classification of Current and Non-current Assets and Liabilities

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

Cash Equivalents

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

Financial Instruments at Fair Value through Profit or Loss

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

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

Available-for-sale Financial Assets

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

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

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

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

Allowance for Doubtful Accounts

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

Inventories

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

Investments Accounted for Using Equity Method

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

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

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

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

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

Financial Assets Carried at Cost

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

Bonds Measured at Amortized Cost

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

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

Property and Equipment and Assets Leased to Others

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

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

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

Intangible Assets

a. Franchise

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

b. Computer software

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

c. Goodwill

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

d. Customer relationship and operating rights

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

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

e. Other

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

Idle Assets

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

Deferred Charges

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

Asset Impairment

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

Pension Costs

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

Bonds Payable

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

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

Income Taxes

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

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

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

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

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

Treasury Stock

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

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

Foreign-currency Transactions

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

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

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

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

Revenue Recognition

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

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

Promotion Expenses

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

Hedging Derivative Financial Instruments

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

Reclassification

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

3. REASONS AND EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

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

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

7. ACCOUNTS RECEIVABLE - THIRD PARTIES

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

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

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

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

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

9. FINANCIAL ASSETS CARRIED AT COST - NON-CURRENT

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

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

10. BONDS MEASURED AT AMORTIZED COST - NON-CURRENT

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

11. PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION

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

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

12. INTANGIBLE ASSETS

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

a. Customer relationship and operating rights

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

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

b. Goodwill

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

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

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

1) Wireless service

a) Assumptions on operating revenues

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

b) Assumptions on operating costs and expenses

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

c) Assumptions on discount rate

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

2) Cable television business

a) Assumptions on operating revenues

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

b) Assumptions on operating costs and expenses

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

c) Assumptions on discount rate

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

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

13. ASSETS LEASED TO OTHERS AND IDLE ASSETS

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

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

14. DEFERRED CHARGES

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

15. SHORT-TERM BANK LOANS

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

16. SHORT-TERM NOTES AND BILLS PAYABLE

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

17. BONDS PAYABLE

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

a. Domestic secured bonds

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

b. Domestic unsecured bonds

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

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

Future repayments of corporate bonds are as follows:

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

c. 1st domestic convertible bonds

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

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

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

d. 2nd domestic convertible bonds

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

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

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

18. LONG-TERM NOTES PAYABLE

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

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

19. PENSION PLAN

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

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

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

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

a. Pension cost

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

b. Changes in the prepaid pension cost

| | <u>December 31</u> | |
|--|--------------------|------------------|
| | <u>2007</u> | <u>2006</u> |
| Benefit obligation | | |
| Vested | \$ (5,002) | \$ - |
| Non-vested | <u>(330,434)</u> | <u>(178,977)</u> |
| Accumulated | (335,436) | (178,977) |
| Additional benefits based on future salaries | <u>(227,841)</u> | <u>(121,863)</u> |
| Projected benefit obligation | (563,277) | (300,840) |
| Fair value of plan assets | <u>631,830</u> | <u>418,142</u> |
| Funded status | 68,553 | 117,302 |
| Unrecognized net transition obligation | 24,386 | 6,165 |
| Unrecognized prior service cost | 20,934 | - |
| Unamortized net gain or loss | 20,839 | - |
| Unrecognized net gain | (120,728) | (97,964) |
| Additional liability | <u>(16,932)</u> | <u>-</u> |
| Prepaid pension cost | <u>\$ (2,948)</u> | <u>\$ 25,503</u> |
| c. Vested benefit | <u>\$ (5,604)</u> | <u>\$ -</u> |

d. Actuarial assumptions

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

20. SHAREHOLDERS' EQUITY

a. Capital surplus

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

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

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

b. Appropriation of earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

c. Cash reduction

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

d. Treasury stock

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

Note: Shares held before capital reduction.

1) Transfer of stock to employees

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

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

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

2) Shares held by subsidiaries

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

e. Unrealized losses on financial instruments

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

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

21. INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

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

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

- f. Integrated income tax information was as follows:

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

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

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

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

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

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

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

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

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

22. EARNINGS PER SHARE

(In New Taiwan Dollar)

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

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

23. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

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

24. FINANCIAL INSTRUMENT TRANSACTIONS

a. Fair value information

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

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

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

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

e. Information on financial risks:

1) Market risk

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

2) Credit risk

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

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

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

3) Liquidity risk

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

4) Cash flow risk from interest rate fluctuations: None

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

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

25. RELATED-PARTY TRANSACTIONS

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

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

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

1) Operating revenues

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

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

2) Operating costs

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

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

3) Property transactions

Acquisition of property and equipment

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

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

Disposal of property and equipment

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

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

4) Rental income

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

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

5) Cash in banks and bank loans

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

| | December 31 | | | |
|--------------------------------|--------------------|----------|--------------------------|----------|
| | 2007 | | 2006 | |
| | Amount | % | Amount | % |
| b) Pledged time deposits | | | | |
| TFCB | \$ 22,815 | 48 | \$ 10,000 | 100 |
| | | | | |
| | | | December 31, 2007 | |
| c) Secured loans | | | | |
| <u>TFCB</u> | | | | |
| Short-term secured loans | | | | |
| Maximum balance for the period | | | \$ 2,180,000 | |
| Ending balance | | | \$ - | |
| Rate (%) | | | 2.1131-2.5941 | |
| Interest expenses | | | \$ 25,015 | |
| Long-term secured loans | | | | |
| Maximum balance for the period | | | \$ 2,500,000 | |
| Ending balance | | | \$ - | |
| Rate (%) | | | 2.3568-2.4516 | |
| Interest expenses | | | \$ 19,293 | |
| 6) Receivables and payables | | | | |

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

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

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

26. ASSETS PLEDGED

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

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

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

27. COMMITMENTS AND CONTINGENT EVENTS

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

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

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

28. ADDITIONAL DISCLOSURES

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

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

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

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

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

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

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

k. Investment in Mainland China:

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

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

29. SEGMENT INFORMATION

a. Industry

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

(Continued)

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

(Concluded)

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

Note 2: Represents sales or labor service between segments.

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

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

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

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

b. Foreign operations

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

c. Foreign revenues

The Corporation has no foreign revenues.

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

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

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

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

- Note 1: Direct/indirect subsidiary
- Note 2: Parent company
- Note 3: Direct subsidiary
- Note 4: Maximum guarantee/endorsement amount for the period and the ending balance are the amount allowed, not actual appropriation.
- Note 5: The Corporation limits the endorsement/guarantee amount for the company that directly or indirectly entitled the whole percentage of voting rights within net value of the Corporation, and the endorsement/guarantee amount for each counter-party.
- Note 6: The Corporation limits the endorsement/guarantee amount for directly or indirectly entitled the whole percentage of TAT within the net value of TAT, and the endorsement/guarantee amount should not exceed double TAT's investment amount.
- Note 7: The individual lending amount and the aggregate amount of loaning funds to subsidiaries shall be both limited to the higher amount of the following items: 1) the financing company's net worth, or 2) the amount of business dealing.
- Note 8: TTN wholly owns VoPier Communications. The total guarantee/endorsement amount for VoPier's to provide shall not exceed its net worth. The guarantee/endorsement amount to each shareholder provided by VoPier limits to 2 times of its stake.
- Note 9: The individual lending amount and the aggregate amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the financing company's capital, or 2) the amount of business dealing.
- Note 10: TFNM, FYM, UCTV, NCCTV, MCTV, GCTV, PCTV, SHCTV and YICTV are sureties for each other to obtain a syndicate loan from Chinatrust Commercial Bank and other financial institutions. The credit line was \$7,000,000 thousand. Those nine companies are jointly liable for this loan. As of December 31, 2007, those companies had paid off all the syndicate loan. The amount of collaterals refers to Note 26.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
YEAR ENDED DECEMBER 31, 2007

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

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

(Continued)

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

(Continued)

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

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

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

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

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

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

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

Note 7: Partial shares are held under trustee accounts.

Note 8: Calculation was based on unaudited financial statements.

Note 9: Shares held before capital reduction.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

