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Ticker: **3045**



Taiwan Mobile

2012 Annual Report

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 wireless amazing future technology convergence ECE apps
 m+ messenger SGS Qualicert creativity internet customer service

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	Website	www.kpmg.com.tw
Listing of Foreign Securities	None	

Disclaimer

Please note that the English annual report is a translation of the original Chinese version for convenience only.

In the event of any variance, the Chinese text shall prevail.

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Letter to Shareholders

Dear Shareholders,

Taiwan Mobile's ("TWM" or "The Company") consolidated net profit in 2012 rose 9% from a year ago, bolstered by revenue growth in all three major business groups – Consumer, Enterprise and Home. Given solid operating results, TWM's share price surged past the NT\$100 mark for the first time last year. The management team and employees are committed to further enhancing the Company's core competence and market leadership in order to meet shareholders' expectations.

Steady expansion of core business

In 2012, Taiwan Mobile posted a consolidated revenue of NT\$98.14bn, up 21% from a year ago. The Company's consolidated EBITDA of NT\$27.93bn and net income of NT\$14.69bn reached 98% and 102%, respectively, of its annual targets. Earnings per share rose 16% YoY to NT\$5.46. In addition to the benefits of a capital reduction in August 2011, the Company's growth was propelled by the following:

1. Wireless value-added services

The Company introduced many exclusive mid-to-low-end smartphone models to encourage users to switch from feature phones to smartphones. As a result, TWM's smartphone penetration rate reached 39% at the end of 2012, boosting wireless value-added service (VAS) revenue by 39% from 2011. Mobile VAS revenue as a percentage of total mobile service revenue climbed to 33% at the end of 2012.

2. Cable broadband services

Following the successful launch of its high-speed 60Mbps cable internet service in 2012, TWM's high-speed (≥ 20 Mbps) customer mix rose to 28% from 12% a year ago. This boosted the Company's cable internet subscriber numbers and average revenue per user (ARPU) by 10% and 4% YoY, respectively, leading to 15% YoY growth in cable internet revenue.

Enhancing corporate value

1. World-class corporate governance

Taiwan Mobile's commitment to corporate governance has made it a role model in protecting shareholders' interests and promoting financial transparency. The Company's compliance with global standards has won the trust of investors as well as numerous awards and recognition from various domestic and international rating institutions last year, including the following: "Corporate Governance Asia Recognition Award" in the Asia-Pacific region for the sixth year in a row, and "Best Corporate Investor Relations, Taiwan" in the 2nd Asian Excellence Recognition Awards from *Corporate Governance Asia* magazine; the "Best Managed Company," "Best Corporate Governance," "Best Corporate Investor Relations" and "Best Commitment to Strong Dividends" in the Asia's Best Companies Poll 2012 by *FinanceAsia* magazine; an "A++" rating and top 10 ranked listed company for "Transparency and Information

Disclosure” by the Securities and Futures Institute for the seventh consecutive year; and first place in the “Info Tech 100 Taiwan” and eighth in the “Info Tech 100 Asia” by *Business Next* magazine.

2. A role model for corporate social responsibility

TWM’s efforts to employ its corporate and financial resources to assist non-profit organizations in promoting social welfare have also won wide recognition. Last year, these included the “Best CSR” in the 2nd Asian Excellence Recognition Awards by *Corporate Governance Asia* magazine; the “Corporate Social Responsibility Award” for excellence in Community Care and Teamwork Efficiency by *Global Views Monthly* magazine; “Excellence in Corporate Social Responsibility” award from *CommonWealth* magazine for the sixth consecutive year, with the Company also ranking first in the Non-manufacturing Sector; and the Silver Award in the Telecom Sector of the 2012 Taiwan Corporate Sustainability Report Awards from the Taiwan Institute for Sustainable Energy.

3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services that include world-class information security, network quality and product and service innovations – all of which were critical to its earning the following recognition: named the “Most Prestigious Company” in the Telecom Sector in an annual survey conducted by *CommonWealth* magazine; recipient of the internationally renowned Swiss SGS Qualicert certification for its quality direct store channel and customer service system; winner of the “Trusted Brand Gold Award” from *Reader’s Digest* for the ninth consecutive year; and named No.2 in *Next* magazine’s “Ninth Annual Top Service Awards” in the Mobile and Fixed-line Communications category.

Although the National Communications Commission’s (NCC) reduction of mobile termination rates (MTR) in 2013 will inevitably weigh on the Company’s revenue and profit, TWM will continue to explore new growth opportunities and introduce innovative products and services to ensure steady profitability. The NCC also plans to release 4G licenses to improve the speed and quality of domestic wireless broadband networks by the end of 2013. The Company will cautiously review potential acquisition of a new spectrum and license and expects to enhance shareholders’ interests by opening new business opportunities in the 4G era.



Richard Tsai
Chairman

Chapter 1 Company Highlights

Vision

The Company's core vision is to provide customers with the best communications experience with an aim to become a leader in digital convergence. Maintaining integrity as a core value of the Company ensures that corporate social responsibility take root, thereby enhancing the company's ability to maximize the interests of its stakeholders while striving to become a top-tier company globally.

Core Competency

The Company has established a cross-media platform integrating mobile communications, fixed-line, cable TV and broadband services. Through integration, the Company is able to provide seamless digital convergence services across "multiple screens and a cloud" to meet the demands of the consumer, home and enterprise markets for excellent service and information security. TWM has become a leading player in TIME (telecommunications, internet, media and entertainment).

Excellent Brand Image

TWM is dedicated to the pursuit of innovation to continuously offer users a new experience:

- 1) New services: Initiated a mobile customer service app, where online, telephone and in-store customer services are integrated to provide a more comprehensive customer experience.
- 2) New products: Introduced the first localized multiple mobile cloud services, including M+ messenger, myVideo online video streaming, myBook e-book, myMusic online music streaming, myPlay1 mobile games and Evernote cloud note etc.
- 3) New channels: Upgraded myfone direct stores not only to offer digital and repair services but also integrate virtual channels to provide online and mobile shopping platforms for digital 3C (computer, communications and consumer electronics) products.

In addition, TWM is committed to integrating digital convergence and upholding the new TIME philosophy, where seamless digital communication is made possible through any mobile device. This has allowed TWM to outperform its peers to win recognition as the "Most Prestigious Company" in the telecom industry in a 2012 survey by *CommonWealth* magazine, and to be ranked No.1 in *Business Next* magazine's selection of Taiwan's top 100 technology firms.

TWM's passion is to achieve customer satisfaction, pursue innovations that make life easier for its users and establish a strong foothold to ensure world-class quality service. At TWM, we are committed to bringing mobility into each customer's life.

Date of Incorporation

The Company was founded on February 25, 1997.

Milestones

1. The Company's merger and acquisition activities and status of affiliates

- 1) Merger and acquisition activities: None
- 2) Status of affiliates: Please refer to Chapter 2 "Direct and indirect investments in affiliated companies"

2. Status of the Company's reorganization: Not applicable

3. Significant changes in shareholdings of directors, supervisors and major shareholders: None

4. Changes in management control: None

5. Changes in operation or business scope: None

6. Other major items that may significantly influence shareholders' rights or the Company: None

November	2012	Launched mobile video service, myVideo.
August	2012	Approved the acquisition of a 20% stake in Taiwan Pelican Express Co., Ltd. for NT\$344mn through Fubon Multimedia Technology (also known as momo).
August	2012	Launched instant messaging service, M+ messenger.
May	2012	Launched the first own-brand smartphone, the Amazing A1.
August	2011	Company's capital dropped to NT\$34.2bn after a capital reduction of NT\$3.8bn.
June	2011	Richard Tsai and Daniel Tsai were elected Chairman and Vice Chairman, respectively, at the first meeting of the sixth Board of Directors.
April	2011	The Board of Directors approved the acquisition of a 51% stake in Fubon Multimedia Technology for NT\$8.35bn through TWM's 100%-owned subsidiary, Wealth Media Technology.
October	2010	Cliff Lai and Vivien Hsu were appointed Co-Presidents at the 17 th meeting of the fifth Board of Directors, effective January 1, 2011.
May	2010	TFN Media Co., Ltd. (TFNM), a TWM affiliate, acquired a 45% stake in ezPeer of Taiwan Kuro Times Co., Ltd. TFNM raised its stake to 100% in August 2011.
January	2009	Founded Taipei New Horizon Co., Ltd. (49.9% holding) with Fubon Land Development Co., Ltd. to develop a cultural park at the site of the old Songshan tobacco plant under a 50-year BOT contract with the Taipei City Government.
June	2008	Richard Tsai and Daniel Tsai were elected Chairman and Vice Chairman, respectively, at the first meeting of the fifth Board of Directors.
April	2008	Acquired a 100% stake in Hurray! Times Communications (Beijing) Ltd.

February	2008	Introduced three new brands – Taiwan Mobile, TWM Broadband and TWM Solution – to provide consumers, homes and enterprises with integrated telecommunication services, including wireless communication, cable TV and fixed-line services.
December	2007	Company's capital dropped to NT\$38bn after a capital reduction of NT\$12bn.
August	2007	Acquired a 45% stake in Taiwan Telecommunication Network Services Co., Ltd. (TTN). TWM raised its stake to 100% in August 2008 and merged it into Taiwan Fixed Network Co., Ltd. (TFN).
April	2007	Acquired an 84% stake in TFN. TWM acquired full ownership of TFN in December 2007 subsequently.
January	2007	Launched 3.5G (HSDPA) service.
August	2006	Richard Tsai and Daniel Tsai were elected Chairman and Vice Chairman, respectively, at the 10 th meeting of the fourth Board of Directors.
May	2005	First in Taiwan to launch 3G services, heralding the start of a new era in mobile communications.
November	2004	Joined the Bridge Mobile Alliance, the largest mobile alliance in Asia.
August	2004	Acquired a 67% stake in Mobitai, increasing its subscriber base to 8.2 million. TWM acquired full ownership of Mobitai In January 2006 and merged it into TransAsia Telecommunications (TAT) in December 2007.
July	2003	Harvey Chang was appointed President and CEO at the 15 th meeting of the third Board of Directors.
July	2003	Daniel Tsai and Richard Tsai were elected Chairman and Vice Chairman, respectively, at the 2 nd meeting of the third Board of Directors.
June	2003	TCC Group's operating model was discontinued.
August	2002	Listed on the Taiwan Stock Exchange.
May	2002	C. S. Chen was appointed President at the 2 nd meeting of the third Board of Directors.
May	2002	Set up TCC Group to centralize administration of Taiwan Cellular Corp., TFN and other affiliates. Jack T. Sun was the Committee Chairman, Richard Tsai the Committee Vice Chairman, Joseph Lee the CEO, S. T. Chang the COO and Ray-Ying Fan the CSO.
April	2002	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the 1 st meeting of the third Board of Directors.
February	2002	Granted 3G license.
July	2001	Acquired a 95.62% stake of TransAsia Telecommunications (TAT), boosting its subscriber base to 6.42 million. TWM acquired full ownership of TAT in June 2006 and merged it into TWM in September 2008.
November	2000	Ray-Ying Fan was appointed President at the 8 th meeting of the second Board of Directors.
September	2000	First private telecom operator to be listed on Taiwan's OTC market.
June	1999	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the 1 st meeting of the second Board of Directors.

January	1998	Started commercial operations.
December	1997	First nationwide private operator to obtain a GSM 1800 network operating license.
February	1997	Company was incorporated.
January	1997	Jack T. Sun and Joseph Lee were elected Chairman and Vice Chairman, respectively, while Lai-Ting Zou was appointed President at the 1 st meeting of the first Board of Directors.
May	1996	Prepared for the Company's incorporation.

Awards and recognitions from 2012 up to the publication date in 2013

March	2013	Received the certification from the internationally renowned Swiss SGS Qualicert for the quality direct store channel and customer service system.
November	2012	No.2 in <i>Next</i> magazine's "Ninth Annual Top Service Awards" in the Mobile and Fixed-line Communications category.
November	2012	Silver Award in the Telecom Sector of the Taiwan Institute for Sustainable Energy's 2012 Taiwan Corporate Sustainability Report Awards.
October	2012	Named the "Most Prestigious Company" in the Telecom Sector in an annual survey conducted by <i>CommonWealth</i> magazine.
August	2012	Awarded "Excellence in Corporate Social Responsibility" by <i>CommonWealth</i> magazine for the sixth year in a row. Ranked No.1 in Non-manufacturing Sector.
July	2012	"A++" ranking and ranked as one of the top 10 listed companies in "Transparency and Information Disclosure" from Taiwan's Securities and Futures Institute.
July	2012	Rosie Yu, the CFO of TWM, ranked No.3 in the "Best CFO" category of <i>Institutional Investor</i> magazine's poll on "All-Asia (ex-Japan) Executive Team 2012" and was the sole awardee in the Taiwan telecom service industry.
June	2012	Received the "Corporate Governance Asia Recognition Award," Asia-Pacific region, for the sixth year in a row from <i>Corporate Governance Asia</i> magazine.
June	2012	Ranked first in the "Info Tech 100 Taiwan" by <i>Business Next</i> magazine and ranked eighth under "Info Tech 100 Asia."
May	2012	Recognized as the "Best Managed Company," "Best Corporate Governance," "Best Corporate Investor Relations" and "Best Commitment to Strong Dividends" in <i>FinanceAsia</i> 's 2012 Asia's Best Companies Poll.
May	2012	Received the "Trusted Brand Gold Award" for the ninth consecutive year from <i>Reader's Digest</i> .

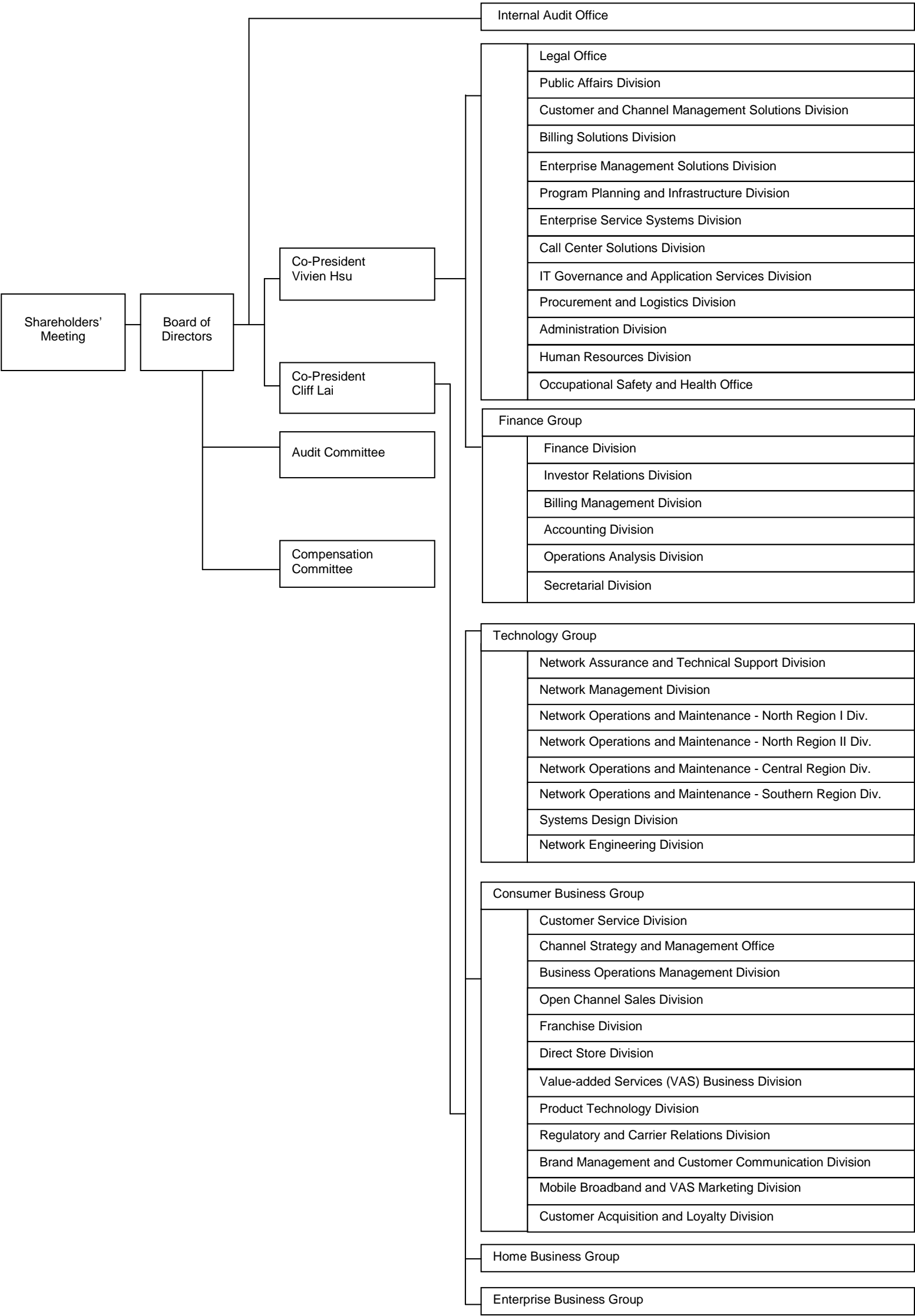
May	2012	Received the “Corporate Social Responsibility Award” for excellence in Community Care and Teamwork Efficiency from <i>Global Views Monthly</i> magazine.
March	2012	“Best Corporate Investor Relations” and “Best CSR” in the 2 nd Asian Excellence Recognition Awards by <i>Corporate Governance Asia</i> magazine.

