

## Ch. 4 Financial Information

### Capital and Shares

#### History of Capitalization

As of February 9, 2008 Unit: shares / NT\$

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

As of February 9, 2008 Unit: shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,800,925,363	2,199,074,637	6,000,000,000	None

## Shareholder Structure

As of February 9, 2008

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	1	15	205	37,523	601	38,345
Total shares owned	3,496,204	261,383,082	1,423,781,354	379,719,425	1,732,545,298	3,800,925,363
Holding percentage (%)	0.09	6.88	37.46	9.99	45.58	100.00

## Shareholding Distribution

Par value: NT\$10/share As of February 9, 2008

Shareholding range	Number of shareholders	Total shares owned	Holding percentage
1 ~ 999	19,547	7,241,468	0.191%
1,000 ~ 5,000	13,076	29,760,568	0.783%
5,001 ~ 10,000	2,758	19,544,156	0.514%
10,001 ~ 15,000	789	9,554,622	0.251%
15,001 ~ 20,000	547	9,170,347	0.241%
20,001 ~ 30,000	372	9,023,583	0.237%
30,001 ~ 50,000	309	11,602,111	0.305%
50,001 ~ 100,000	223	15,894,932	0.418%
100,001 ~ 200,000	153	22,336,968	0.588%
200,001 ~ 400,000	119	35,196,337	0.926%
400,001 ~ 600,000	64	31,123,676	0.819%
600,001 ~ 800,000	49	34,546,897	0.909%
800,001 ~ 1,000,000	41	36,336,663	0.956%
1,000,001 and above	298	3,529,593,035	92.862%
Total	38,345	3,800,925,363	100.00%

## Major Shareholders

As of February 9, 2008

Name	Total shares owned	Holding percentage
Taiwan Fixed Network Co., Ltd.	456,294,760	12.005%
TFN Investment Co., Ltd.	355,622,851	9.356%
Ming Dong Co., Ltd.	170,609,725	4.489%
Dao Ying Co., Ltd.	116,616,380	3.068%
DLK Holding Co. L.L.C	114,006,661	2.999%
JPMorgan Chase Bank N.A. Taipei Branch (custodian for Capital World Growth and Income Fund Inc.)	98,572,439	2.593%
Fubon Securities Co., Ltd.	96,584,163	2.541%
Fubon Life Assurance Co., Ltd.	89,773,963	2.362%
JPMorgan Chase Bank N.A. Taipei Branch (custodian for Templeton Asian Growth Fund)	83,951,609	2.209%
Daniel Tsai	81,151,434	2.135%

## Major Shareholders of TWM's Institutional Investors

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

## Shareholding Changes of Directors, Supervisors, Managers and Major Shareholders

For 2007 and up to the publication date for 2008, the Company's directors, supervisors and major shareholders that own more than 10% of the Company's outstanding shares did not conduct any major share transfers or pledges, except for Taiwan Fixed Network's disposal of 300 million shares holdings of the Company. The Company has maintained a good relationship with its directors, supervisors and major shareholders. With maximizing shareholder value as its goal, the Company has strived to maintain a stable management in order to decrease shareholder risk. Below is a chart detailing net changes in shareholdings of directors, supervisors, managers and major shareholders.