- Note 1: The amount of beginning and ending fund balance that belongs to marketable securities included the revaluation gain on financial assets.
- Note 2: The amount included (a) the cash dividend adjustment of \$544,114 thousand; (b) the investment income adjustment of \$1,784,640 thousand; (c) the recognition of cumulative translation adjustments of \$1,904 thousand; (d) unrealized loss of \$113,063 thousand on financial asset; (e) capital surplus \$331,485 thousand; and (f) net loss not recognized as pension cost 1,534 thousand. Moreover, the Corporation's shares held by its subsidiaries are treated as treasury stock and reclassified from investments accounted for using equity method to treasury stock, amount to \$40,844,007 thousand.
- Note 3: For its reorganization, the Corporation resolved to inject capital into Taiwan Cellular Co., Ltd. (formerly Taising Den Syn Co., Ltd.) with all its shares of Taiwan Fixed Network Co., Ltd. (the former TFN). The difference between the original cost and the disposal price of the former TFN shares, \$1,586,156 thousand, was recognized by the Corporation as deferred credits. There was no gain or loss on this transaction.
- Note 4: The amount included (a) the investment income adjustment of \$809,140 thousand; (b) the recognition of cumulative translation adjustment of \$751 thousand; (c) unrealize loss of \$12,327,281 thousand on financial assets; (d) capital surplus \$1,313 thousand; and (e) net loss not recognized as pension cost \$1,534 thousand.
- Note 5: For its reorganization, TCC resolved to inject capital into Taising International Telecommunications Co., Ltd. with all its shares of Taiwan Fixed Network Co., Ltd. (the former TFN). The difference between the original cost and the disposal price of the former TFN shares, \$2,194 thousand, was recognized by TCC as deferred debits. There was no gain or loss on this share transaction.
- Note 6: The amount included the capital reduction adjustment of \$248,000 thousand and the investment loss adjustment of \$828 thousand.
- Note 7: For its reorganization, Mobitat Communications merged into TAT. There was no gain or loss on this share transaction.
- Note 8: For its reorganization, the former TFN merged into TFN. There was no gain or loss on this share transaction.
- Note 9: The amount included (a) the investment loss adjustment of \$3,579 thousand; and (b) capital surplus \$1,313 thousand.
- Note 10: The amount included the investment loss adjustment of \$489 thousand.
- Note 11: The amount included (a) the investment income adjustment of \$8,955 thousand; and (b) the difference between the cost of acquisition and the equity in the investee's net asset value, amount to \$12,927 thousand.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2007

(In Thousands of New Taiwan Dollars)

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

Note 1: Recognized as operating expenses.

Note 2: Recognized as accrued expenses.

Note 3: Shown as TFN's ending balance.

Note 4: No comparables on such kind of transactions.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

Note 1: Including accounts receivable of the former TFN.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

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

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

Note 2: Partial shares are held as trusts.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
DECEMBER 31, 2007

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

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

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

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

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

TABLE 9

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

YEAR ENDED DECEMBER 31, 2007

(In Thousands of New Taiwan Dollars)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

(Continued)

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

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

(Continued)

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

(Continued)

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

Note 1: Parent to subsidiary.

Note 2: Subsidiary to parent.

Note 3: Between subsidiaries.

(Concluded)

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

| Number | Company Name | Counterparty | Transaction Details | | | | | Percentage of Consolidated Total Operating Revenues or Total Assets |
|--------|---|--|--------------------------------------|--|--|--|---------------------------------|---|
| | | | Nature of Relationship (Note) | Account | Amount | Transaction Terms | | |
| | | The Corporation The Corporation TT&T Holdings Co., Ltd. The Corporation The Corporation TT&T Life Insurance Agency Co., Ltd. TT&T Casualty & Property Insurance Agency Co., Ltd. The Corporation | 2 2 1 2 2 1 1 2 | Operating costs Marketing expenses Marketing expenses Administrative expenses Administrative expenses Rental income Rental income Miscellaneous revenue | \$ 6,920 10,441 58,244 1 34 4 4 24,109 | 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 | - - - - - - - | |
| 5 | TT&T Life Insurance Agency Co., Ltd. | Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. | 2 2 | Marketing expenses Rental expense | 298 4 | Based on regular terms Based on regular terms | - - | |
| 6 | TT&T Casualty & Property Insurance Agency Co., Ltd. | Taiwan Teleservices & Technologies Co., Ltd. | 2 | Rental expense | 4 | Based on regular terms | - | |
| 7 | TT&T Holdings Co., Ltd. | Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd. (formerly T'aihsing Den Syun Co., Ltd.) Taiwan Teleservices & Technologies Co., Ltd. Xiamen Taifu Teleservices & Technologies Ltd. | 2 2 2 2 1 | Accounts receivable Accounts payable Accrued expenses Operating revenues Marketing expenses | 908 3,708 100 58,244 14,542 | Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms | - - - - - | |
| 8 | Xiamen Taifu Teleservices & Technologies Ltd. | Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Teleservices & Technologies Co., Ltd. Taiwan Cellular Co., Ltd. (formerly T'aihsing Den Syun Co., Ltd.) TT&T Holdings Co., Ltd. | 2 2 2 2 2 | Accounts receivable Other receivables Accrued expenses Accrued expenses Operating revenues | 10,391 2 10 100 14,542 | Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms | - - - - - | |

Note 1: Parent to subsidiary.

Note 2: Subsidiary to parent.

Note 3: Between subsidiaries.

(Concluded)