Chapter 2 Organization and Corporate Governance

ORGANIZATION

Organization Chart

As of March 15, 2013



Divisional Scope of Responsibilities

Division	Scope of responsibilities
Internal Audit Office	<p>Audit of the Company and its subsidiaries</p> <p>Monitoring and examining the effectiveness and efficiency of the Company's internal control system</p> <p>Developing, managing and overseeing information security management in support of business strategy</p>
Legal Office	Legal counsel, company litigation and legal document review
Public Affairs Division	<p>Corporate image promotion and management</p> <p>Media communication, news agenda, press release and crisis management</p> <p>Corporate social responsibility strategies and programs</p> <p>Maintenance of the Company's and TWM Foundation's internal and official websites</p>
Customer and Channel Management Solutions Division	<p>Customer management and sales and orders management system solutions</p> <p>Channel services, commission and performance solutions</p> <p>Enterprise management information systems</p> <p>TWM member center solutions, e-commerce payment system solutions and innovative service app solutions</p>
Billing Solutions Division	Billing systems operation and development
Enterprise Management Solutions Division	<p>Data warehouse and customer relations management solutions</p> <p>Integration of enterprise information system</p> <p>Network management solutions</p>
Program Planning and Infrastructure Division	<p>Data center, systems and network infrastructure construction and operations management</p> <p>Implementation of information security policy</p>
Enterprise Service Systems Division	<p>TWM's customer care application systems</p> <p>Enterprise resource planning (ERP) and human resources solutions</p> <p>Front-end customer management, sales management, and order and provision solutions for the fixed-line business</p>
Call Center Solutions Division	<p>Call center infrastructure and operations management solutions</p> <p>Fixed network operations management</p>
IT Governance and Application Services Division	<p>Corporate website and e-commerce systems</p> <p>Service-oriented architecture and enterprise service bus (SOA/ESB)</p> <p>Fixed network application systems</p> <p>IT governance, enterprise architecture, software development process and basic architecture software/tools development and management</p>
Procurement and Logistics Division	<p>Procurement policy and system planning</p> <p>Handling of procurement-related activities</p> <p>Suppliers evaluation and management</p> <p>Contract negotiations and signing</p>
Administration Division	<p>Office machinery and equipment management</p> <p>General and administrative affairs coordination</p> <p>Base station administration and related expense payments</p>
Human Resources Division	Staffing, compensation, training and employee relations coordination
Occupational Safety and Health Office	<p>Occupational safety and health management</p> <p>Site area safety management</p> <p>Environmental protection management</p> <p>Workplace health promotion</p>

Division		Scope of responsibilities
Finance Group	Finance Division	Treasury management Monitoring of investments and subsidiaries' business activities Finance-related project evaluation, planning and execution
	Investor Relations Division	Timely disclosure of the Company's operating and financial status, management strategy, future business plans and developments to investors Communication between the Company and investors
	Billing Management Division	Billing, receivables collection and settlement Credit check and risk management
	Accounting Division	Accounting information management Tax planning and execution Financial reports
	Operations Analysis Division	Divisional operating performance analysis, financial forecasting and annual budget review
	Secretarial Division	Board meeting facilitation and corporate share registrar management Company seal custodian Receipt/transmission of corporate documents Corporate registration affairs
Technology Group	Network Assurance and Technical Support Division	Mobile network technical support Fixed network technical support IP-based network technical support Network quality assurance
	Network Management Division	24-hour supervision of mobile and fixed system network operations and maintenance Technical support for network operations and customer issues Management of network quality and critical events
	Network Operations and Maintenance -- North I, North II, Central and Southern Regions	2G/3G network construction, expansion, operation, maintenance and optimization, including core, transmission and radio networks Fixed network construction, expansion, operation, maintenance and optimization
	Systems Design Division	Planning and design of core, radio, IP and transmission network systems for mobile and fixed networks Development of new technologies and verification testing of network elements
	Network Engineering Division	Mobile telecom and fixed network business infrastructure budget, control and management Supervision of outsourced engineering and construction projects Management of cables and conduits related affairs in government agencies Fixed network service management, project evaluation and coordination
Home Business Group		CATV/DTV, broadband internet access (cable modem/FTTx), and connected TV services Implementation of integrated technology solutions for the development of new products and VAS to increase video and broadband internet access penetration rates and overall revenue Expansion of two-way optical network to broaden coverage and ensure better internet access quality and stable cable signals
Enterprise Business Group		Strategy development and business analysis Channel development, sales and customer loyalty management Enterprise ICT integration and bundled products, marketing campaign, operation and execution Enterprise customer service and billing IDC and cloud services business development Inter-carrier relations and international business (including international roaming) planning and implementation

Division		Scope of responsibilities
Consumer Business Group	Customer Service Division	Customer service and call center management Telemarketing sales and customer retention
	Channel Strategy and Management Office	Channel positioning and deployment, sales targets setting, performance evaluation and devising incentive schemes Planning and managing retail store layouts and displays, sales materials and special campaigns Setting up training programs Products and services promotions, sales skill certifications and sales support
	Business Operations Management Division	Front-end sales/service operation process planning and implementation Back-end resource management and channel performance awards management Sales channel logistics and service fulfillment Maintenance of mobile phone and tablet products
	Open Channel Sales Division	Open channel development and business execution Channel development, sales and management of prepaid products
	Franchise Division	Supervision of franchisees' product promotion, distribution and customer service
	Direct Store Division	Product sales and customer service at company stores
	Value-added Services (VAS) Business Division	Overall VAS business management and product quality assurance Business strategy setting, product planning, development and management Platform integration and device customization
	Product Technology Division	Technical consultation and solution analysis for VAS products and CPE technologies Solutions design, systems development and delivery for VAS products and marketing promotions
	Regulatory and Carrier Relations Division	Regulatory matters, government relations and inter-carrier relations
	Brand Management and Customer Communication Division	Management of brand identity, strategic development, integrated marketing communication, and implementation of ad campaigns Execution of store signage/interior design and customer retention plans Integration of marketing resources and cost control Integration and operation of Company website, including e-marketing implementation, online sales and customer services
	Mobile Broadband and VAS Marketing Division	Planning and implementation of marketing strategies for mobile broadband and mobile internet customers, as well as value-added service products
	Customer Acquisition and Loyalty Division	Development and execution of strategies to acquire new customers, increase customer loyalty and lower churn rates Strategy development for prepaid business

Board of Directors and Executive Management

Board of Directors

The board of directors, acting on behalf of the Company's shareholders, is charged with the task of supervising the management team. The board, elected and approved during the AGM on June 15, 2011, includes four independent directors, which more than fulfill current regulations requiring public companies to have at least two independent directors. The Audit Committee, composed entirely of independent directors, replaced board supervisors. Information on the Company's Sixth Board of Directors is detailed below:

As of March 15, 2013														
Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *90,127,938	0.168 *2.635	5,986,496	0.175	MBA, Stern School, New York University Chairman, Fubon Securities Co., Ltd. Chairman, Fubon Life Insurance Co, Ltd.	Vice Chairman, Fubon Financial Holding Co., Ltd. Vice Chairman, Taipei Fubon Commercial Bank Co., Ltd. Chairman, Taiwan Fixed Network Co., Ltd.	Vice Chairman	Daniel Tsai	Brother
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *91,979,990	0.168 *2.689	4,580,070	0.134	LL.B., National Taiwan University LL.M., Georgetown University Chairman, Fubon Insurance Co., Ltd. Chairman, Fubon Land Development Co., Ltd.	Chairman, Fubon Financial Holding Co., Ltd. Chairman, Taipei Fubon Commercial Bank Co., Ltd.	Chairman	Richard Tsai	Brother
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *2,349	5.861 *0.000	9,000	0.000	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of the Consumer Business Group, Taiwan Mobile Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director, Taipei New Horizon Co., Ltd. Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	2011.06.15	2014.06.14	222,774,179	5.861	200,496,761 *None	5.861 *None	-	-	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holding Co., Ltd Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Consultant & Acting President, Taiwan Fixed Network Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd.	Co-President, Taiwan Mobile Co., Ltd. Director and President, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Director	Fu-Chi Venture Corp. Representative: Victor Kung	2011.06.15	2014.06.14	6,387,515	0.168	5,748,763 *None	0.168 *None	-	-	MA in Economics and MBA in Finance, New York University Executive Vice President, Walden International Investment Group Executive Director, Citicorp Capital Asia Ltd. Director of Direct Investments, AIG Investment Corp.	Director and President, Fubon Financial Holding Co., Ltd. Director, Fubon Insurance Co., Ltd. Director, Taipei Fubon Commercial Bank Co., Ltd. Director, Fubon Asset Management Co., Ltd. Director, Fubon Bank (HK) Ltd. Supervisor, Fubon Financial Holding Venture Capital Co., Ltd. Chairman, World Vision Taiwan Director, Commerce Development Research Institute Director, China Evangelical Seminary Director, Taiwan After-Care Association	-	-	-
Independent Director	Jack J.T. Huang	2011.06.15	2014.06.14	-	-	-	-	-	-	LL.B., National Taiwan University LL.M., Northwestern University S.J.D., Harvard University	Partner-in-charge, Jones Day Taipei Independent Director, World Peace Holding Independent Director, Systex Corp. Director, Yulon Motor Co., Ltd. Director, Yue Yuen Development Co., Ltd. Director, Yu Shin Investment Corp. Director, Jing Yu Investment Corp. Director, Sun Shining Investment Corp. Supervisor, Tai Yuen Venture Capital Investment Corp.	-	-	-
Independent Director	Tsung-Ming Chung	2011.06.15	2014.06.14	-	-	-	-	-	-	BBA, National Taiwan University MBA, National Chengchi University CPA, ROC CPA, Connecticut, USA Partner, T.N. Soong & Co., CPAs Lecturer, Department of Accounting, National Chengchi University Lecturer, Department of Accounting, National Taiwan University	Chairman, Dynapack Technology Corp. Independent Director, Chroma ATE Inc. Director, Far Eastern International Commercial Bank Director, Unity Opto Technology Co., Ltd. Supervisor, Chien Kuo Construction Co., Ltd.	-	-	-

Title	Name	Date elected	Term expires	Shareholding when elected		Current shareholding		Spouse/minor's shareholdings		Education and experience	Current position(s) in the Company and other companies	Officer or director is a spouse or consanguineous within two degrees		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
Independent Director	Wen-Li Yeh	2011.06.15	2014.06.14	-	-	-	-	-	-	Department of Architecture, Chung Yuan Christian University MA and Ph.D. candidate, University of Paris EMBA studies, University of California, Berkeley Planner, Department of Housing and Urban Development under the Cabinet's Council for Economic Planning and Development Managing Director, United Pacific International Inc. President, United Communications Managing Director and Vice Chairman, United Advertising Co., Ltd. Chairman, Carat-United Media Services (Taiwan) Ltd. Chairman, Aegis Media Taiwan	Chairman, Aegis Media Greater China Supervisor, Cheng Sheng Broadcasting Corp.	-	-	-
Independent Director	J. Carl Hsu	2011.06.15	2014.06.14	-	-	-	-	-	-	BSEE, National Taiwan University Ph.D. and MS in Computer Science, University of California, Los Angeles Senior Executive, AT&T, Bell Labs and Lucent Technologies Communications Software Group Professor, National Tsing Hua University in Taiwan, Peking University and others	Professor, Peking University and other universities Board member of Rogers Corp., USA	-	-	-

* Personal shareholding

1. Major shareholders of TWM's institutional investors

As of March 15, 2013

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

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

As of March 15, 2013

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

3. Qualifications and independence of directors

As of March 15, 2013

Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Notes)										No. of public companies in which he or she also serves as an independent director
		1	2	3	4	5	6	7	8	9	10	
Richard Tsai	V						V	V		V		0
Daniel Tsai	V						V	V		V		0
Cliff Lai	V			V	V	V	V	V	V	V		0
Vivien Hsu	V			V	V		V	V	V	V		0
Victor Kung	V	V		V	V		V	V	V	V		0
Jack J.T. Huang	V	V	V	V	V	V	V	V	V	V	V	2
Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	V	V	1
Wen-Li Yeh	V	V	V	V	V	V	V	V	V	V	V	0
J. Carl Hsu	V	V	V	V	V	V	V	V	V	V	V	0

"V" denotes meeting the conditions specified above

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

Criterion 2: Not a director or supervisor of the Company's affiliated companies (Unless the person is an independent director of the Company, the Company's parent company or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares)

Criterion 3: Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders

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

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

Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company

Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides commercial, legal, financial and accounting services or consultation to the Company or its affiliates. However, members of the Compensation Committee are not covered by this restriction per Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

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

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

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

Management Team

As of March 15, 2013

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President / President's Office	Cliff Lai	2011.01.01	2,349/0.000	9,000/0.000	EMBA, National Chengchi University MS in Electrical Engineering, North Carolina State University, USA Researcher, AT&T Laboratories Vice President, Tecom Co., Ltd. Vice President, Mobitai Communications Co., Ltd. President, Reach and Range Inc. Senior Vice President, Taiwan Fixed Network Co., Ltd. CEO, Fu Yang Media Technology Co., Ltd. Senior Vice President and Chief Business Officer, Taiwan Mobile Co., Ltd. Senior Vice President and Chief Operating Officer of the Consumer Business Group, Taiwan Mobile Co., Ltd.	Director, Taipei New Horizon Co., Ltd. Director, Taiwan Cellular Co., Ltd. Director and President, Taiwan Fixed Network Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman and President, Taiwan Super Basketball Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Director, Fubon Multimedia Technology Co., Ltd. Director, Taiwan Internet Association Director, Taiwan Network Information Center	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Co-President / President's Office	Vivien Hsu	2011.01.01	—	—	MBA, University of New South Wales, Sydney, Australia MBA, National Chengchi University Executive Vice President and Chief Financial Officer, KG Telecom Co., Ltd. President and CEO, Lambda Net Co., Ltd. President and CEO, KGEx.com Co., Ltd. President and CEO, KG Satellite Communication Co., Ltd. Chief Financial Officer, Cathay Financial Holding Co., Ltd. Senior Vice President and Chief of Staff, Taiwan Mobile Co., Ltd. Chairman, Taiwan Tele-Shop Co., Ltd. Senior Consultant & Acting President, Taiwan Fixed Network Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Senior Vice President and Chief Financial Officer, Taiwan Mobile Co., Ltd.	Director and President, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director and President, TCC Investment Co., Ltd. Director, Xiamen Taifu Teleservices & Technologies Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Supervisor, TFN Media Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Vice President / Legal Office	Ariel Hwang	2004.03.01	—	—	EMBA, National Taiwan University LL.M., National Taipei University LL.B., National Taiwan University Judge, Taiwan Taoyuan District Court Judge, Taiwan New Taipei District Court Judge, Taiwan Taipei District Court Judge, Taiwan High Court	Supervisor, Taipei New Horizon Co., Ltd. Supervisor, Wealth Media Technology Co., Ltd. Supervisor, Globalview Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Legal Consultant, Fubon Financial Holding Co., Ltd. Legal Consultant, Taiwan Fixed Network Co., Ltd.	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Procurement & Logistics Division and Administration Division	Jay Hong	2004.05.06	5,000/0.000	–	EMBA, National Sun Yat-sen University Engineering Supervisor, Engineering Division, Nan Ya Plastics Corp. Director, Procurement Division, TransAsia Telecommunications Inc. Vice President, Customer Service Division, TransAsia Telecommunications Inc. Vice President, Direct Store Division, Taiwan Mobile Co., Ltd. President, Taiwan Teleservices & Technologies Co., Ltd. Vice President, President's Office, Taiwan Mobile Co., Ltd.	Supervisor, Globalview Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd.	-	-	-
Vice President / Information	James Chang	2004.09.17	163,084/0.005	–	MS in Computer Science, University of Illinois at Chicago District Manager, AT&T Laboratories Senior Delivery Manager, IBM Global Services Senior Director, TBCommerce Network Corp. Director, AT&T Laboratories	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Senior Vice President and Chief Financial Officer / Finance Group	Rosie Yu	2011.01.01	–	–	BA, National Taiwan University Executive Vice President, China Securities Co., Ltd. General Manager, Citicorp International Securities Ltd., Taipei Branch General Manager, Credit Lyonnais Securities (Asia) Ltd., Taipei Branch President, Global Investment Holdings Co., Ltd. Chairman, Global Investment Advisory (HK) Ltd.	Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Kuro Times Co., Ltd. Supervisor, Taiwan Cellular Co., Ltd. Supervisor, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, TWM Communications (Beijing) Co., Ltd. Supervisor, TCC Investment Co., Ltd. Supervisor, Fubon Multimedia Technology Co., Ltd.	-	-	-
Vice President and Acting Chief Technology Officer / Technology Group	HS Wang	2011.01.01	216/0.000	631/0.000	Ph.D. in Electrical and Computer Engineering, Rutgers, State University of New Jersey Lecturer/Assistant Professor, Information Engineering Department, Chinese University of Hong Kong Vice President, Mediatec Corp. Vice President, First International Telecom	Director, Taiwan Cellular Co., Ltd. Director, Wealth Media Technology Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Director, Taiwan Super Basketball Co., Ltd.	-	-	-
Vice President / Technology Group	Egon Chen	2004.02.16	75,158/0.002	–	BS in Electrical Engineering, Tamkang University Director, Suretone Telecom Inc. Senior Director, Taiwan Fixed Network Co., Ltd Vice President, Howin Technologies	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Technology Group	Chien Chen	2004.02.16	–	–	EMBA, National Taiwan University Manager, Siemens Telecommunication Systems Ltd. Director, Suretone Telecom Inc. Vice President, Taiwan Fixed Network Co., Ltd. Vice President, Howin Technologies Corp.	None	-	-	-
Vice President / Technology Group	Tom Koh	2011.10.17	–	–	Ph.D. in Electrical and Computer Engineering, Johns Hopkins University Member of Tech. Staff, Bellcore Senior Technologist, Motorola Senior Sales Engineer, Ensemble Communications Senior Technical Marketing Engineer, Cisco-Linksys Senior Director, Qualcomm	None	-	-	-
Vice President and Deputy Chief Operating Officer / Consumer Business Group	Jeff Ku	2005.06.06	4,243/0.000	–	EMBA, National Taiwan University MBA, University of Wollongong, Australia Director, Far EasTone Telecommunications Co., Ltd. Vice President, Taiwan High Speed Rail Corp.	Director, Taiwan Kuro Times Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd.	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Consumer Business Group	Sean Hsieh	2003.12.08	151,396/0.004	—	BS in Business Administration and Sociology, Fu Jen Catholic University University of Texas, Austin Account Supervisor, Bozell CCAA Group Account Director, Series DMB&B Communications Marketing and Sales Manager, PUMA North Asia Ltd., Taiwan Branch Marketing Director, TransAsia Telecommunications Inc. Vice President, TransAsia Telecommunications Inc. Vice President, Enterprise Solution and Channel Sales, Taiwan Mobile Co., Ltd.	None	-	-	-
Vice President / Consumer Business Group	Paul Huang	2008.01.21	199,338/0.006	—	MS in Computer Science, Bradley University, USA Supervisor, Siemens Telecommunication Systems Ltd. Account and Project Manager, Nortel, Taiwan Branch Vice President, Business Development, Hong Kong Telecom, Taiwan Branch Vice President, Sales and Services, Far EasTone Telecommunications Co., Ltd. Vice President, Business and Operations, Far Eastern Electronic Toll Collection Co., Ltd.	None	-	-	-

