

Letter to Shareholders

Dear Shareholders,

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

Outperforming industry peers

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

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

1. Cable broadband

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

2. Mobile broadband

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

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



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

A role model for corporate governance and customer satisfaction

1. Enterprise sustainability

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

2. Customer satisfaction

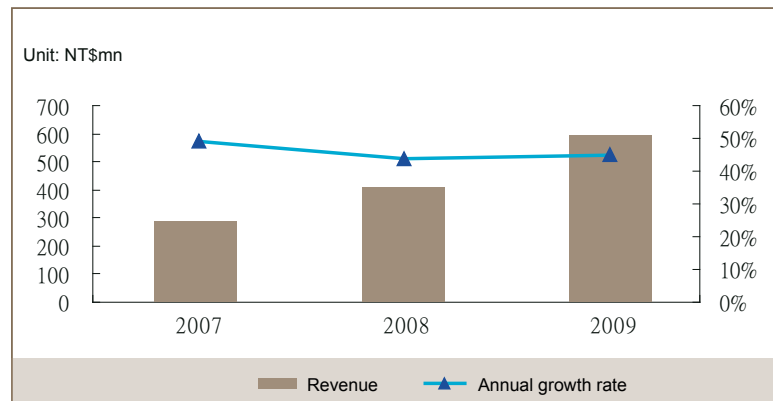
The Company is committed to creating the best customer experience by continually introducing innovative products and services, for which it has won numerous recognitions. TWM received the "Gold Trusted Brand" from *Reader's Digest* for the sixth year in a row and the "Top Service Awards" from *Next Magazine*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



Looking to lead digital convergence

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

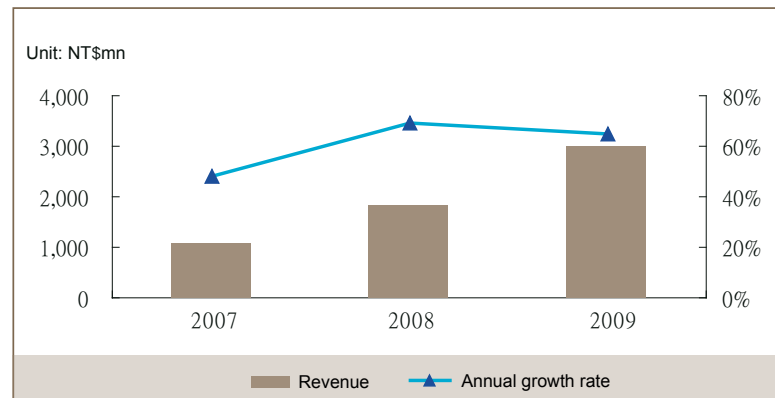
▼ Cable Broadband



Challenges ahead

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

▼ Mobile Broadband



Richard Tsai
Chairman

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