## Insignificant Changes in Shareholder Structure

Unit: Shares

Title	Name	2007		2008 (as of February 9)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding <sup>1</sup>	Net change in shares pledged
Chairman	Richard Tsai, Representative of Fu-Chi Venture Corp.				
Vice Chairman	Daniel Tsai, Representative of Fu-Chi Venture Corp.	2,145,000	0	(1,531,054)	0
Supervisor	Victor Kung, Representative of Fu-Chi Venture Corp.				
Director	Harvey Chang, Representative of Kuo-Ki Investment Co., Ltd.	0	0	(54,105)	0
Director	Vivien Hsu, Representative of Taiwan Fixed Network Co., Ltd.				
Director	Benny Chen, Representative of Taiwan Fixed Network Co., Ltd.	0	0	(444,058,002)	0
Supervisor	Temporary vacant, Representative of Taiwan Fixed Network Co., Ltd.				
Director	Nita Ing, Representative of Ching Shang Zhen Co., Ltd.	0	0	(539,089)	0
Independent Director	Jack J.T. Huang	0	0	0	0
Independent Director	Wen-Li Yeh	0	0	0	0
Independent Director	J. Carl Hsu	0	0	0	0
Independent Director	Tsung-Ming Chung	0	0	0	0
President & Chief Executive Officer	Harvey Chang	(4,170,000)	0	(974,220)	0
Chief Strategy Officer	JC Dorng	185,000	0	(63,393)	0
Chief Financial Officer	Vivien Hsu	360,000	0	(249,074)	0
Chief Technology Officer	Frank Lin	216,000	0	(59,989)	0
Chief Operating Officer of Consumer Business Group	Cliff Lai	260,000	0	(62,389)	0
Chief Operating Officer of Enterprise Business Group	George C. Chou	80,000	0	(19,245)	0
Vice President	Jay Hong	120,000	0	(28,795)	0
Vice President	C.A. Chuang	130,000	0	(40,073)	0
Vice President	Ariel Hwang	33,000	0	(33,000)	0
Vice President	James Chang	120,000	0	(28,795)	0
Vice President	D.S. Chiou	69,000	0	(56,841)	0
Vice President	HS Wang	69,000	0	(65,918)	0
Vice President	Joseph Yang	30,000	0	(7,199)	0
Vice President	Andrew Wong	104,000	0	(33,236)	0
Vice President	Jeff Ku	120,000	0	(36,396)	0
Vice President	Ruth Liaw	110,000	0	(74,398)	0
Vice President	Rosie Yu	120,000	0	(120,000)	0
Vice President	Techi Juan	87,000	0	(27,931)	0
Vice President	Egon Chen	(9,000)	0	(44,045)	0
Vice President	Chien Chen	90,000	0	(42,118)	0
Vice President	Sean Hsieh	160,000	0	(88,226)	0
Vice President	Jerry Chu	249,000	0	(150,216)	0
Vice President	Paul Huang	173,000	0	(41,513)	0
Vice President	Simon Wang	104,000	0	(31,796)	0

Note1: The shareholding of directors, supervisors, managers and major shareholders decreased partially due to the 24% capital reduction on February 9, 2008.

### Stock Trade with Related Party:

Title	Name	Reasons for trading	Trading date	Counter Party	Relationship	Shares	Trading price (NT\$)
Representative of institutional investor	Harvey Chang	Disposal	2007.2.28	Yu-Wei Investment Co., Ltd.	Designated party	3,600,000	31.95
			2007.7.17	Wei-Cheng Investment Co., Ltd.	Designated party	6,000,000	41.40

### Stock Pledged with Related Party: None

### Direct and Indirect Investments in Affiliated Companies

As of December 31, 2007 Unit: shares, %

Long-term investments	Investment by TWM		Direct & indirect investment by TWM's directors, supervisors and management		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
TransAsia Telecommunications Inc.	900,000,000	100.00	–	–	900,000,000	100.00
Taiwan Cellular Co., Ltd.	364,958,330	100.00	–	–	364,958,330	100.00
Wealth Media Technology Co., Ltd.	8,700,000	100.00	–	–	8,700,000	100.00
Bridge Mobile Pte Ltd.	1,000,000	10.00	–	–	1,000,000	10.00



△ Received "CG6002 certification" from the Corporate Governance Association

## Share Price, Net Worth, Earnings, Dividends and Related Information

Unit: NT\$, shares in thousand

		2006	2007	As of Feb. 9, 2008 (Note 3)	
Share price (NT\$)	High	33.85	45.80	49.50	
	Low	28.00	31.65	42.15	
	Average	31.10	38.22	45.41	
Net worth per share (NT\$)	Before earnings appropriation	18.14	11.54	11.54	
	After earnings appropriation	15.45	Note 1	Note 1	
Earnings per share (NT\$)	Adjusted weighted avg. outstanding shares	4,933,714	3,928,228	3,928,228	
	Earnings per share	Before adjustment	3.28	1.68	1.68
		After adjustment	3.28	Note 1	Note 1
Dividends per share (NT\$)	Cash dividends	2.59	Note 1	-	
	Stock dividends	Retained earnings	-	Note 1	-
		Capital surplus	-	-	-
	Accumulated unpaid dividends	-	-	-	
PE and dividend yield (Note 2)	Price earnings ratio (x)	Before adjustment	9.48	22.75	-
		After adjustment	9.48	Note 1	-
	Price to cash dividend (x)	12.01	-	-	
	Cash dividend yield (%)	8.33%	-	-	

Note1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The appropriation amount for 2007 has not yet been approved.

Note2: Price earnings ratio = Average closing price / earnings per share

Price to cash dividend = Average closing price / cash dividend per share

Cash dividend yield = Cash dividend per share / Average closing price

Note3: Net worth per share and earnings per share are based on the most recent audited financial statements. All others are as of February 9, 2008.