Title / Division	Name	Effective date	Shareholding / %	Spouse/ minor's shareholding / %	Education and experience	Current position(s) in other companies	Manager or director is a spouse or consanguineous within two degrees		
							Title	Name	Relationship
Vice President / Consumer Business Group	Steve Chou	2011.04.25	–	–	MBA, Southern Methodist University, USA Assistant Vice President, Credit Card, Citibank, N.A., Taiwan Vice President, Customer Service, TransAsia Telecommunications Inc. Vice President, Customer Service, Sparq Telecom General Manager, Secured Lending, Standard Chartered Bank, Taiwan Senior Vice President, Customer Service, HSBC Bank Taiwan	Director and President, Taiwan Teleservices & Technologies Co., Ltd. Chairman, Xiamen Taifu Teleservices & Technologies Ltd.	-	-	-
Vice President / Consumer Business Group	Joseph Yang	2007.11.09	13,720/0.000	–	BS in Transportation Management, National Chiao Tung University Advisory Systems Engineer, Systems Engineer, IBM Taiwan Technical Manager, Central and South Branch, IBM Taiwan Solutions Director, Finance Industry, IBM Taiwan Sales Director, Finance Industry, IBM Taiwan Vice President for Sales, Eastern Broadband Telecom Chief Operating Officer, Eastern Broadband Telecom Senior Vice President, Asia Pacific Telecom Group Chief Marketing Officer, Asia Pacific Telecom Group Product Director, Asia Region, High Tech Computer	None		-	-

Compensation to directors and management executives

1. Compensation to directors

Unit: NT\$

Title				Chairman	Vice Chairman	Director	Director	Director	
Name				Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	Fu-Chi Venture Corp.	
Representative				Richard Tsai	Daniel Tsai	Cliff Lai	Vivien Hsu	Victor Kung	
Director's compensation	Cash compensation (A)	Stand-alone		-	-	-	-	-	
		Consolidated		-	-	-	-	-	
	Pension (B)	Stand-alone		-	-	-	-	-	
		Consolidated		-	-	-	-	-	
	Earnings paid as compensation to directors (C)	Stand-alone		6,346,771	4,760,080	3,173,387	3,173,387	3,173,387	
		Consolidated		6,346,771	4,760,080	3,173,387	3,173,387	3,173,387	
	Professional fee (D)	Stand-alone		150,000	100,000	100,000	100,000	100,000	
		Consolidated		255,000	214,000	478,000	559,000	100,000	
A+B+C+D as a % of net profit		Stand-alone		0.0442%	0.0331%	0.0223%	0.0223%	0.0223%	
		Consolidated		0.0443%	0.0333%	0.0245%	0.0250%	0.0219%	
Employee profit sharing	Performance-based salary (E)	Stand-alone							
		Consolidated							
	Retirement pay of employees (F)	Stand-alone							
		Consolidated							
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus						
			Stock bonus						
		Consolidated	Cash bonus						
			Stock bonus						
	Employee stock option granted (H)	Stand-alone							
		Consolidated							
	New restricted employee shares (I)	Stand-alone							
		Consolidated							
A+B+C+D+E+F+G as a % of net profit		Stand-alone							
		Consolidated							
Compensation from investees other than subsidiaries				-	-	9,000	9,000	-	
Other allowances		Stand-alone							
		Consolidated							

Unit: NT\$

Title			Independent Director	Independent Director	Independent Director	Independent Director	Total	
Name			Jack J.T. Huang	Tsung-Ming Chung	Wen-Li Yeh	J. Carl Hsu		
Representative								
Director's compensation	Cash compensation (A)	Stand-alone	-	-	-	-	-	
		Consolidated	-	-	-	-	-	
	Pension (B)	Stand-alone	-	-	-	-	-	
		Consolidated	-	-	-	-	-	
	Earnings paid as compensation to directors (C)	Stand-alone	4,760,080	4,760,080	4,760,080	4,760,080	39,667,332	
		Consolidated	4,760,080	4,760,080	4,760,080	4,760,080	39,667,332	
	Professional fee (D)	Stand-alone	210,000	320,000	260,000	200,000	1,540,000	
		Consolidated	210,000	320,000	260,000	200,000	2,596,000	
A+B+C+D as a % of net profit		Stand-alone	0.0338%	0.0346%	0.0342%	0.0338%	0.2805%	
		Consolidated	0.0333%	0.0341%	0.0337%	0.0333%	0.2805%	
Employee profit sharing	Performance-based salary (E)	Stand-alone					71,234,453	
		Consolidated					71,234,453	
	Retirement pay of employees (F)	Stand-alone					216,000	
		Consolidated					216,000	
	Earnings paid as bonus to employees (G)	Stand-alone	Cash bonus					11,241,607
			Stock bonus					-
		Consolidated	Cash bonus					11,241,607
			Stock bonus					-
	Employee stock option granted (H)	Stand-alone					-	
		Consolidated					-	
	New restricted employee shares (I)	Stand-alone					-	
Consolidated						-		
A+B+C+D+E+F+G as a % of net profit		Stand-alone					0.8433%	
		Consolidated					0.8377%	
Compensation from investees other than subsidiaries			-	-	-	-	18,000	
Other allowances		Stand-alone					1,793,673	
		Consolidated					1,793,673	

2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + employee profit sharing	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	Richard Tsai, Daniel Tsai, Victor Kung, Cliff Lai, Vivien Hsu	Richard Tsai, Daniel Tsai, Victor Kung, Cliff Lai, Vivien Hsu	Victor Kung	Victor Kung
NT\$2,000,000~NT\$4,999,999	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu	Jack J.T.Huang, J. Carl Hsu
NT\$5,000,000~NT\$9,999,999	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.	Tsung-Ming Chung, Wen-Li Yeh, TCC Investment Co., Ltd.
NT\$10,000,000~NT\$14,999,999	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.	Fu-Chi Venture Corp.
NT\$15,000,000~NT\$29,999,999	-	-	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu	Richard Tsai, Daniel Tsai, Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-	-	-
NT\$50,000,000~NT\$99,999,999	-	-	-	-
NT\$100,000,000 and above	-	-	-	-
Total	11	11	11	11

3. Compensation to management executives

Unit: NT\$

Title and name	Co-President, Cliff Lai; Co-President, Vivien Hsu; Chief Financial Officer, Rosie Yu; Acting Chief Technology Officer, H.S. Wang; Vice President, Ariel Hwang; Vice President, Jay Hong; Vice President, James Chang; Vice President, Egon Chen; Vice President, Chien Chen; Vice President, Tom Koh; Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku; Vice President, Sean Hsieh; Vice President, Paul Huang; Vice President, Steve Chou; Vice President, Joseph Yang <u>Resigned managers:</u> Vice President, Ruth Liaw; Vice President, C.A. Chuang; Vice President, Tech Juan; Vice President, Simon Wang	Total
Salary (A)	Stand-alone	94,149,824
	Consolidated	94,149,824
Pension (B) (Note 1)	Stand-alone	2,0250,000
	Consolidated	2,0250,000
Performance-based salary (C)	Stand-alone	49,537,799
	Consolidated	49,641,399
Employee profit sharing (D)	Stand-alone	Cash
	Stock	—
	Consolidated	Cash
	Stock	—
A+B+C+D as a % of net profit	Stand-alone	1.2229%
	Consolidated	1.2052%
Employee stock options	Stand-alone	—
	Consolidated	—
New restricted employee shares	Stand-alone	—
	Consolidated	—
Compensation from investees other than subsidiaries		27,000
Transportation allowance	Stand-alone	2,494,734
	Consolidated	2,494,734

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

4. Range of compensation to management executives

Range of compensation to executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$1,999,999	-	-
NT\$2,000,000~NT\$4,999,999	-	-
NT\$5,000,000~NT\$9,999,999	H.S. Wang, Ariel Hwang, Jay Hong, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw, C.A. Chuang, Tech Juan, Simon Wang	H.S. Wang, Ariel Hwang, Jay Hong, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw, C.A. Chuang, Tech Juan, Simon Wang
NT\$10,000,000~NT\$14,999,999	Rosie Yu, James Chang	Rosie Yu, James Chang
NT\$15,000,000~NT\$29,999,999	Cliff Lai, Vivien Hsu	Cliff Lai, Vivien Hsu
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-
NT\$100,000,000 and above	-	-
Total	19	19

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

5. The names of managers and their employee bonuses

Unit: NT\$
As of March 15, 2013

Title and name of managers	Stock bonus	Cash bonus	Total	As a % of net profit
Co-President, Cliff Lai Co-President, Vivien Hsu Chief Financial Officer, Rosie Yu Acting Chief Technology Officer, H.S. Wang Vice President, Ariel Hwang Vice President, Jay Hong Vice President, James Chang Vice President, Egon Chen Vice President, Chien Chen Vice President, Tom Koh Deputy Chief Operating Officer of the Consumer Business Group, Jeff Ku Vice President, Sean Hsieh Vice President, Paul Huang Vice President, Steve Chou Vice President, Joseph Yang Chief Accounting Officer, Darren Shih	-	34,232,558	34,232,558	0.2330%

Compensation to directors and management executives as a percentage of net income over the past two years and guiding principles

1. Compensation to directors

Unit: NT\$

Type	Year	Compensation to directors	As a % of net profit	Net profit
On a stand-alone basis	2011	118,035,228	0.8764%	13,468,763,392
	2012	123,899,392	0.8433%	14,691,604,514
On a consolidated basis	2011	119,083,228	0.8739%	13,626,179,950
	2012	124,955,392	0.8377%	14,916,282,008

Guiding principles for compensation to directors

Remuneration policies, standards and package

- (1) The board is authorized to decide the remuneration for the chairman and vice chairman, but it should not be higher than the remuneration payable to the president of the Company.
- (2) Directors are paid according to the resolution on earnings distribution approved at the annual general shareholders' meeting. Remuneration or other equivalent allowance for directors is based on their involvement in the Company's operations and contribution to the Company, the "Rules for Setting Director's Remuneration" and industry norms.
- (3) Transportation allowances are paid quarterly based on attendance in board meetings and for services rendered as the chairman or a member of the Audit Committee and Compensation Committee.

Procedure for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation to directors shall not exceed 0.3% of the Company's annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves, and setting aside or reversal of special reserves.
- (2) Transportation allowances are determined in accordance with the "Rules for Setting Director's Remuneration."

Performance factor

Compensation to each director is assessed based on his/her contribution to the operations of the Company and the board. The Compensation Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate social responsibility into consideration.

2. Compensation to management executives

Unit: NT\$

Type	Year	Compensation to management executives	As a % of net profit	Net profit
On a stand-alone basis	2011	192,431,994	1.4287%	13,468,763,392
	2012	179,660,213	1.2229%	14,691,604,514
On a consolidated basis	2011	192,791,594	1.4149%	13,626,179,950
	2012	179,763,813	1.2052%	14,916,282,008

Guiding principles for compensation to management executives

Remuneration policies, standards and package

- (1) Compensation to the president and vice presidents comprises of a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses are proposed by the Compensation Committee for approval at the board meeting.

Procedure for setting performance bonus

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing paid to the president and vice presidents comes from the pool of 1% to 3% of the Company's annual net income after deducting losses from previous years, appropriating 10% thereof for legal reserves, and setting aside or reversal of special reserves.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation, and corporate social responsibility into consideration.
- (2) The Human Resources Department is tasked with preparing the annual compensation for the president and vice presidents and submitting a report to the Compensation Committee.

CORPORATE GOVERNANCE

Board of Directors attendance

1. The Board of Directors convened five times in 2012

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	5	0	100%	None
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai	5	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	5	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu	5	0	100%	None
Director	Fu-Chi Venture Corp. Representative: Victor Kung	5	0	100%	None
Independent Director	Jack J.T. Huang	4	1	80%	None
Independent Director	Tsung-Ming Chung	5	0	100%	None
Independent Director	Wen-Li Yeh	5	0	100%	None
Independent Director	J. Carl Hsu	4	0	80%	None

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

3. Any conflict of interests among directors: None

4. Other BOD objectives:

- (1) Performance evaluation and enhancement: The board approved the "Rules and Procedures Governing Board of Directors' Meetings," which were modeled after the "Regulations Governing Procedures for Meetings of Listed Companies' Board of Directors." It also passed the "Rules and Procedures on Evaluating the Board of Directors' Performance" to enhance efficiency, under which the Compensation Committee would evaluate the board's performance and submit a report on proposed improvements to the board. All members participated in a self-evaluation of individual performances for 2012 during the 10th meeting of the sixth board of directors on January 31, 2013.
- (2) Training programs for directors: Since 2008, the Company has conducted regular in-house seminars to facilitate interaction between the lecturer and directors and to meet the required training hours.
- (3) Information transparency: Committed to upholding transparency in operations and protecting shareholders' interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investors' conferences on a quarterly basis.
- (4) Liability insurance: The Company purchases annual liability insurance for its directors and managers to cover risks as they carry out their duties.

Audit Committee attendance

The Audit Committee was set up in June 2008 to replace board supervisors, pursuant to provisions in the Securities and Exchange Act. The committee's operation is bound by the "Audit Committee Charter" and its main responsibility is to assist the board in overseeing the following:

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

1. The Audit Committee convened six times in 2012

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Tsung-Ming Chung	6	0	100%	Appointed committee chairman
Independent Director	Jack J.T. Huang	5	1	83%	
Independent Director	Wen-Li Yeh	6	0	100%	
Independent Director	J. Carl Hsu	5	1	83%	

2. Any objections or issues raised by the Audit Committee against resolutions, pursuant to Article 14-5 of the Securities and Exchange Act, that were approved by over two-thirds of the directors: None

3. Any conflict of interests among the independent directors: None

4. Communication between independent directors and the Internal Audit Chief Officer and CPAs:

- (1) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer met with the independent directors directly at the quarterly Audit Committee meetings, bringing communication into full play.
- (2) The CPAs presented audit reports and findings to the independent directors during the committee's quarterly meetings.
- (3) The Internal Audit Chief Officer and CPAs also communicated directly with the independent directors when needed.

Corporate governance practices

Item		Current practice
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The spokesperson or Secretarial Division handles all non-legal issues; the legal division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division submits a monthly report listing the shareholdings of directors, managers and major shareholders (over 10% shareholding) to the authorities.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company's internal control system has established "Rules and Procedures on Conducting Transactions between Group Companies and Related Parties" and "Rules and Procedures on Monitoring Subsidiaries" as risk control mechanisms.
Board of directors and its responsibilities	Independent directors	The Company's board includes four independent directors.
	Periodic review of CPA's independence	The Audit Committee conducts quarterly reviews on CPA's independence.
Communication channels with shareholders		The spokesperson and the mailboxes of the spokesperson

Item		Current practice
		and the Audit Committee serve as the main communication channels between the Company and shareholders.
Information disclosure	Disclosure of information on financial status, operations and corporate governance	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	Aside from having a spokesperson, the Company has a dedicated department, the Investor Relations Division, to handle information disclosure. It also has an English website and a team working on gathering and releasing relevant Company information.
Functional committees		An Audit Committee and a Compensation Committee were set up under the board of directors. Their operations are detailed in Chapter 2.
<p>Has the Company established principles based on the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"? If yes, detail progress of implementation and any deviations:</p> <p>Although the Company has not established said principles, its operations fully comply with the requirements set forth in the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies." The Company also has a "CG6006 Advanced Corporate Governance System Evaluation" certification from the Taiwan Corporate Governance Association, issued on November 4, 2011 and valid through November 3, 2013.</p>		

Additional information

1. Employee rights

The Company's human resource policies not only comply with, but offer even better provisions than those prescribed under the law, such as the Labor Standards Act, in safeguarding employee rights.

2. Employee care

The Company provides different communication channels to facilitate communication within the Company. These include holding regular employee and managerial meetings to accommodate suggestions for improvement and conducting surveys to collect employees' views and opinions.

3. Investor relations

The Company posts financial, operational and material information on the Company website and the market observation post system (MOPS) in a timely manner to keep investors abreast of Company developments and strategies and, thus, maximize shareholders' interests.

4. Supplier relations

The Company holds procurement bids based on the "Procedures Governing Procurement," and suppliers deliver products in accordance with the contract.

5. Stakeholders' rights

To protect the interests of stakeholders, the Company has established various free and open communication channels to promote trust and corporate social responsibility.

6. Corporate governance related training program for management in 2012

Training program	Organizer	Date	Hours	Participants
Case studies for management: Strategies for innovation	TWM HR Div.	2012/03/16	7	Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Ruth Liaw*, C.A. Chuang*, Simon Wang*
Information security: Basic course	TWM Internal Audit Office	2012/03/28	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Ruth Liaw*, C.A. Chuang*, Tech Juan*, Simon Wang*
Leadership: Making decisions and judgments	TWM HR Div.	2012/04/27	3	H.S. Wang, Jay Hong, James Chang, Egon Chen, Tom Koh, Jeff Ku, C.A. Chuang*, Tech Juan*
Information security: Advanced course	TWM Internal Audit Office	2012/05/23	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw*, Tech Juan*, Simon Wang*
Accountability: Application of ARCI (Accountable, Responsible, Consulted, Informed)	TWM HR Div.	2012/07/03	4	Jay Hong, Steve Chou
Case studies for management: Talent cultivation	TWM HR Div.	2012/07/10	7	Cliff Lai, Vivien Hsu, Chien Chen, , Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, C.A. Chuang*
Personal Information Protection Act and I	TWM Internal Audit Office	2012/07/23	0.5	Cliff Lai, Vivien Hsu, Rosie Yu, H.S. Wang, Ariel Hwang, Jay Hong, James Chang, Egon Chen, Chien Chen, Tom Koh, Jeff Ku, Sean Hsieh, Paul Huang, Steve Chou, Joseph Yang, Ruth Liaw*, C.A. Chuang*, Tech Juan*, Simon Wang*
Strategies for transforming and expanding enterprises	TWM HR Div.	2012/08/24	3	Ariel Hwang, James Chang, Tom Koh, Paul Huang, Joseph Yang, C.A. Chuang*, Tech Juan*
<i>CommonWealth</i> magazine's International Masters Forum: author Gary Hamel on "What Matters Now?"	<i>CommonWealth</i> Magazine	2012/09/04	2	James Chang, Tom Koh, Jeff Ku, C.A. Chuang*, Simon Wang*
Case studies for management: Management change	TWM HR Div.	2012/09/18	7	Cliff Lai, Vivien Hsu, Chien Chen, Tom Koh, Steve Chou, Joseph Yang, C.A. Chuang*, Simon Wang*
The Fifth Chief Audit Executives Forum	The Institute of Internal Auditors, R.O.C.	2012/09/21	9	Jay Hong
Internal audit to investigate and prevent fraud and insider trading	Computer Audit Association	2012/09/25	6	Jay Hong
Audit for personal information protection	The Institute of Internal Auditors, R.O.C.	2012/11/13	6	Jay Hong
Data analysis to prevent fraud and malfeasance	Taiwan Corporate Governance Association	2012/11/30	3	Rosie Yu, Ariel Hwang, Jay Hong, Steve Chou, Joseph Yang, C.A. Chuang*, Tech Juan*

* Resigned manager

7. Training program for directors in 2012

Title	Name	Date of training		Organization	Training program	Hours (Note1)
		From	To			
Representative of institutional investor	Richard Tsai	2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Representative of institutional investor	Daniel Tsai	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Representative of institutional investor	Cliff Lai	2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Representative of institutional investor	Vivien Hsu	2012/02/22	2012/02/22	Corporate Governance Association	The effect on AGM of amendments to the Company Act and securities-related laws	1
		2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/07	2012/09/07	Corporate Governance Association	Institutional investors' participation in a corporate's compensation policy: Learning from Hermes Equity Ownership Services Ltd.'s example	1
		2012/11/30	2012/11/30	Corporate Governance Association	Data analysis to prevent fraud and malfeasance	3
Representative of institutional investor	Victor Kung	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/09/21	2012/09/21	Corporate Governance Association	The significance of corporate ethics and corporate social responsibility	3
Independent Director	Jack J.T. Huang	2012/04/18	2012/04/18	Corporate Governance Association	Business and corporate governance	1
		2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Independent Director	Tsung-Ming Chung	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
		2012/12/20	2012/12/20	Taiwan Academy of Banking and Finance	Board meeting practices and corporate governance	3
Independent Director	Wen-Li Yeh	2012/07/13	2012/07/13	Corporate Governance Association	Global trends in compensation governance and the challenges faced by compensation committees in Taiwan	3
Independent Director	J. Carl Hsu	2012/11/30	2012/11/30	Corporate Governance Association	Data analysis to prevent fraud and malfeasance	3

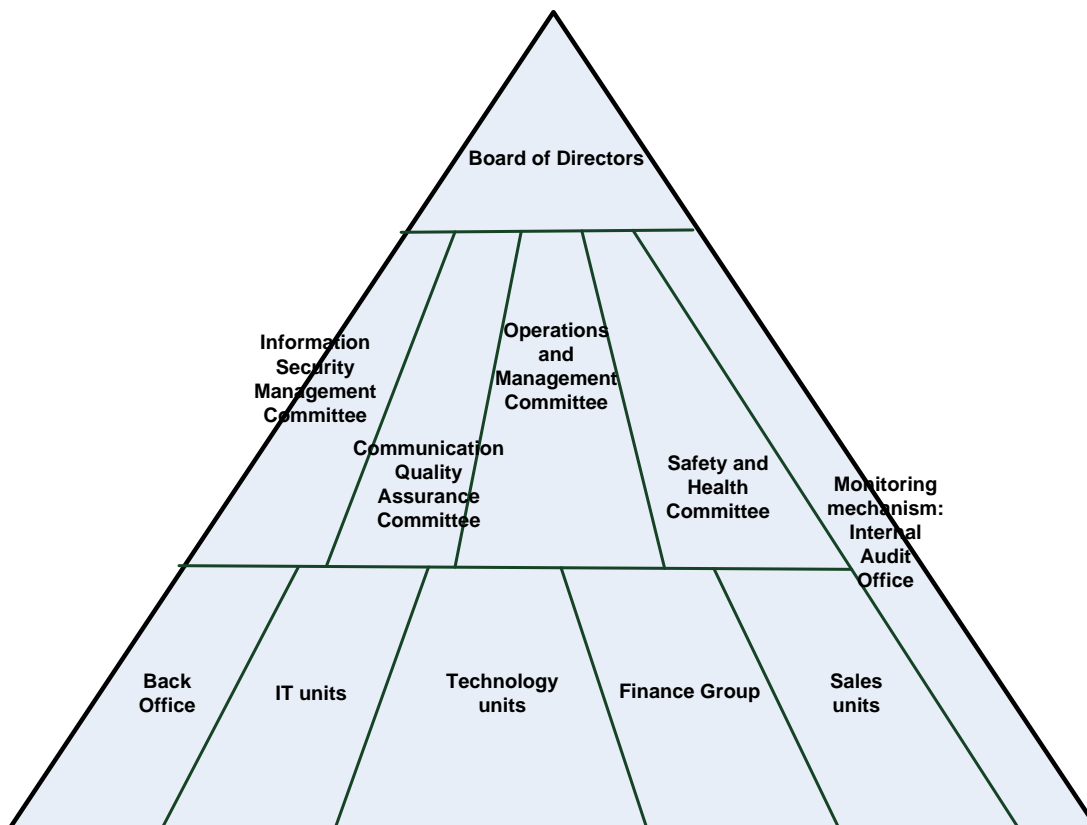
Note 1: The training requirements listed above have been fulfilled.

8. Risk management

Risk management policies

- (1) Promote a risk management-based business model
- (2) Establish a risk management mechanism that can effectively cite, evaluate, supervise and control risk
- (3) Create a company-wide risk management structure that can limit risk to an acceptable level
- (4) Introduce best risk management practices and continue to seek improvements

Risk management structure



The Company's risk management structure is made up of three levels of control mechanism:

- (1) Ground: Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection.
- (2) Middle: Operations and Management Committee, Safety and Health Committee, Information Security Management Committee, and Communication Quality Assurance Committee assume responsibility. Co-Presidents and committee heads convene a task force composed of unit chief officers and supervisory vice presidents of concerned departments.
- (3) Top: Board of Directors
- (4) Monitoring mechanism: Internal Audit Office

Risk management operation mechanism

- (1) Ground: Each unit shall ensure, on a daily basis, that risks are kept under acceptable levels. Should there be any changes in condition or other factors, the responsible unit shall report these to the Company for the appropriate course of action.
- (2) Middle: Should any material event or situation arise, the responsible unit shall report it to the Operations and Management Committee or the other three committees to examine the risks and undertake any necessary

measures. The functions of the four committees are as follows:

- Operations and Management Committee: Conduct periodic review of each business group's operating target and performance to meet the Company's guidance and budget.
 - Safety and Health Committee: Tasked with supervising and reducing potential risks to workers' safety and health.
 - Information Security Management Committee: Supervise important information assets for confidentiality, integrity, availability, and regulatory compliance in order to control and reduce operational risks to an effective and reasonable level.
 - Communication Quality Assurance Committee: Ensure and manage communication quality of networks.
- (3) Top: The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.
- (4) Monitoring mechanism:
- The Internal Audit Office regularly monitors and assesses potential and varying levels of risks that the Company may face and uses this information as a reference for drafting its annual audit plan.
 - The Internal Audit Office should report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

Risk factors and management structure

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision
1	Operating risk	Technology units / IT units	Operations and Management Committee	The highest decision-making body: Board of Directors
2	Risks related to information security	Internal Audit Office - Information Security Management Department	Information Security Management Committee	
3	Technology and maintenance risk	President's Office - Communication Quality Assurance Department	Communication Quality Assurance Committee	
4	Market risk A. Competition B. New products C. Channel management	A. Marketing units B. Marketing units C. Business Operations Management Division	Operations and Management Committee	
5	Government policies and regulatory compliance	Regulatory and Carrier Relations Division		
6	Corporate image	Public Affairs Division		
7	M&A and investments	President's Office		
8	Employee safety	Occupational Safety and Health Office and Administration Division	Safety and Health Committee	Monitoring mechanism: Internal Audit Office
9	Employee behavior, code and ethics	Human Resources Division	Operations and Management Committee	
10	Volatility of interest rates, exchange rates and financial risks	Finance Division		
11	Financing and endorsement/guarantee provided to others, derivatives transaction and working capital management	Finance Division		
12	Financial report disclosure	Accounting Division		
13	Litigious and non-litigious matters	Legal Office		
14	Changes in shareholding of directors and major shareholders	Secretarial Division		
15	Board meeting facilitation	Secretarial Division		

9. Implementation of customer policy

With the mission of "creating the best user experience," the Company is continuously striving to improve its products, services and operations to win customers' trust and raise the quality of customer care.

10. The Company has purchased liability insurance for its directors.

11. Employee certifications relating to financial transparency

- (1) Certified Internal Auditor (CIA): eight employees in the Internal Audit Office; one in the Finance Division; one in the Accounting Division
- (2) First-level examiner of internal controls (Securities and Futures Institute): three employees in the Secretarial Division
- (3) Qualified Internal Auditor (QIA): nine employees in the Internal Audit Office; one in the CFO Office; one in the Finance Division; one in the Accounting Division
- (4) Certified Public Accountant (CPA): one employee in the Internal Audit Office; one in the CFO Office; one in the Finance Division; two in the Accounting Division; four in the Operations Analysis Division; one in the Secretarial Division

12. Any internal evaluation or third party assessment reports on corporate governance. If yes, specify results, major flaws or recommendations for improvements:

Taiwan Mobile received a "CG6006 Advanced Corporate Governance System Evaluation" certification, valid through November 3, 2013, from the Taiwan Corporate Governance Association in 2011. The results of the evaluation and its major recommendations, as well as improvements made by the Company, are listed below:

- (1) Overall strengths
 - A. Expansion of board functions: The Company's initiative in setting up an audit committee and compensation committee is worthy of recommendation.
 - B. Continued pursuit of international standards in corporate governance: The Company has received numerous awards for corporate governance, financial disclosure and investor relations from domestic and foreign independent ratings institutions, and serves as a role model for Taiwan's listed companies.
 - C. Commendable performance by the Audit Committee: The Company's four independent directors all possess the professional expertise and knowledge to carry out their duties.
- (2) Recommendations and subsequent improvements made by the Company
 - A. Set up a board-approved risk management policy and related regulations to cover all aspects of risks and standard procedures for reporting material events:
The board passed the Risk Management Policy on October 27, 2011.
 - B. Draw up quality assurance and improvement plans verified by independent institutions for internal audit:
The quality assurance and improvement plans have been incorporated into the internal audit system and approved by the board on January 19, 2012.
 - C. Promote participation by Audit Committee members in the appointment and evaluation of the Chief Internal Audit Officer:
The Audit Committee will participate in the interview of the Chief Internal Audit Officer should there be a reshuffle. Evaluation of the Chief Internal Audit Officer's performance will be conducted by the Compensation Committee.

Compensation Committee operations

The Compensation Committee, composed entirely of independent board directors, is bound by the "Compensation Committee Charter." The committee is responsible for evaluation of the following matters:

- (1) Establish a policy, system, standard and structure for directors and managers' compensation and review them periodically.
- (2) Decide compensation for directors and managers and carry out periodic evaluations.

Qualifications and independence of members of the Compensation Committee

Identity (Note 1)	Name	Over five years of experience in business, finance, legal and/or other areas related to the Company's business	Independence criteria (Note 2)								No. of public companies in which he or she also serves as a member of the Compensation Committee
			1	2	3	4	5	6	7	8	
Independent Director	Jack J.T. Huang	V	V	V	V	V	V	V	V	V	1
Independent Director	Tsung-Ming Chung	V	V	V	V	V	V	V	V	V	1
Independent Director	Wen-Li Yeh	V	V	V	V	V	V	V	V	V	0
Independent Director	J. Carl Hsu	V	V	V	V	V	V	V	V	V	0

Note 1: The identities of the members of the Compensation Committee all meet the requirements stipulated in Item 5, Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter."

Note 2: "V" denotes meeting the conditions specified above

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

Criterion 2: Not a director or supervisor of the Company's affiliated companies (Unless the person is an independent director of the Company, the Company's parent company or of any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares.)

Criterion 3: Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders

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

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

Criterion 6: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company

Criterion 7: Not an owner, partner, director, supervisor, manager, or spouse of any of the aforementioned, of any sole proprietorship, partnership, company, or institution that provides commercial, legal, financial and accounting services or consultation to the Company or its affiliates. However, members of the Compensation Committee are not covered by this restriction per Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter

Criterion 8: Not in contravention of Article 30 of the Company Act

Compensation Committee attendance

(1) The Compensation Committee consists of four members.

(2) Tenure: July 28, 2011 to June 14, 2014. The Compensation Committee convened twice in 2012:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Jack J.T. Huang	1	1	50%	Appointed committee chairman
Independent Director	Tsung-Ming Chung	2	0	100%	
Independent Director	Wen-Li Yeh	2	0	100%	
Independent Director	J. Carl Hsu	1	0	50%	

1. Any suggestion made by the Compensation Committee that was not accepted or revised by the Board of Directors: None

2. Any written objections or issues raised by a member of the Compensation Committee against resolutions passed by the committee: None

Corporate social responsibility (CSR)