## Relationship among TWM's Top 10 Shareholders

Name (A)	Current shareholding		Spouse/minor's shareholding	
	Shares	%	Shares	%
Taiwan Fixed Network	456,294,760	12.005%	--	--
Chairman: Harvey Chang				
TFN Investment	355,622,851	9.356%	--	--
Chairman: Richard Tsai				
Ming Dong Co., Ltd.	170,609,725	4.489%	--	--
Chairman: Chin-Neng Kao				
Dao Ying Co., Ltd.	116,616,380	3.068%	--	--
Chairman: Chao-Nan Kuo				
DLK Holding Co. L.L.C	114,006,661	2.999%	--	--
JPMorgan Chase Bank N.A. Taipei Branch (custodian for Capital World Growth and Income Fund Inc.)	98,572,439	2.593%	--	--
Fubon Securities Co., Ltd.	96,584,163	2.541%	--	--
Chairman: Kung-Liang Yeh				
Fubon Life Assurance Co., Ltd.	89,773,963	2.362%	--	--
Chairman: Richard Tsai				
JPMorgan Chase Bank N.A. Taipei Branch (custodian for Templeton Asian Growth Fund)	83,951,609	2.209%	--	--
Daniel Tsai	81,151,434	2.135%	6,754,863	0.177%

## Dividend Policy

As of February 9, 2008

Name and relationship among TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
Name (B)	B is A's:
TFN Investment Fubon Securities Fubon Life Assurance Daniel Tsai	Subsidiary Related party Related party Director
TFN Investment	A is B's director
Taiwan Fixed Network Fubon Securities Fubon Life Assurance Daniel Tsai	Parent company Related party A and B have the same chairman Director
Taiwan Fixed Network Fubon Life Assurance Daniel Tsai	A is B's director A is B's Chairman Relative within two degrees
Fubon Securities Fubon Life Assurance	Related party Related party
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Fubon Securities Fubon Life Assurance	Related party Related party
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--	--
Taiwan Fixed Network TFN Investment Ming Dong Co Dao Ying Co Fubon Life Assurance  Daniel Tsai	Related party Related party Related party Related party A and B are subsidiaries of Fubon Financial Holding Co., Ltd. Related party
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Taiwan Fixed Network TFN Investment Ming Dong Co. Dao Ying Co. Fubon Securities  Daniel Tsai	Related party A and B have the same chairman Related party Related party A and B are subsidiaries of Fubon Financial Holding B is a relative within two degrees of A's chairman
Taiwan Fixed Network TFN Investment Daniel Tsai	A is B's director A is B's Chairman Relative within two degrees
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Taiwan Fixed Network TFN Investment Fubon Securities Fubon Life Assurance Richard Tsai Richard Tsai	Director Director Related party B's chairman is a relative within two degrees of A Relative within two degrees Relative within two degrees



## 1. Dividend policy under Articles of Incorporation:

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

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

Cash dividend is proposed to be NT\$7,601,850,726 or NT\$2 per share, based on post capital reduction share count of 3,800,925,363. This does not include dividends to be forfeited by TFN and TFN Investment on the record date of earnings distribution.

## tion on business performance and EPS

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

## Share Buyback

## Impact of stock dividend distribu-

As of February 9, 2008 Unit: NT\$, shares, %

Share buyback	4th
Purpose	Transfer to employees
Buyback period	2006.04.28 ~ 2006.06.27
Buyback price range	NT\$29.93 ~ NT\$32.98
Total number of shares bought back	57,804,000
Buyback amount (NT\$)	1,818,370,677
Number of shares canceled/transferred	57,804,000
Treasury stock balance (shares)	0
As % of the Company's total issued shares	0%