Item	Current Practices												
Corporate governance 1. Establishing a CSR policy or system and review mechanism 2. Setting up a unit to carry out this policy or system 3. Holding regular training programs on business ethics for directors and employees and establishing a reward-and-punishment system	<p>1. The Company set up the “Taiwan Mobile CSR Policy” to ensure effective execution of corporate social responsibility in January 2011.</p> <p>2. In 2007, TWM established a Social Responsibility Department under the Public Relations Division to draft and carry out CSR initiatives. With designated personnel and a separate budget, the department provides planning, execution and coordination across different divisions.</p> <p>3. In addition to regular training programs on business ethics, the Company has formulated a Code of Ethics that all directors, managers and employees are expected to follow and support. Since August 2010, employees can access the Code of Ethics through TWM's e-learning website. An intranet hotline has been set up for employees to report any violation of the Code. Violators will be punished in accordance with Company regulations.</p>												
Environmental sustainability 1. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment 2. Establishing an environmental management system in line with the nature of the Company's business operations 3. Setting up a framework and allocating staff to promote environmental conservation 4. Adopting measures to reduce greenhouse gas emissions and minimize their impact on the environment	<p>1. The Company has continuously worked to improve the efficient use of resources, including paper, water and electricity, as well as to promote recycling of cables and battery modules.</p> <p>2. TWM has established an internal Sustainable Development Committee. It is responsible for monitoring environment-related indexes and efforts to reduce carbon emissions, as well as planning, promoting and integrating all of the company's environmental protection-related activities.</p> <p>3. The Company has designated personnel in the Administration Division and Public Affairs Division to promote its environmental protection program.</p> <p>4. TWM has made use of its operating management practices and communications technology to reduce energy consumption and greenhouse gas emissions. These measures include:</p> <ul style="list-style-type: none">● Data center energy-saving program● Base station equipment upgrading● Energy management program for TWM's office buildings and direct stores● Telepresence service● Green value-added service● e-service and mobile service <div><div>Unit: tCO2e</div><table><tr><td></td><td>2011</td><td>2012</td></tr><tr><td>Direct emissions (Scope 1)</td><td>2,608</td><td>2,617</td></tr><tr><td>Indirect emissions (Scope 2)</td><td>171,854</td><td>160,201</td></tr><tr><td>Total GHG Emissions</td><td>174,462</td><td>162,818</td></tr></table></div>		2011	2012	Direct emissions (Scope 1)	2,608	2,617	Indirect emissions (Scope 2)	171,854	160,201	Total GHG Emissions	174,462	162,818
	2011	2012											
Direct emissions (Scope 1)	2,608	2,617											
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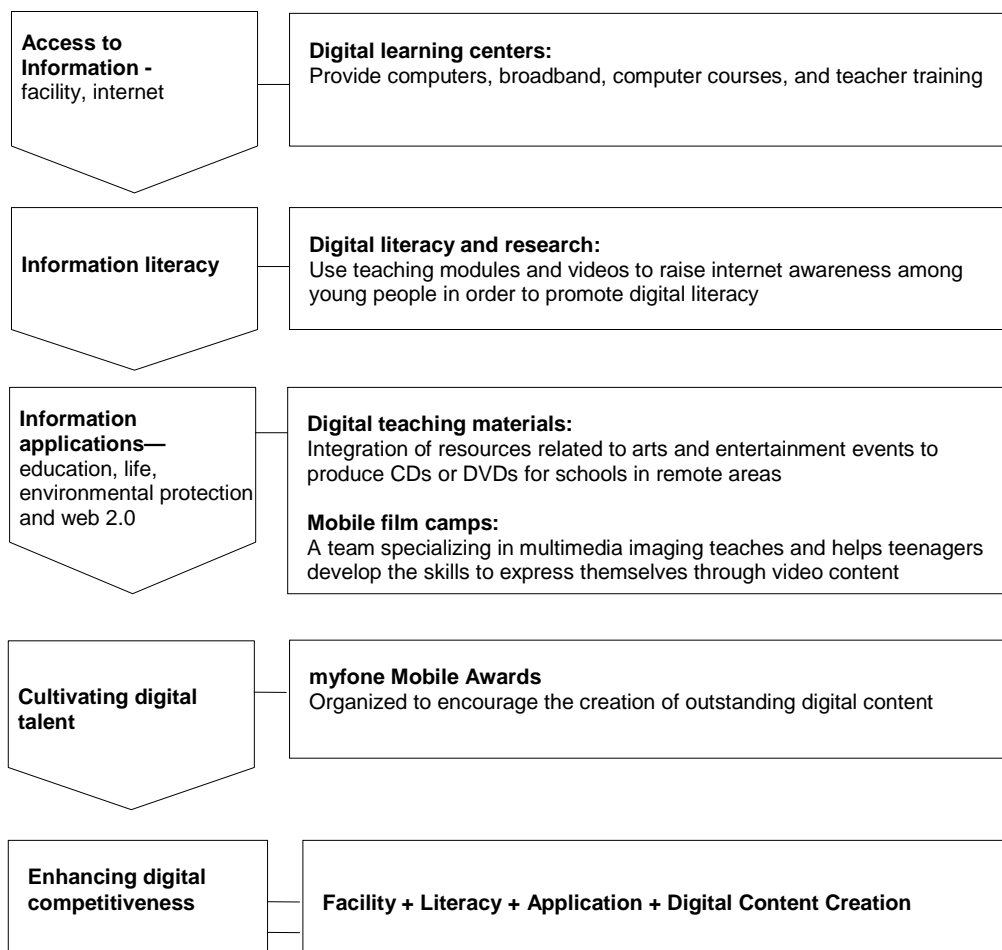
Item	Current Practices
<p>Commitment to corporate social responsibility</p> <ol style="list-style-type: none"> 1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy and establishing appropriate management practices, procedures and execution 2. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education 3. Building a regular communication mechanism and notifying employees about potential operating changes that may have a significant impact on them 4. Drawing up a policy on protecting consumers' rights and providing a transparent and effective mechanism for filing and processing complaints about products and services 5. Working with vendors to promote corporate social responsibility. 6. Promoting community development projects and philanthropic work through commercial activities, donations, volunteer work or other services 	<ol style="list-style-type: none"> 1. Pursuant to related national regulations, including the Labor Standards Act, Employment Services Act and Gender Equality in Employment Act, the Company has never employed child workers, discriminated against any employee or ethnic group and forced its employees to work. In addition, TWM's Code of Ethics serves as a guideline for employees. The company has also established a performance-based reward system to motivate employees. 2. The Company aims to provide a safe and healthy working environment for employees and has implemented related measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet. 3. The Company has set up multiple channels to communicate with employees on a regular basis about the company's operational decisions. <ol style="list-style-type: none"> (1) Dialogue between employees and management: Managerial meetings are held every three months to deliver the company's vision and recent critical developments to all employees. (2) A President's Mailbox has been set up for employees to submit recommendations to the company. (3) Information disclosure: All information is posted on the company's intranet, where employees can view the company's press releases, product information and management measures. 4. To protect consumers' rights, the Company provides various services and information, such as outdoor coverage for wireless broadband; free trial service for mobile internet; customers' prior agreement needed to activate mobile internet; measures to protect minors; and voluntarily notifying customers about the collection, processing and use of their personal information. All these are written in the customer service contracts and posted on the company website and on posters in Company stores. The Company aims to provide customers with the most diversified and convenient service channels by integrating its call center service, store service, website service and smartphone app service into an integrated customer-centric service network. In August 2012, the Company adopted measures from the world-renowned SGS Qualicert certification to standardize operating procedures, execute customer-driven process reengineering and periodically reexamine various service indicators to ensure the highest customer satisfaction and the most pleasant customer experience. 5. TWM believes that ethic serves as the moral foundation of a well-managed enterprise. To promote a fair and just system, the Company set up an open procurement system to select suppliers and required that all suppliers comply with "TWM's Environmental and Occupational Health and Safety Policy" and "Guidelines on Corporate Social Responsibility for Suppliers." Furthermore, TWM provides first bargaining rights to green-product and conflict-free product suppliers to encourage others to likewise produce environmentally friendly products. <ol style="list-style-type: none"> (1) TWM does not use any product from conflict material/product suppliers. (2) TWM requests its suppliers investigate their supply chains to ensure that no products are from conflict areas. 6. TWM has made significant progress in fulfilling its corporate social responsibility systematically and strategically. The Company leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society. <ol style="list-style-type: none"> (1) The potential benefit of carbon emissions reduction throughout the ICT industry is far greater than what TWM can achieve on its own. As such, the Company has actively helped consumers and other organizations meet energy-saving and carbon-reduction goals through handset recycling, e-billing and video conferencing among others. (2) In addition to the 5180 Mobile Donation Hotline and 909 Mobile Phone Audio Guide, TWM holds the annual myfone Mobile Awards to encourage creativity and innovation in order to enrich digital content and applications

	<p>for its telecom business.</p> <p>(3) TWM provides discount rates for people with disabilities, and has also contributed hardware equipment and applications to promote information literacy to expand digital opportunities for remote and underprivileged communities to enhance the nation's digital competitiveness.</p> <p>(4) Since 2007, TWM has implemented its "Corporate Volunteer Guidelines" to encourage employees to take an active role in fulfilling their social responsibilities. Volunteers can take two paid days off a year to participate in community service activities. Transportation allowances and insurance, as well as comprehensive training, are provided. To date, 1,358 participants have joined these activities.</p>
<p>Information disclosure</p> <p>1. Disclosing relevant and reliable information on corporate social responsibility</p> <p>2. Process for preparing and disclosing CSR information</p>	<p>1. CSR-related information is updated on the websites of the Company and the Taiwan Mobile Foundation in a timely manner. All information and data contained in the CSR reports are compiled internally and verified by an external party to ensure their reliability and accuracy. All information (subject and content) are deemed to be materially important and designed to meet stakeholders' expectations.</p> <p>2. TWM released its first CSR report in 2007. A second report, released in 2009, complies with the GRI G3 and the AA1000 assurance standards on CSR disclosure practices. In addition, information disclosed in the 2012 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.</p>
<p>The Company's CSR policy and practices fully comply with the "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies."</p> <p>The concept of corporate social responsibility has been embedded in the strategic decisions and daily operations of all departments. TWM went a step further, with the Board of Directors passing the "Taiwan Mobile CSR Policy" to serve as a long-term guideline for promoting CSR and fulfilling the company's commitment to society in January 2011.</p> <p>The policy contains six articles, with the Company's underlying corporate philosophy and core values serving as the foundation, emphasizing corporate governance, stakeholder's interests and full disclosure, and leveraging off the Company's core competence and services to promote environmental conservation and public welfare.</p>	

Additional information on CSR-related matters:

TWM leverages its core competence in telecommunications, network and digital convergence to generate wider benefits for society.

1. Enhancing digital competitiveness



- TWM continued to set up broadband services in remote areas in 2012. TWM has also collaborated with local nonprofit organizations (NPOs) to operate 8 digital learning centers as of the end of 2012.
- TWM has published 18 sets of digital teaching materials on music, the environment and network safety, as well as conducted online researches with NPOs to better understand teenage behavior.
- TWM hosted the “Mobile Film Creation Camp for Teenagers” to promote imaging education and applications, teaching teenagers how to express their ideas through creation of video content and to cultivate future multimedia talent.
- TWM launched the “myfone Mobile Awards” to encourage creation of new types of literature and music. The contest attracted a record nearly 50,000 entries. Awards were handed out for the best “SMS literature” and “original musical ringtones.”

2. Environmental protection

Aside from compliance and reducing pollution, TWM has also taken the initiative to help build an intelligent low-carbon society by leveraging its key resources in the ICT service industry. The Company helps other businesses reduce their carbon emissions through its mobile and e-services and promotes environmental protection through its extensive interaction with subscribers and consumers. Because of these efforts, the Company was the first in the service sector to receive the “R.O.C. Enterprises Environmental Protection Award” from the Environmental Protection Administration

of the Executive Yuan. Having won this award for three consecutive years, the Company has earned lifetime recognition for its achievements.

3. Community participation and social care

- TWM introduced the “5180 Mobile Donation Hotline,” a micro-donation platform, to provide a long-term fundraising channel for 63 NPOs.
- TWM sponsors tutorial sessions after school for about 140 children from underprivileged families every year.
- TWM works with the Canlove Social Services Association to provide professional counseling services to people suffering from depression and to promote suicide prevention awareness. More than 36,000 participants took part in these activities in 2012.
- TWM sponsors an NGO that provides classes on “EQ Management” and “Suicide Prevention” to junior high school students. A total of over 184,000 students have been involved in this program.

4. Consumers’ interests:

TWM introduced a global standard information security management system to ensure that customers’ personal information is strictly protected every step of the way – from form application to activation, information changes, billing, settlement and customer services.

5. Human rights:

TWM has never employed child workers. Pursuant to the Gender Equality in Employment Act and Employment Services Act, the Company has never discriminated against any employee and ethnic group or forced labor on its employees. Employees are free to form associations.

6. Safety and health:

To build a vital, happy and healthy workplace, TWM has designed various activities for its employees with a focus on promoting a safe environment, disease prevention, health and spiritual relaxation. From 2007 to 2012, the Company received the following awards: “LOHAS (Lifestyles of Health and Sustainability),” “Community Health,” “Leader in Health” and “Best Weight Loss Office” from the Cabinet-level Department of Health. It also received top certifications from Taipei City’s Health Department for its breastfeeding rooms.

7. Cultural promotions:

- TWM introduced the “909 Mobile Phone Audio Guide,” which employs mobile communications technology and cloud database to promote art and culture.
- To promote cultural literacy, TWM has since 2005 held 33 large outdoor concerts throughout the country, with more than 460,000 people attending these events.

Has the Company issued CSR reports that have been verified by an independent third-party assurance organization?

Since 2009, TWM’s CSR report has been verified by an independent third-party organization, the British Standards Institute, in accordance with its AA1000 assurance standards and GRI guidelines. In addition, information disclosed in the 2012 CSR report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization.

Ethical corporate management

Item	Current Practice
<p>1. Establishing a policy on ethical corporate management:</p> <p>(1) Specifying the Company's policy on ethical corporate management in its official charter and material documents, including the board and management's commitment to its implementation</p> <p>(2) Setting up a system to prevent dishonest behavior, including its operation, guidelines and training</p> <p>(3) Adopting measures to prevent high-risk dishonest behavior, such as offering or accepting bribes, giving illegal political donations</p>	<p>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles and disseminates them on an annual basis to ensure that employees, management and the board comply with the principles. Moreover, the principles have been incorporated into the Company's internal control system.</p> <p>(2) The Company's Ethical Corporate Management Best Practice Principles has clearly established preventive measures against the following:</p> <ul style="list-style-type: none"> a. offering and accepting bribes b. illegal political donations c. improper charitable donations or sponsorship d. offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits <p>The aforementioned principles and related regulations are announced and disseminated to employees, managers and board directors to enhance integrity and self-discipline.</p> <p>(3) The Company has set up an accounting system and internal control system for business activities that are at higher risk to dishonest behavior. The Company has no under-the-table accounts or secret accounts. The aforementioned systems are reviewed periodically to ensure that they are working and measures are implemented.</p>
<p>2. Implementation of ethical corporate management</p> <p>(1) Avoiding transactions with parties that have a record of dishonest behavior; stipulating in all contracts what constitute unacceptable behavior</p> <p>(2) Establishing a full-time or part-time unit to promote the Ethical Corporate Management Best Practice Principles and supervision by the board of directors</p> <p>(3) Setting up policies to prevent conflict of interests and providing channels to report such conflict.</p> <p>(4) Building an effective accounting system and internal control system to carry out ethical corporate management, with internal auditors auditing the process</p>	<p>(1) The Company's Guidelines on Corporate Social Responsibility for Suppliers, promulgated in 2011, states that all suppliers should not engage in bribery.</p> <p>(2) The Internal Audit Office is responsible for promulgating and overseeing policies and programs relating to ethical corporate management and tasked with reporting to the board of directors.</p> <p>(3) The Company has promulgated policies to prevent conflict of interests. Any violation should be reported to the Audit Committee, the managers or the chief internal audit officer.</p> <p>(4) The Company has established an effective accounting system and internal control system. In addition, internal auditors schedule regular audits according the level of risks. No violation has ever been found.</p>
<p>3. Providing reporting channels and a system for appeal and punishment in cases of ethics violation</p>	<p>The reporting channels include mailboxes for employee or vendor complaints. If any violation is found, the internal audit office will conduct an investigation and report the results, with punishment being meted in accordance with the severity of the offense. The Company has incorporated the Ethical Corporate Management Best Practice Principles into its employee performance assessment and human resource policies to create an effective reward/punishment mechanism.</p>
<p>4. Strengthening information disclosure</p> <p>(1) Disclosing related information on ethical corporate management on the Company's website</p> <p>(2) Other ways of disclosure (e.g. setting up an English website or designating dedicated personnel to collect and disclose related information on the Company's website)</p>	<p>(1) The Company's Ethical Corporate Management Best Practice Principles have already been posted on the Company's website and are duly updated.</p> <p>(2) The Company has set up an English website and designated dedicated personnel to collect and disclose related information on the website.</p>
<p>5. Should the company promulgate its own ethical corporate management principles in accordance with the "Ethical Corporate Management for TWSE/GTSM-listed Companies", describe differences between real practices and the principles established: No difference</p>	

<p>6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices, such as the Company publishing its ethical corporate management practices and inviting vendors to participate in the Company's training on and amendment of the principles:</p> <p>The Company has promulgated Guidelines on Corporate Social Responsibility for Suppliers as a guideline for doing business with vendors. In addition, the Company issued a CSR report in 2012, which was verified by an independent third-party organization, in accordance with its AA1000 (2008) assurance standards. The information disclosed in the aforementioned report complies with the latest GRI G3.1 application level of A+, as audited by an independent third-party organization. This is another evidence of the Company's commitment to carrying out ethical corporate management.</p>
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Corporate governance rules and procedures

The Company has implemented a number of rules and procedures to enhance its corporate governance practices. It has revised the Audit Committee Charter, the Compensation Committee Charter, the Rules and Procedures Governing Board of Directors' Meetings, the Rules and Procedures Governing Shareholders' Meetings, the Regulations Governing Internal Material Information, the Code of Ethics, the Ethical Corporate Management Best Practice Principles, and Corporate Social Responsibility Policy, and the Rules and Procedures on Conducting Transactions between Group Companies and Related Parties. With these changes, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, but it also adheres to the highest international standards.

Additional information on corporate governance operations:

Corporate governance principles

- Timely disclosure of material information
- Checks and balances between the board and management
- Fair representation of independent board members
- Audit Committee ensures fair and independent financial oversight
- Compensation Committee ensures sound corporate governance practices and compensation systems for directors and managers are in place
- Adoption of a cash dividend policy based on a high earnings payout ratio
- Vote for each proposal at AGM and allow shareholders to exercise their rights through electronic voting system
- Comply with the Code of Ethics and Ethical Corporate Management Best Practice Principles and implement internal audit mechanism

To ensure that employees, managers and directors promote information transparency and timely disclosure, the Company disseminates "Regulations Governing Internal Material Information" (approved by the Board on January 22, 2009) on an annual basis and has incorporated them into its internal control system to avoid risks of insider trading.

Internal control system

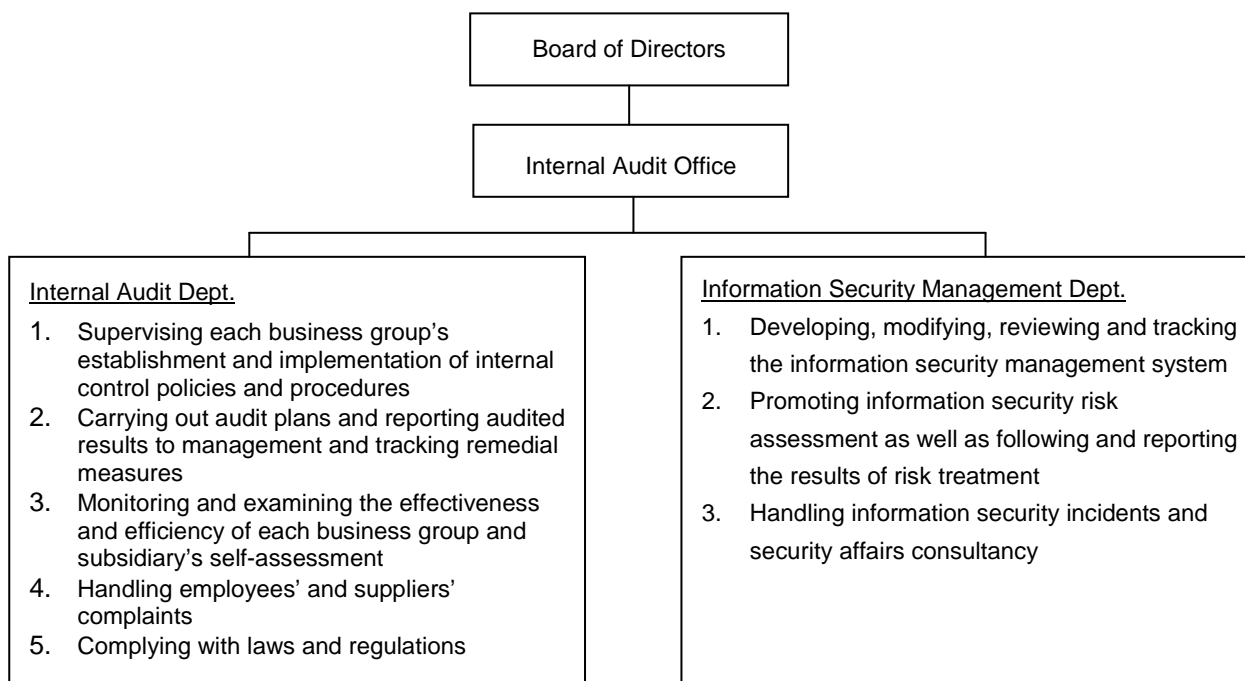
1. Internal control mechanism

The Company's Internal Audit Office is made up of two departments: internal audit and information security management. The internal audit department carries out audits, while the information security management department sets information security affairs into action.