## Corporate Bond Issuance

## Corporate Bonds

As of February 9, 2008

Issuance	First secured corporate bonds	First unsecured corporate bonds
Issue date	February 1, 2001	December 13, 2002
Denomination	NT\$1,000,000	NT\$5,000,000
Issuance and listing	Not applicable	Not applicable
Issue price	100%	100%
Total amount	NT\$3,000,000,000	NT\$15,000,000,000
Coupon	5.31% p.a.	IA ~ IL: 2.60% p.a. IIA ~ IIL: 5.21% p.a. minus floating rate but not lower than 0% IIIA ~ IIIM: 2.80% p.a. IVA ~ IVM: 5.75% p.a. minus floating rate but not lower than 0% The floating rate is based on the USD 6-month LIBOR rate quoted on page 3750 of Hong Kong Bridge Telerate at 11 a.m. London time
Term	5 years, 12 separate series: A~L, maturing from Feb. 1-16, 2006	5 years, maturing on Dec. 13-30, 2007 7 years, maturing on Dec. 13-31, 2009
Guarantor	Syndicated by ICBC and 15 other banks	None
Trustee	Bank SinoPac, Trust Division	Bank SinoPac, Trust Division
Underwriter	None	None
Legal counsel	None	None
Auditor	Arthur Lee, CPA, and Jason Hsia, CPA, Deloitte & Touche	Peter Lin, CPA, and Morris Yang, CPA, Deloitte & Touche
Repayment	Repayment of half of the principal at the end of the 4th year and the remaining half at the end of the 5th year	IA ~ IL: repayment of 50% of the principal at the end of the 4th year and the remaining 50% at the end of the 5th year IIA ~ IIL: repayment in full upon maturity IIIA ~ IIIM: repayment of 50% of the principal at the end of the 6th year and the remaining 50% at the end of the 7th year IVA ~ IVM: repayment in full upon maturity
Outstanding balance	NT\$ 0	NT\$10,000,000,000
Early repayment clause	None	None
Covenants	1. During the effective period of the syndicated credit agreement, the current ratio at the end of each year must be maintained at greater than 100%. 2. During the effective period of the syndicated credit agreement, the debt to equity ratio at the end of each year must be maintained at less than 100%. 3. Starting in 2001, the long-term solvency ratio must be at least 150%	None
Credit rating agency, rating date, company credit rating	Not applicable	Taiwan Rating Co., Ltd, 2002.11.20, twAA- Taiwan Rating Co., Ltd, 2003.03.18, twA+ Taiwan Rating Co., Ltd, 2004.12.22, twAA Taiwan Rating Co., Ltd, 2006.03.01, twAA+ Taiwan Rating Co., Ltd, 2007.04.24, twAA
Ancillary securities rights	Amount converted/ exchanged into common shares, ADRs or other securities Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription) Not applicable	Not applicable
Dilution and other effects on shareholders' equity	Not applicable	Not applicable
Custodian	Not applicable	Not applicable

(Continued)

As of February 9, 2008

Issuance	First unsecured convertible bonds	Second unsecured convertible bonds
Issue date	August 25, 2001	August 16, 2002
Denomination	NT\$100,000	NT\$100,000
Issuance and listing	Not applicable	Not applicable
Issuing price	100%	100%
Total amount	NT\$10,000,000,000	NT\$6,000,000,000
Coupon	Zero coupon	Zero coupon
Tenure	5 years, redemption date is Aug. 24, 2006	5 years, redemption date is Aug. 15, 2007
Guarantor	None	None
Trustee	Bank SinoPac, Trust Division	Bank SinoPac, Trust Division
Underwriter	Fubon Securities Co., Ltd.	Fubon Securities Co., Ltd.
Legal counsel	Esq. Tsai-Sheng Lin	Esq. Tsai-Sheng Lin
Auditor	Arthur Lee, CPA, and Jason Hsia, CPA, Deloitte & Touche	Jason Hsia, CPA, and Morris Yang, CPA, Deloitte & Touche
Repayment	Except for early conversions to common shares pursuant to articles 10 and 18 of the rule governing the issuance of convertible bonds, or redemptions by the Company pursuant to Article 18 of the rule, or bondholders selling the bond back to the issuing company pursuant to Article 19 of the rule, full repayment in cash is due upon maturity.	Except for early conversions to common shares pursuant to articles 10 and 17 of the rule governing the issuance of convertible bonds, or redemptions by the Company pursuant to Article 17 of the rule, or bondholders selling the bond back to the issuing company pursuant to Article 18 of the rule, full repayment in cash based on face value plus interest compensation is due upon maturity.
Outstanding balance	NT\$ 0	NT\$ 0
Redemption or early repayment clause	After the third month of the issuance to 40 days before maturity, in the event the closing price of the Company's common share exceeds 50% of the current conversion price for 30 consecutive business days, and the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company may opt for compulsory conversion or redemption to convert the bonds to entitlement certificates at the current conversion price or redeem the bonds in cash at par value from the bondholder.	After the third month of the issuance to 40 days before maturity, in the event the closing price of the Company's common share exceeds 50% of the current conversion price for 30 consecutive business days, and the convertible bonds' outstanding balance is lower than 10% of the total issuance amount, the Company may opt for compulsory conversion or redemption to convert the bonds to common shares at the current conversion price or redeem the bonds in cash at par value from the bondholder.
Covenants	For covenants pertaining to cash dividend distribution and preferred shares issuance, please refer to articles 7 and 26 of the rule for issuance and conversion of this unsecured convertible bond.	For covenants pertaining to cash dividend distribution and preferred shares issuance, please refer to articles 7 and 25 of the rule for issuance and conversion of this unsecured convertible bond.
Credit rating agency, rating date, company credit rating	Not applicable	Not applicable
Ancillary Rights	Amount converted/ exchanged into common shares, ADRs or other securities Rules governing issuance or conversion (exchanged or subscription)	Amount converted/ exchanged into common shares, ADRs or other securities Rules governing issuance or conversion (exchanged or subscription)
	NT\$10,000,000,000 (Total CB buyback amounted to NT\$3,194,400,000 as of Aug. 24, 2006)	NT\$6,000,000,000 (Total CB buyback amounted to NT\$544,700,000 as of Aug. 15, 2007)
	For anti-dilution criteria and price resetting conditions, please refer to Article 9 of the rule for conversion of this unsecured convertible bond.	For anti-dilution criteria and price resetting conditions, please refer to Article 9 of the rule for conversion of this unsecured convertible bond.
Dilution and other effects on shareholders' interest	Not applicable	Not applicable
Custodian	Not applicable	Not applicable