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

Regular internal audits are executed according to the annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements. In accordance with corporate governance, audit reports are regularly submitted to and reviewed by the Chairman, as well as presented to the Audit Committee and the Board of Directors by the Chief Internal Auditor. The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the Presidents and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.

There are 13 dedicated internal audit staff, including one supervisor in charge of the Internal Audit Office, whose responsibilities are detailed below:



2. Internal control statement

Taiwan Mobile Co., Ltd.

Internal Control Statement

Date: January 31, 2013

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2012:

1. TWM is fully aware that establishing, operating, and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems" by public companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission, and the Executive Yuan (herein referred to as "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: 1. Control environment, 2. Risk assessment and response, 3. Control activities, 4. Information and communications, 5. Monitoring. Please refer to the Regulations for details on these five key elements.
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of Dec. 31, 2012, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 31, 2013, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Richard Tsai
Chairman



Cliff Lai
Co-President



Vivien Hsu
Co-President

Violation of regulations and internal policies: None

Major resolutions at the shareholders' meeting and board meetings

1. Major resolutions at the 2012 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2011 business report and financial statements
- (2) 2011 earnings distribution proposal

Execution: set record date of ex-dividend on July 15, 2012, cash payment on July 27, 2012.

- (3) Amendments to the Company's "Articles of Incorporation"
- (4) Amendments to the Company's " Rules and Procedures on the Acquisition or Disposal of Assets"

2. Major resolutions by the board (from 2012 up to the publication date in 2013)

1. 5th meeting of the sixth BOD on January 19, 2012

- (1) Approved 2011 business report and financial statements
- (2) Approved 2012 stand-alone and consolidated financial forecasts
- (3) Approved 2012 capital expenditure plans
- (4) Approved the holding of the 2012 general shareholders' meeting

2. 7th meeting of the sixth BOD on April 26, 2012

- (1) Approved 2011 earnings distribution proposal
- (2) Approved adoption of IFRS and its subsequent impact on financial reports

3. 8th meeting of the sixth BOD on July 26, 2012

- (1) Approved 1H12 financial statements
- (2) Approved upward revision of the contract value with NSN and additional capital expenditure plans for 2012

4. 9th meeting of the sixth BOD on October 25, 2012

- (1) Approved the change of chief accounting officer
- (2) Approved the issuance of unsecured straight corporate bonds of no more than NT\$16bn
- (3) Approved a loan to TFN Media Co., Ltd.

5. 10th meeting of the sixth BOD on January 31, 2013

- (1) Approved 2012 business report and financial statements
- (2) Approved the change of chief internal audit officer
- (3) Approved the adoption of an accounting policy change on bundled sales starting January 1, 2013.
- (4) Approved 2013 consolidated financial forecasts
- (5) Approved 2013 capital expenditure plans
- (6) Approved the consignment of the Company's direct store related operations to Taiwan Digital Service Co., Ltd., the newly set-up 100%-owned subsidiary of the Company
- (7) Approved the holding of the 2013 general shareholders' meeting

The above information is posted on <http://mops.twse.com.tw>.

Major dissenting comments among directors over board meeting resolutions from 2012 up to the publication date in 2013: None

Resigned/discharged chairman, president, chief accounting officer, chief financial officer, chief internal audit officer and chief research officer:

As of March 15, 2013

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Chief Accounting Officer	Ruth Liaw	2006.08.15	2012.09.12	Resignation
Chief Internal Audit Officer	Jay Hong	2008.01.17	2012.12.11	Position Adjustment

Certified Public Accountant (CPA) Information

1. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA		Audit fee	Non-audit fee			Period covered by CPA's audit	Remarks
				Company registration	Other	Total		
KPMG	Simon Chen	Janice Lai	8,250	-	685	685	Year 2012	Fees for other non-audit services were mainly for tax-related consultation

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

2. Other information

- (1) If non-audit fees paid to CPAs, their accounting firm and its affiliates are more than one-fourth of audit fees, specify the amount of audit and non-audit fees, as well as the scope of non-audit services: Not applicable

(2) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: Not applicable

(3) If audit fees dropped by more than 15%, specify the amount and percentage of decline and reasons: Not applicable

3. Information on CPA changes: None

4. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past one year: None

Direct and indirect investments in affiliated companies

As of December 31, 2012

Unit: shares, %

Long-term investments under equity method	Investment by TWM		Direct and indirect investment by TWM directors and management		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
Taiwan Cellular Co., Ltd.	370,895,800	100.00%	—	—	370,895,800	100.00%
Wealth Media Technology Co., Ltd.	39,065,000	100.00%	—	—	39,065,000	100.00%
Taipei New Horizon Co., Ltd.	92,315,000	49.90%	—	—	92,315,000	49.90%

Changes in shareholdings of directors, managers and major shareholders

1. Insignificant changes in shareholder structure

Unit: shares

Title	Name	2012		2013 (as of March 15)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Chairman	Fu-Chi Venture Corp. Representative: Richard Tsai	0	0	0	0
Vice Chairman	Fu-Chi Venture Corp. Representative: Daniel Tsai				
Director	Fu-Chi Venture Corp. Representative: Victor Kung				
Director	TCC Investment Co., Ltd. Representative: Cliff Lai	0	0	0	0
Director	TCC Investment Co., Ltd. Representative: Vivien Hsu				
Independent Director	Jack J.T. Huang	0	0	0	0

Title	Name	2012		2013 (as of March 15)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding ¹	Net change in shares pledged
Independent Director	Tsung-Ming Chung	0	0	0	0
Independent Director	Wen-Li Yeh	0	0	0	0
Independent Director	J. Carl Hsu	0	0	0	0
Major Shareholder (shareholding of more than 10%)	TFN Union Investment Co., Ltd.	0	0	0	0
Co-President	Cliff Lai	0	0	0	0
Co-President	Vivien Hsu	0	0	0	0
SVP and Chief Financial Officer	Rosie Yu	0	0	0	0
Vice President and Acting Chief Technology Officer	HS Wang	0	0	0	0
Vice President	Ariel Hwang	0	0	0	0
Vice President	Jay Hong	(25,000)	0	0	0
Vice President	James Chang	0	0	0	0
Vice President	Egon Chen	(9,000)	0	0	0
Vice President	Chien Chen	0	0	0	0
Vice President	Tom Koh	0	0	0	0
Vice President and Deputy COO	Jeff Ku	(8,000)	0	0	0
Vice President	Sean Hsieh	(95,000)	0	0	0
Vice President	Paul Huang	0	0	0	0
Vice President	Steve Chou	0	0	0	0
Vice President	Joseph Yang	(48,000)	0	0	0
Chief Accounting Officer	Darren Shih (took office on Sept.12, 2012)	0	0	0	
Vice President	Ruth Liaw (resigned on Sep.30, 2012)	0	0	NA	NA
Vice President	C.A. Chuang (resigned on Dec.31, 2012)	0	0	NA	NA
Vice President	Techi Juan (resigned on Dec.31, 2012)	0	0	NA	NA
Vice President	Simon Wang (resigned on Dec.31, 2012)	0	0	NA	NA

2. Shareholding transferred with related party: None

3. Stock pledged with related party: None

Relationship between TWM's top 10 shareholders

As of July 15, 2012

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
TFN Union Investment Co., Ltd.	410,665,284	12.00%	—	—	TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	—	—	—	—	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
TCC Investment Co., Ltd.	200,496,761	5.86%	—	—	TFN Union Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	—	—	—	—	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd.	A is B's chairman A is B's chairman

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Ming Dong Co., Ltd.	184,736,452	5.40%	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman Related party B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	–	–	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees
Fubon Life Insurance Co., Ltd.	123,791,400	3.62%	--	--	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	Related party Related party Related party Related party Related party Related party Related party B is a director at A
Chairman: Oliver Cheng	–	–	–	–	None	None
TCCI Investment & Development Co., Ltd.	119,563,804	3.50%	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd.	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman Related party

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is a director at A B is A's chairman
Chairman: Richard Tsai	–	–	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Dao Ying Co., Ltd.	104,954,742	3.07%	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Wan-Tsai Tsai Daniel Tsai Richard Tsai	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman Related party B's chairman is a relative within two degrees of A's chairman B is A's chairman B is a director at A B is a director at A
Chairman: Wan-Tsai Tsai	–	–	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Daniel Tsai Richard Tsai	B's chairman is A's relative within two degrees B's chairman is A's relative within two degrees A is B's chairman Related party B's chairman is A's relative within two degrees A is B's chairman B is A's relative within two degrees B is A's relative within two degrees
Cathay Life Insurance Co., Ltd.	102,933,900	3.01%	–	–	None	None
Chairman: Hong-Tu Tsai	–	–	–	–	None	None
Daniel Tsai	91,979,990	2.69%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd.	A is a director at B A is a director at B A is a director at B Related party

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's shareholders as defined in the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Name (B)	Relationship
					TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Richard Tsai	A is a director at B A is a director at B B is A's relative within two degrees B is A's relative within two degrees
Richard Tsai	90,127,938	2.64%	5,986,496	0.18%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. TCCI Investment & Development Co., Ltd. Dao Ying Co., Ltd. Wan-Tsai Tsai Daniel Tsai	A is B's chairman A is B's chairman A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees B is A's relative within two degrees
JP Morgan Chase Bank N.A. Taipei Branch, custodian for Saudi Arabian Monetary Agency	83,373,826	2.44%	—	—	None	None

Chapter 3 Financial Information

Capital and shares

Source of capital

As of March 15, 2013

Unit: shares / NT\$

Date	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	In a form other than cash	Cert. No. & effective date
Oct. 2011	10	6,000,000,000	60,000,000,000	3,420,832,827	34,208,328,270	Cash capital reduction: NT\$ 3,800,925,360	--	Authorization No. 1000031760 July 15, 2011

As of March 15, 2013

Unit: shares

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,420,832,827	2,579,167,173	6,000,000,000	None

Shareholder structure

As of July 15, 2012

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	19	283	35,758	840	36,907
Total shares owned	100,764,456	329,077,229	1,340,322,352	353,872,339	1,296,796,451	3,420,832,827
Holding percentage (%)	2.94	9.62	39.18	10.35	37.91	100.00

Shareholding distribution

As of July 15, 2012

Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	18,005	7,105,694	0.21%
1,000 ~ 5,000	13,742	29,590,278	0.87%
5,001 ~ 10,000	2,395	17,346,096	0.51%
10,001 ~ 15,000	714	8,698,212	0.25%
15,001 ~ 20,000	419	7,294,314	0.21%
20,001 ~ 30,000	342	8,482,977	0.25%
30,001 ~ 50,000	308	11,975,628	0.35%
50,001 ~ 100,000	254	18,220,070	0.53%
100,001 ~ 200,000	160	22,660,725	0.66%
200,001 ~ 400,000	166	47,625,351	1.39%
400,001 ~ 600,000	85	41,871,353	1.22%
600,001 ~ 800,000	40	28,008,236	0.82%
800,001 ~ 1,000,000	35	31,668,311	0.93%
1,000,001 and above	242	3,140,285,582	91.80%
Total	36,907	3,420,832,827	100.000%

Major shareholders

As of July 15, 2012

Name	Total shares owned	Holding percentage
TFN Union Investment Co., Ltd.	410,665,284	12.00%
TCC Investment Co., Ltd.	200,496,761	5.86%
Ming Dong Co., Ltd.	184,736,452	5.40%
Fubon Life Insurance Co., Ltd.	123,791,400	3.62%
TCCI Investment & Development Co., Ltd.	119,563,804	3.50%
Dao Ying Co., Ltd.	104,954,742	3.07%
Cathay Life Insurance Co., Ltd.	102,933,900	3.01%
Daniel Tsai	91,979,990	2.69%
Richard Tsai	90,127,938	2.64%
JPMorgan Chase Bank N.A. Taipei Branch, Custodian for Saudi Arabian Monetary Agency	83,373,826	2.44%

Major shareholders of TWM's institutional investors

Institutional investors	Major shareholders
TFN Union Investment Co., Ltd.	Taiwan Fixed Network Co., Ltd. (100%)
TCC Investment Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)
Ming Dong Co., Ltd.	Fubon Land Development Co., Ltd. (16.36%), Fubon Construction Co., Ltd. (13.89%), Fu-Chi Investment Co., Ltd. (12.63%), Ru Chi Investment Co., Ltd. (12.63%), Dao Chi Co., Ltd. (12.63%), Chung Shing Development Co., Ltd. (11.77%), Dao Ying Co., Ltd. (9.60%), Fubon Charity Foundation (3.43%), Fubon Cultural and Education Foundation (2.52%), Daniel Tsai (1.31%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
TCCI Investment & Development Co., Ltd.	TCC Investment Co., Ltd. (100%)
Dao Ying Co., Ltd.	Fubon Land Development Co., Ltd. (17.69%), Fubon Construction Co., Ltd. (17.69%), Fu-Chi Investment Co., Ltd. (13.13%), Ru Chi Investment Co., Ltd. (13.13%), Dao Chi Co., Ltd. (13.13%), Ming Dong Co., Ltd. (9.60%), Chung Shing Development Co., Ltd. (8.84%), Fubon Charity Foundation (1.01%), Wan-Tsai Tsai (1.01%), Shiang-Shun Yang Tsai (1.01%)
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd. (100%)

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

Unit: NT\$, '000 shares

		2011	2012	As of March 15, 2013
Share price (NT\$)	High	98.30	115.50	108.50
	Low	65.20	86.30	102.50
	Average	78.18	98.26	105.11
Net worth per share (NT\$)	Before earnings appropriation	18.20	18.48	—
	After earnings appropriation	13.04	Note 1	—
Earnings per share (NT\$)	Adjusted weighted average outstanding shares	2,863,715	2,690,107	2,690,107
	Earnings per share	4.70	5.46	—
Dividends per share (NT\$)	Cash dividends	5.16	Note 1	—
	Stock dividends	Retained earnings	Note 1	—
		Capital surplus	—	—
	Accumulated unpaid dividends	—	—	—
PE and dividend yield (Note 2)	Price earnings ratio (x)	16.63	18.00	—
	Price to cash dividend (x)	15.15	—	—
	Cash dividend yield (%)	6.60	—	—

Note 1: The appropriation amount indicated above is based on resolutions approved at the annual shareholders' meetings in the subsequent year. The appropriation amount for 2012 has not yet been approved by AGM.

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

Dividend policy

1. Dividend policy under Articles of Incorporation

The dividend policy in general is to distribute earnings in the form of cash from retained earnings after deducting forecasted capital expenditure. Should there be a stock dividend distribution, it should not exceed 80% of the total dividends distributed in a single year. The dividend payout proposed by the board of directors (BOD) has to be approved at the annual shareholders' meeting.

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

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date. The board expects to approve the proposal 40 days prior to the AGM, and any resolution will be announced on the Company's website and MOPS.

3. The Company maintains a dividend policy with a high payout ratio. Historically, dividends distributed to shareholders were no less than 80% of net income for that year and composed of over 80% cash. A historical listing of dividends distributed is listed on TWM's official website.

Impact of stock dividend distribution on business performance and EPS

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date.

Employee bonus and compensation to directors

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

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

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

The board of directors is empowered to decide the allocation of stock bonuses to employees. Recipients are to include qualified employees of subsidiaries.

2. Accounting treatment for the deviation between estimated and actual distribution amounts of employee bonuses and compensation to directors

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

3. 2012 proposal on employee bonuses and compensation to directors adopted by the board of directors

The BOD has not yet approved the proposal for dividend allocation of 2012 earnings as of the publication date. The BOD expects to approve the dividend distribution 40 days prior to the AGM, and any resolution will be announced on the Company's website and MOPS.

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

An employee cash bonus of NT\$362,844,193 and compensation to directors of NT\$36,284,419 out of 2011 earnings, as approved in the 2012 board of directors' and shareholders' meetings, were duly paid in 2012.

Share buyback: None.

Corporate bond issuance

Corporate bonds

Issuance		Second unsecured corporate bonds	Third unsecured corporate bonds	Fourth unsecured corporate bonds
Issue date		November 14, 2008	December 20, 2012	Registration is effective as of Feb. 27, 2013 through letter no. 1020005698 issued by Financial Supervisory Commission, R.O.C until the bond is officially issued.
Denomination		NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issuance and listing		Not applicable	Not applicable	Not applicable
Issue price		100%	100%	100%
Total amount		NT\$8,000,000,000	NT\$9,000,000,000	Not to exceed NT\$5,800,000,000
Coupon		2.88% p.a.	1.34% p.a.	Not to exceed 1.40% p.a.
Term		5 years, maturing on Nov. 14, 2013	7 years, maturing on Dec. 20, 2019	5 years
Guarantor		None	None	None
Trustee		Hua Nan Bank, Trust Division	Hua Nan Bank, Trust Division	Hua Nan Bank, Trust Division
Underwriter		None	None	None
Legal counsel		Jim Chen, Attorney	Bang Shang Lin, Attorney	Bang Shang Lin, Attorney
Auditor		Vita Kuo, CPA Deloitte & Touche	Simon Chen, CPA KPMG	Simon Chen, CPA KPMG
Repayment		Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year	Repayment of 50% of the principal in the 6th year and the remaining 50% in the 7th year	Repayment of 50% of the principal in the 4th year and the remaining 50% in the 5th year
Outstanding balance		NT\$4,000,000,000	NT\$9,000,000,000	Not to exceed NT\$5,800,000,000
Early repayment clause		None	None	None
Covenants		None	None	None
Credit rating agency, rating date, company credit rating		Taiwan Ratings Corp., 2008.09.15, twAA Taiwan Ratings Corp., 2009.06.10, twAA Taiwan Ratings Corp., 2010.05.31, twAA Taiwan Ratings Corp., 2011.05.31, twAA Taiwan Ratings Corp., 2012.05.23, twAA	Taiwan Ratings Corp., 2012.11.12, twAA	Taiwan Ratings Corp., 2013.01.30, twAA
Ancillary rights	Amount converted/exchanged into common shares, ADRs or other securities	Not applicable	Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable	Not applicable	Not applicable

Issuance	Second unsecured corporate bonds	Third unsecured corporate bonds	Fourth unsecured corporate bonds
Dilution and other effects on shareholders' equity	Not applicable	Not applicable	Not applicable
Custodian	Not applicable	Not applicable	Not applicable

Convertible bond information: None

Exchangeable bond: None

Shelf registration issuance: None

Bond with warrant: None

Preferred shares: None

Depository receipt issuance: None

Employee stock options and new restricted employee shares: None

Shares issued for merger and acquisition: None

Use of proceeds from rights issue: None

Chapter 4 Operational Highlights

Macro Environment

Consumer spending on communication and broadcasting related services is largely influenced by the macroeconomic environment. According to the Directorate-General of Budget, Accounting and Statistics (DGBAS), private consumption growth slowed to 1.49% in 2012 from 3.13% a year ago, as rising price levels, a weak stock market and unpredictable national policies dampened consumer confidence. Although growth in the emerging markets should help prop up the global economy this year, private consumption growth is expected to remain mild at 1.86% due to continuing global economic uncertainties.

Overall Operating Results

In 2012, in spite of the impact of the National Communications Commission's (NCC) mandatory tariff cuts on mobile operators' voice service revenue, the Company still saw a 21% YoY rise in consolidated revenue, as it strived to grow wireless data, cable broadband and other promising businesses. In terms of profitability, despite increased handset subsidies to boost smartphone penetration, the Company's net income grew 9% YoY due to improved revenues and profitability from its telecom and cable businesses, as well as full-year profit contribution (versus 5.5 months a year ago) from momo.

Performance by division

Unit: NT\$m

	CBG	HBG	EBG
Brand name	Taiwan Mobile	TWM Broadband	TWM Solution
Services	<ul style="list-style-type: none">● Voice and data mobile services for consumers● Mobile to international direct dialing (IDD) services	<ul style="list-style-type: none">● Pay TV services● Cable broadband services● Others	<ul style="list-style-type: none">● Voice and data mobile services for enterprises● Fixed-line services● International simple resale (ISR) services
2012 revenue*	62,903	6,122	10,391
As a % of group revenue	64%	6%	11%
2012 EBITDA*	20,477	3,238	3,393
As a % of group EBITDA	73%	12%	12%

	Mobile business	Cable business	Fixed-line business
Market position	One of the top three mobile operators among five players in the market, with a market share of around 27% in terms of mobile service revenue	Fourth-largest multisystem operator (MSO), covering about 11% of the households in Taiwan	A market share of around 2% for ADSL/FTTx business. Second-largest internet service provider (ISP), with a market share of 6% (including 170K cable broadband subscribers from its cable business)
Subscriber base	7,012K mobile subscribers	580K CATV subscribers 170K cable broadband subscribers	Around 100K ADSL/FTTx internet access users

* Source: Financial reports

Operating Results Review

Consumer Business Group

Mandatory tariff cuts imposed by the NCC weighed on mobile voice revenue in 2012. However, with mobile data revenue surging 39% from a year ago – accounting for 33% of overall mobile service revenue – mobile service revenue still grew 5% YoY. This, together with handset sales, lifted CBG's total revenue by 8% from a year ago.

Home Business Group

HBG's 2012 revenue rose 4% from a year ago due to revenue growth from its pay TV (including analog and digital channels) and cable broadband businesses. Growth is attributed to an expanding subscriber base, higher digital TV penetration rate, increased channel leasing and higher adoption rate for high-speed cable broadband services. EBITDA climbed 7% YoY due to expanded economies of scale.

Enterprise Business Group

EBG's 2012 revenue grew 5% YoY, largely from an 11% YoY increase in enterprise customers' mobile revenue from a larger customer base. In addition, EBG's 2012 EBITDA rose 22% from a year ago because of rising revenue and strict cost/expense control.

Scope of Business

Business overview

Consumer Business Group

1. Products and services

The Consumer Business Group (CBG) is mainly engaged in providing mobile communication services to individual users. The Company offers a wide range of products, including SIM cards for postpaid subscribers, as well as SIM and reloadable cards for prepaid subscribers that can be used for making/receiving calls and other services, such as voice, data, short messaging service (SMS), multimedia and video messaging.

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

2. Revenue breakdown by service

Unit: NT\$mn

Item \ Year	2012	
	Amount	%
Telecom service	54,669	87%
Handset sales and others	8,234	13%
Total	62,903	100%

3. New products and services

- (1) Voice services: Continue to roll out innovative rate plans to better meet customers' different calling patterns and personal demands.
- (2) Value-added services: Focus on mainstream smart devices, develop a diverse range of services and content to enrich the app store and provide customers with a more pleasant user experience.

4. Operating status

(1) Postpaid products and services

To offset the impact of the NCC's mandatory tariff cuts on voice revenue, the Company focused on improving the percentage of mid-to-high rate plan subscribers and sales of smart devices to raise its average revenue per user (ARPU). By the end of 2012, mid-to-high rate plan users as a percentage of total subscribers had increased by 5 ppts.

The Company also has excellent loyalty programs in place to secure its customer base and minimize churn rates. With the aid of business intelligence tools and its direct marketing network, the Company used market segmentation to target and provided customers with services that better match their needs. For instance, for high ARPU customers, the Company has an exclusive program called "myVIP", which offers a credit card program that allows customers to earn rebates based on their phone bills.

(2) Prepaid products and services

In addition to the campaign offering free text messages to target the youth market since 2011, the Company launched a discount promo for on-net and off-net calls, as well as mobile internet packages, thereby providing more choices for pre-paid card customers. This helped boost the Company's number of prepaid subscribers by 17% in 2012.

The Company also aggressively promoted value-added services (VAS) usage and adoption rate. Selected VAS services were offered for free as a promotion for recharge cards and prepaid cards. Non-SMS VAS revenue for prepaid business rose 45% in 2012.

(3) Value-added services

The Company saw a significant increase in VAS revenue in 2012, surging 39% from a year ago. In particular, revenue from mobile internet access rose 67%, thanks to high-quality mobile internet services and flexible data rate plans, as well as a growth in the popularity of smartphones, tablets, 3.5G data cards and netbooks. These helped attract a large number of mobile internet users and also encouraged existing subscribers to use value-added services.

In 2012, the Company introduced an innovative VAS product, myVideo, a platform offering movies, drama, concerts, cartoons and travel programs, as well as a user-friendly interface supporting 3G and WiFi to meet smartphone and tablet users' demand for TV on the go.

Home Business Group

1. Products and services

TFN Media (TFNM), a subsidiary of the Company, holds a cable television system operator's license and a Type II telecommunication license. TFNM runs its business under the brand name TWM Broadband. Its main products and services cover analog cable TV service, high-definition digital cable TV service, high-speed cable broadband service, Super MOD (Super multimedia on demand) service, internet TV, and Connect TV etc. Combining the group's resources, from mobile and fixed-line to innovative cloud technology, HBG provides digital convergence services across "four screens and a cloud" to home users. Its subsidiary, Win TV Broadcasting, a TV production company, operates the "momo family channel" and owns distribution rights to a large number of outstanding domestic and foreign TV content, enabling it to provide subscribers with a wide range of digital audiovisual entertainment services.

Service category	Products / Services	Description
Pay TV	Analog cable TV	Uses high bandwidth coaxial cable to transmit a wide range of TV channels and programs to home TVs.
	Digital cable TV	TWM Broadband's CATV networks transmit domestic and international digital TV channels to subscribers' homes; subscribers can use the set-top box provided by TWM Broadband to view high-definition digital video content.
Broadband internet access	Cable fiber-optic broadband internet access	Provides high-speed internet access service via a hybrid fiber/coaxial (HFC) network deployed by the CATV system operator in combination with new-generation DOCSIS 3.0 broadband internet access technology.
Content distribution	Analog and digital TV channels	Distributes high-quality domestic and foreign TV contents on both analog and digital TV services by licensing the broadcasting rights of these channels to other CATV system operators and video service platforms.
Digital home service	Super MOD (multimedia on demand) service	The first in Taiwan to provide high-definition on-demand video, audio and interactive applications/content by combining video on demand, internet TV and digital TV onto a single platform. Subscribers can access Super VOD contents on their TVs, computers, smartphones and tablets anytime, anywhere.

2. Revenue breakdown by service

Unit: NT\$mn

Item \ Year	2012	
	Amount	%
Pay TV service	4,243	69%
Cable broadband service	1,074	18%
TV content distribution and others	805	13%
Total	6,122	100%

3. New products and services

(1) High-definition digital TV channels and programs:

TWM Broadband provides the hottest high-definition digital TV channels and the latest programs to increase digital TV penetration rate.

(2) 100Mbps high-speed fiber-optic internet access service:

TWM Broadband has launched reasonably priced 100Mbps services and, together with enriched digital content, Connect TV and various added services, etc., has met customers' demand for high-speed bandwidth, high definition video streaming and applications, thereby attracting a large number of new subscribers and increasing customer satisfaction.

(3) Super MOD service:

TWM Broadband has taken the lead with the launch of its Super MOD service, which offers a wide range of high-definition digital content and TV applications, allowing users to view popular video on demand (e.g., TV dramas, movies, sports, kids and other video clips), play online games, access the latest fashion trends and take online courses via TV in order to increase its digital TV service subscriber number and penetration rate.

(4) Innovative digital convergence services:

TWM Broadband has utilized the Company's extensive mobile communications, fixed-line network and cable TV service resources, while continuously monitoring new trends and developments in the global digital convergence services industry, to enable subscribers to enjoy the benefits of digital convergence services anytime, anywhere.

Enterprise Business Group

1. Products and services

The Enterprise Business Group (EBG) offers enterprise customers integrated information and communications technology (ICT) solutions and mobile/fixed network services under the brand name “TWM Solution.”

Service category	Description
Fixed-line voice	EBG provides integrated voice solutions, including Enterprise E phone, local calls, long-distance calls, international calls, Centrex, 080 domestic toll-free service, audio conference, intelligent network services (e.g., 0209 services) and ISR, enabling users to save on calling costs. TWM Solution continues to develop advanced technologies to enhance reliability and provide instant response to ensure customer satisfaction.
Fixed-line data	EBG offers different types of circuits for information transmission, including leased line, Metro Ethernet, IP virtual private network (VPN), international private leased circuit (IPLC) and ADSL VPN. These circuits and bandwidth for data transmission among terminals enable users to build a communication network and expand their business opportunities.
Internet	EBG offers internet access via leased line, Metro Ethernet, ADSL, FTTx and dial-up. EBG also provides internet data center (IDC) services, including co-location, web hosting, super mail and domain name registration. EBG's IDC services not only cover carrier-level facilities, but also management/maintenance services for customers.
Mobile	EBG offers regular voice services, mobile VPN, intelligent transportation system (ITS), BlackBerry enterprise solution, mobile audio conference and MVPN data service.
Systems integration and cloud services	EBG provides video conference services, information security services (Security Operation Center), network management, and infrastructure as a service (IaaS).

2. Revenue breakdown by service

Unit: NT\$mn

Item \ Year	2012	
	Amount	%
Mobile service	4,491	43%
Fixed-line service	3,779	36%
ISR and others	2,121	21%
Total	10,391	100%

3. New products and services

- (1) Information security manager: New functions include scanning for potential flaws in webpage application codex to avoid information leaks.
- (2) Cloud information security service: Providing physical and virtual system protection, guarding against numerous types of attacks, without the need of separate procurements to lower complexity, centralizing and enhancing control at a lower cost.
- (3) Cloud e-mail backup: An efficient way to search, retrieve and save e-mails, reducing the cost of storing and strengthening the preservation of valuable information.
- (4) Cloud storage: A networking service platform that enables customers to access data anytime, anywhere.

- (5) Cloud data center managing service: This system provides instant networking behavior monitoring and reports flow and equipment discrepancy automatically, enabling CEOs to easily monitor the status without the knowledge of network instruction.

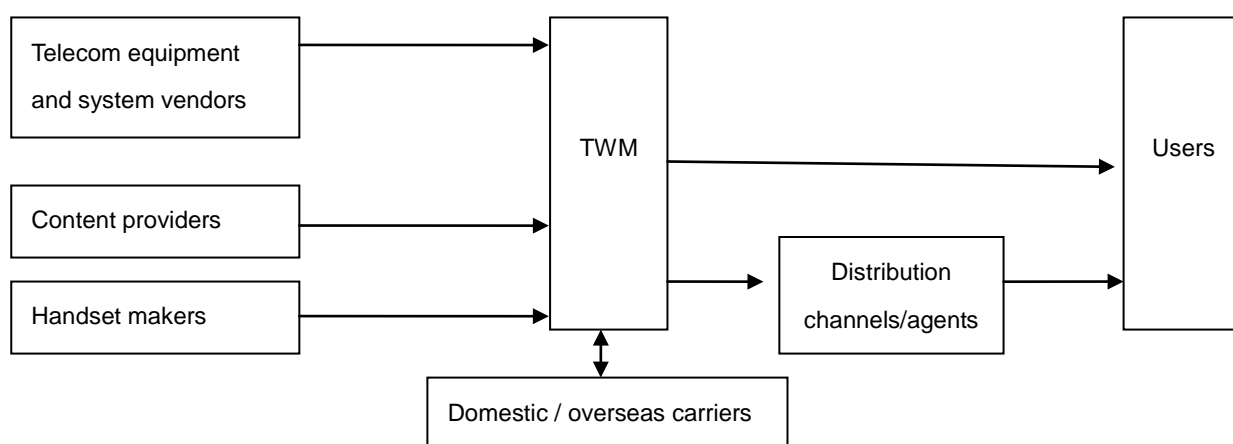
Industry overview

Consumer Business Group

1. Industry status and development

The three leading players continue to dominate Taiwan's mobile telecommunication market. However, competition from smaller operators offering free on-net calls and other promotions has increased. The NCC has been implementing mandatory mobile tariff reductions on certain 3G tariffs since 2010, which has weighed on the voice revenue of mobile operators.

2. Industry value chain



3. Product development trends and competitive landscape

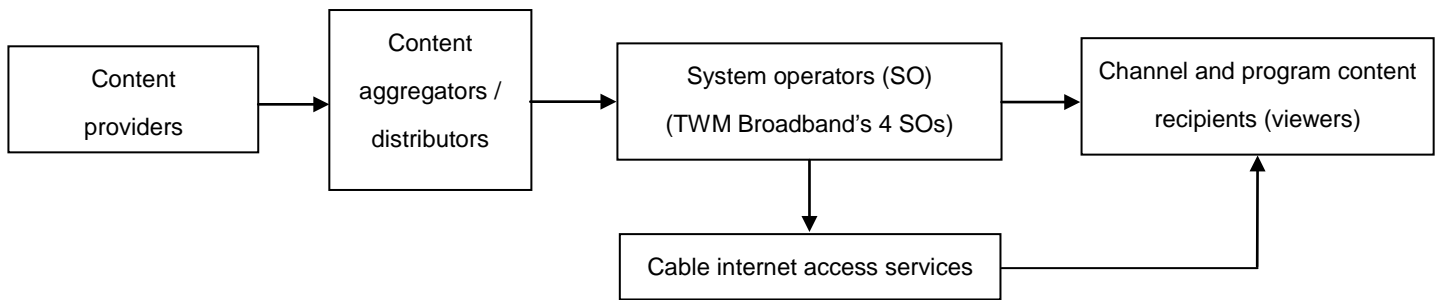
The operators are seeking to expand the mobile broadband market. A variety of new rate plans for data services, combined with new terminal devices and new VAS, have been introduced to stimulate subscriber take-up. This should be an important future revenue growth driver. As for the prepaid segment, competition is intensifying due to pricing competition and new entrants.

Home Business Group

1. Industry status and development

Cable TV has become a must-have video platform, but it faces challenges from alternative services such as IPTV, internet TV and other emerging media that have successively entered the market. The cable TV industry must digitalize aggressively and continue to provide innovative digital TV value-added services to attract traditional cable TV subscribers to switch to digital TV. With the most number of high-definition channels in the nation, a unique Super media on-demand service, leading cloud technology and upgraded 870MHz cable network to provide premium HD programs and high-speed cable broadband services, TWM Broadband expects to further attract subscribers and expand its footprint in the industry.

2. Industry value chain



TWM Broadband has the advantage of controlling “last mile” access to customers. TWM Broadband aims to take the lead in vertical integration in order to build up its core competitiveness and explore new business opportunities in the age of digitalization.