## Convertible Bond Information

As of February 9, 2008 Unit: NT\$

Issuance	First unsecured convertible bonds		Second unsecured convertible bonds			
	2005	2006* (as of Aug. 24)	2005	2006	2007** (as of Aug. 15)	
Market price (de-nomination of the bond)	High	142.01	138.00	138.00	139.50	182.00
	Low	120.20	121.50	120.00	110.70	139.30
	Average	133.36	127.74	130.21	126.32	164.57
Conversion price (NT\$)	24.3 / 23.3	23.3 / 22.2	25.7 / 24.7	24.7 / 23.6	23.6 / 22.1	
Issue date and conversion price (NT\$) on issue date	2001.08.25 39.0	2001.08.25 39.0	2002.08.16 41.2	2002.08.16 41.2	2002.08.16 41.2	
Method of conversion	Issue new shares	Issue new shares	Issue new shares	Issue new shares	Issue new shares	

\*First unsecured convertible bond issue matured on Aug. 24, 2006

\*\*Second unsecured convertible bond issue matured on Aug. 15, 2007

**Exchangeable Bond:** None

**Shelf Registration Issuance:** None

**Bond with Warrant:** None

## Other Significant Issues

**Mergers and Acquisitions by Issuing New Shares:** None

### Other Issuance:

- 1. Preferred Shares:** None
- 2. Depositary Receipt Issuance:** None
- 3. Employee Stock Options:** None
- 4. Private Placement of Company Shares:** None

## Taiwan Mobile Shares Held / Sold by Subsidiaries:

Unit: NT\$'000; share; %

Subsidiary	Paid-in capital	Source of funding	% owned by the Company	Acquisition / disposal date	Shares acquired and amount	Shares sold and amount	Investment income	Ending balance of total No. of shares and value (Note 1)	Pledge	Guarantees / endorsements by the Company	Financing by the Company
TFN (formerly known as Taihsing International Telecommunications Co., Ltd.)	40,000,000	Equity	100%	December, 2007	-	-	-	900,352,762 shares NT\$30,079,818 (Note2)	None	\$18,050,000	-
				January, 2007	-	300,000,000 shares NT\$13,560,000 (or NT\$13,509,828, net of fee charge and transaction tax)	\$3,487,150	600,352,762 shares NT\$20,057,141 (Note2)	None	\$11,430,000	-
				February, 2007 (TWM capital reduction)	-	144,058,002 shares NT\$1,440,580	-	456,294,760 shares NT\$18,616,561	None	\$10,980,000	-
TFN Investment Co., Ltd.	20,619,388	Equity	100%	December, 2007	-	-	-	467,897,463 shares NT\$15,985,271 (Note2)	None	-	-
				February, 2007 (TWM capital reduction)	-	112,274,612 shares NT\$1,122,746	-	355,622,851 shares NT\$14,862,525	None	-	-

Note1: Ending balance of value was carrying cost, not including evaluation gain / loss.

Note2: Numbers before capital reduction.

### Other Significant Events Affecting Shareholders' Equity or Stock Price: None