3. Product development trends and competitive landscape

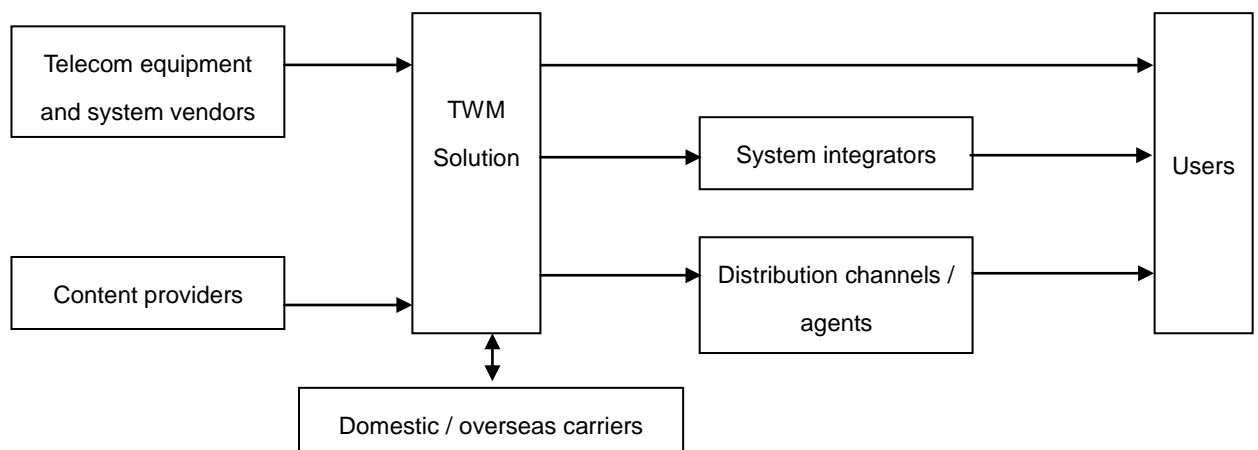
Despite the intense competition in the broadband internet access market, HBG's cable internet service subscriber number has continued to grow rapidly. To fend off competition, TWM Broadband will provide super broadband internet access service of 100Mbps and above and develop more innovative digital value-added services to let subscribers enjoy a whole new experience in home entertainment.

Enterprise Business Group

1. Industry status and development

According to NCC statistics, there were 83 Type I telecommunication providers, including four fixed-line operators, six mobile operators and 66 circuit leasing operators; and 457 Type II telecommunication providers, including international simple resale (ISR), internet service providers (ISP), VoIP and other value-added service providers. All these have resulted in keen competition. And as the trend toward digital convergence expands, the boundaries between telephone, cable TV, wireless and PC are getting increasingly blurry, intensifying cross-industry competition.

2. Industry value chain



3. Product development trends and competitive landscape

NCC statistics show that Chunghwa Telecom has a virtual monopoly of the telecom market, accounting for 95.57% of local network service revenue, 70.08% of long-distance network service revenue and 54.61% of international network service revenue. FTTx is the most popular type of broadband internet access in Taiwan, with an increasing number of users choosing higher-speed services. Since CHT has the “last mile” advantage, other ISPs find it hard to effectively compete with the firm, except for cable broadband operators. Revenue from data circuit and internet access/value-added services is expected to rise slightly in the future, while revenue from fixed voice services is seen to continue declining.

Along with the rising popularity of smart devices and as network infrastructure matures, the government is planning to invest in the transformation of the information/telecommunication industry into a cloud computing industry. Carriers planning to continue promoting enterprise customer applications will contribute to the building of this cloud center and providing various cloud application services. Hence, cloud, mobile internet and ICT services will be the main revenue growth drivers in the future.

Research and development expenditure

Investment in research and development and its ratio as a percentage of total revenue are shown in the table below. For 2013, the Company plans to spend NT\$966mn on the research and development of more advanced technologies designed to increase customer satisfaction, which in turn should boost value-added service revenue and overall operations growth.

Year	2011	2012	2013 (As of February 28)
R&D expense (NT\$'000)	563,461	547,615	98,513
As a % of total revenue	0.91%	0.81%	0.80%

Major research and development achievements

Project name	Description
3G customer relationship management (CRM) platform	Designed customized CRM modules to analyze customers' usage pattern and enhance customer relationship.
Automatic 3G network quality measurement app and backend platform	Developed apps to automatically measure 3G network quality and backend platform to generate geo-location web reports based on the measurement results.
Radiation analysis, simulation and measurement of experimental femtocells	Analyzed femtocell architecture, radiation field specifications, and radio wave propagation; conducted radiation field simulation and measurements of experimental femtocells.
LTE new technology research	Research on LTE Inter-RAT (Inter Radio Access Technology) handover mechanism. Analysis of LTE Advanced coordinated multipoint transmission and reception technology. Research on LTE Advanced system to enhance integrated throughput for carrier aggregation and interference management and suppression.
Fixed-line billing system consolidation	Consolidated the operations flow of the fixed-line business and simplified related services by centralizing the data and customer profiles from different billing systems into a unified one.
Customer-facing trouble ticket management system (CF-TTMS)	Developed CF-TTMS system to support all business lines and provide a customer-centric trouble ticket management system for triple/quadruple play. Improved customer service quality and constructed a scalable and extendable infrastructure to meet future business needs.
TWM repair utility system (TRUS)	Developed the TRUS platform to support TWM multi-site repair service operations, enhanced maintenance quality and efficiency, increased customer satisfaction and achieved cost reduction.
TWM warehouse management system (TWMS)	Built TWMS system to support multi-site warehouse environment, streamlined warehouse operation processes, maximized product placement strategy, controlled inventory, and increased logistics efficiency.
Mobile handset version of TWM Brand Portal	Set up a mobile handset version of TWM Brand Portal to provide services such as service application, payment, rate plans, billing and roaming.
IT reusable assets	Developed IT reusable assets to avoid system duplication, save on development costs and raise productivity and quality (e.g., workflow engine integrated with e-commerce and EDAS - Enterprise Data Analysis System application schedule center to facilitate execution).
Direct store credential-recognition system	Optical character recognition technology automatically captures customer information on their Taiwan identity card or national health insurance card, simplifying data entry process and improving data accuracy.
Customer order management system	Developed a system that is NGOSS (next generation operations system and software) / SOA (service oriented architecture) compliant, but also integrates TWM's in-house IT work flow engine to quickly respond to rapid business changes. Built a smart queuing mechanism to process consecutive orders by the same user to reduce customer waiting time and improve service quality. Built a bundle-order mechanism to better serve customers.
M+	M+ is an instant messaging service. Customers – both TWM and non-TWM users – can download the app from the App market. This service allows users to send messages by text, picture or voice, and provides a unique "Send Gift" service that the receiver can exchange at 7-11/FamilyMart.
myVideo	A new streaming system to provide video on demand services for smartphone, tablet and PC users, who can also access this through their Facebook account.
Infrastructure as a Service (IaaS)	IaaS provides several virtual machine service packages. Enterprises have a choice of hardware capacity, internet bandwidth and OS / DB (OS: Windows 2003/2008, CentOS/Ubuntu; DB: MS SQL and MySQL) depending on their requirements.

Sales development plans

Consumer Business Group

1. Short-term plan

- (1) To continue supplying faster and more convenient mobile internet service, and develop value-added services for all types of mobile platforms to enhance the mobile internet experience for customers.
- (2) To further expand distribution channels and develop standard service flow from the consumer's point of view to provide them the best service experience.
- (3) To offer a greater variety of mobile phones, accessories and other 3C products; and build up a one-stop shop that meets all TWM customers' digital needs.

2. Long-term plan

The Company aims to provide subscribers with a variety of digital convergence services. The focus will be on the following:

- (1) Establishing a "quadruple-play" platform that integrates mobile communication, fixed-line, broadband internet access and cable TV services to give the Company a lead over its competitors in offering digital convergence services in Taiwan.
- (2) Leveraging machine-to-machine (M2M) technology into TWM products and services to integrate mobile handsets, high-quality mobile networks and cloud computing technology so as to expand its service range and support the development of innovative, profitable business models.
- (3) Increasing the number of company stores and providing extensive training to franchise shops to enhance service quality and availability, and providing a wider variety of services and customer experience to attract customers as well as fulfill customers' mobile needs.

Home Business Group

1. Short-term plan

- (1) TWM Broadband will continue to optimize its network infrastructure in those regions where it is already operating cable TV systems, and to provide high-definition digital content and VOD to set the foundation for its digital services.
- (2) TWM Broadband has commercially launched its 100Mbps super high-speed internet access service bundled with high-definition digital TV and Super MOD services in 1H13 to raise the penetration rates in cable broadband and digital TV services, as well as the subscriber mix of high speed broadband service and the number of DTV customers.

2. Long-term plan

In line with the Executive Yuan's goal of raising the digital TV penetration rate to 100% by 2014, TWM Broadband

aims to become a one-stop shop for home digital services by integrating high-definition digital content, multiple-viewing terminal devices, high-speed fiber-optic broadband service and cloud technology, allowing families and individual subscribers enjoy the benefits of “four screens and a cloud” (i.e., mobile phones, PCs, tablets and TVs), leading the video entertainment of overall households to be digitalized and becoming the best digital convergence service provider.

Enterprise Business Group

1. Short-term plan

The popularity of smart devices has gradually changed enterprise communication patterns. To meet the needs of mobile offices, the Company will not only provide mobile applications, but also better cloud computing services after a 26,000 sq.m. cloud internet data center (IDC) officially opens in the second half of 2013. In addition, the Company will promote mobile virtual private network (MVPN) services through TWM channels to help reduce corporate cost and enhance operating efficiency.

Given the increasing demand for cloud computing services, transnational bandwidth traffic is also growing rapidly. The Company has invested in the Tam-Fu underwater cable project, which will establish a direct link across the Taiwan Strait, to strengthen its position in Asia.

2. Long-term plan

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

- (1) Grow revenue from cloud computing and mobile applications.
- (2) Raise sales productivity and expand the small-and-medium enterprise market segment by integrating channels.
- (3) Improve the international business division's operating efficiency by increasing direct peering coverage, managing quality and reducing international IP cost.

Customer satisfaction

To create the best experience for customers, TWM conducts annual customer satisfaction surveys by telephone to better understand their needs and expectations. Customers are asked to evaluate call quality, rates, bills, customer hotline service, store service, value-added services, and the Company's website among others. The findings from these polls are used as a reference to set new objectives and improve service quality.

Customer satisfaction key indicators	2010	2011	2012
Overall satisfaction	3.7	3.7	3.8
Call quality	3.7	3.6	3.7

Customer hotline service	4.3	4.3	4.5
Store service	4.1	4.0	4.1
Note: Customer satisfaction is rated based on the following scores: Very satisfied (5), Satisfied (4), Neither satisfied nor dissatisfied (3), Dissatisfied (2) and Very dissatisfied (1).			

Market and Sales Overview

Market analysis

Consumer Business Group

1. Main products and service areas

The Company provides mobile services nationwide, covering Taiwan and the outlying islands of Kinmen and Matsu.

2. Market status

By the end of January 2013, the penetration rate for mobile subscribers had reached 123%. To attract users, smaller operators offered free on-net calls and other promotional deals, resulting in intense competition in the post-paid voice market. The rapid innovations in mobile devices and the rising demand for mobile internet and value-added services further encouraged newcomers to venture into this market.

3. Competitive advantages

(1) Better customer mix

In 2012, the Company succeeded in improving its subscriber base structure. The percentage of low usage subscribers fell by 5 pts from a year ago, while the percentage of mid-to-high usage subscribers continued to increase.

(2) Market leader in wireless broadband

In 2005, the Company became the first mobile communication operator in Taiwan to launch 3G services, and in 2007, it rolled out Taiwan's first 3.5G service. Subscribers enjoy flexible rate plans, high-quality mobile handsets, and a wide range of value-added services. By the end of 2012, the Company had a 3G subscriber base of over 5.7 million users, who contributed more significantly to value-added service ARPU than 2G subscribers and have become the main driver of VAS revenue growth.

4. Opportunities and challenges

Positive factors

- (1) With faster data transmission speeds, lower prices for smart devices and data rate plans, and the emergence

of new, varied applications, mobile internet access is rapidly spreading from entrepreneurs and professionals to ordinary consumers, contributing to the rapid growth in non-voice revenue.

- (2) With information technology, communication and media trends converging, mobile operators have played a pivotal role to play in the supply chain.
- (3) Many innovative technologies and business models have been extended to the mobile internet.

Negative factors

- (1) NCC's implementation of mobile termination rate (MTR) cuts from 2013 to 2016 is expected to weigh on future mobile voice revenue.
- (2) The popularity of smart devices has boosted the number of data users and their data usage, but has also increased pressure on carriers' network capacity and planning.

Countermeasures

- (1) The Company has expanded its HSPA+ network to satisfy the customer needs for high-speed internet access and closely monitors LTE technology developments.
- (2) The Company maps out strategies in response to government policy changes and new laws and regulations.
- (3) The Company will continue to introduce innovative value-added services for smartphones to stimulate data service revenue growth and offset the impact of falling voice revenue.

Home Business Group

1. Main products and service areas

TWM Broadband provides cable TV, high-definition digital cable TV, and fiber-optic broadband internet access services. Its main service areas are New Taipei City's Sinjhuang and Sijhih districts, Yilan County and Greater Kaohsiung's Fongshan District.

2. Market status

- (1) Cable TV

Taiwan's cable TV penetration rate has risen steadily over the years, reaching over 60% of households, according to NCC data. Watching TV programs has become a major leisure activity for Taiwanese – one that is relatively unaffected by fluctuations in the economy, ensuring stable market demand.

- (2) High-definition digital cable TV

Digitalization is the future trend for CATV. With the Executive Yuan aiming to lift digital TV's penetration rate to

100% by the end of 2014, business opportunities abound in this market of 6 million households nationwide. TWM Broadband is tapping into this digitalization value chain by offering rich HD content, stable and quality signal, various platforms for viewing TV programs and a new affordable TV set business model to boost digital TV's penetration rate.

(3) Broadband internet access

With the broadband internet access market moving toward high-speed services, the migration of mid-to-low speed users to faster speeds will be the main growth driver for the market. TWM expects to gain share in this market by offering competitive prices and superior quality for its 100Mbps internet access service.

3. Competitive advantages

(1) Implementation of broadband network quality optimization

TWM Broadband introduced network quality assurance management (QAM) to optimize management of its network system and bandwidth to ensure that customers get premium broadband access and the best user experience. Aside from lowering the group's broadband costs, this has helped strengthen TWM's competitiveness in the broadband access market and in facilitating digital convergence.

(2) Continued enhancement of TWM Broadband's strength in fiber-optic broadband cable networks

TWM Broadband will continue to deploy a dense, ring-type fiber-optic backbone network and provide back-up systems for its bi-directional network with advanced DOCSIS 3.0 network technology. TWM Broadband is able to provide 100Mbps or faster high-speed internet access services. Unlike ADSL with its range constraints, cable internet provides lower cost but premium quality super high-speed broadband services.

(3) Strengthening the promotion of Super MOD with enriched content to increase ARPU of digital TV service

Using Super MOD's open platform, system collaborator, such as CATV system operators, mobile/WiMax operators, digital content providers and internet service providers, are able to create a long-tail effect with low initial investment and shortened time to market. TWM Broadband aims to increase the variety and quantity of Super MOD content and adopt a triple-play – broadband, digital TV and Super MOD – bundled service to increase its subscriber base and ARPU.

(4) Taiwan Mobile Group's integrated resources facilitate development of new, innovative digital convergence products and services

TWM Broadband's resources cover mobile communication, fixed network, CATV, ISP and channel content. The integration of these resources, together with the Taiwan Mobile Group's extensive technical support, as well as sales and marketing resources, forms the core of TWM Broadband's competitive advantage in the household market.

(5) Strategic alliance with core industry players to create new business opportunities

TWM Broadband has teamed up with Sakai SIO, the most advanced large-screen LED manufacturer, to launch 60" TVs made by Hon Hai Precision Ind. Co., Ltd. Not only has this helped TWM Broadband acquire a large number of high-definition digital TV and high-speed internet access service subscribers, but it has also created a new business model to promote convergence services. TWM Broadband will continue to seek alliances with other companies to create new business opportunities.

4. Opportunities and challenges

Positive factors

- (1) Government speeding up digitization policy to promote the development of digital TV

Riding on the government's digitization policy push and the launch of its Super MOD service, TWM Broadband promoted its CATV services and facilitated its analog TV customers' switch to digital services, thereby raising its digital TV subscriber numbers and penetration rate. TWM Broadband will further increase its digital TV value-added services to boost its revenue stream.

- (2) High-speed cable internet service has become the mainstream

TWM Broadband has completed upgrading its ring-type fiber-optic backbone network and infrastructure in its operating areas and adopted the latest high-speed cable internet technology version DOCSIS 3.0. It can provide high-speed broadband internet access speeds of 100 Mbps to help it expand its market share, as well as increase customers' loyalty and ARPU.

Negative factors

- (1) There is still a risk that local governments might lower the cap on cable TV fees during their annual review.
- (2) The NCC might support the airing of CATV content on Chunghwa Telecom's MOD, posing a threat to other CATV operators.
- (3) NCC plans to make it mandatory that CATV operators provide at least two set-top boxes to customers for free, which, if passed, would increase operating costs.

Countermeasures

- (1) TWM Broadband has been able to utilize the extensive resources of its parent company (such as technology, marketing, sales and distribution) to promote high-bandwidth internet access services and to market digital convergence services with Taiwan Mobile Group's telecommunication, information and media content services. TWM Broadband's aim is to provide a "one-stop shopping" service that meets all of its customers' needs in order to boost its cable TV, broadband internet access and digital TV subscriber numbers and their contribution to revenue.
- (2) TWM Broadband is using its digital cable TV platform to cultivate Taiwan's cultural and creative industries, enrich the nation's digital channel and connected TV content, and stimulate the development of digital content and innovative connected TV services.
- (3) TWM Broadband seeks to maintain good relations with local governments and communities. With the assistance of Taiwan Mobile Group's extensive resources – such as the Taiwan Mobile Foundation – TWM Broadband sponsors local artistic, cultural and charitable activities, while also subsidizing the cost of network deployment in remote areas, working to bridge the digital divide, and fulfilling its responsibilities as a good corporate citizen, thereby strengthening its corporate image of: "Basing our growth on the local community and reciprocating the benefits to the local community."

- (4) TWM Broadband is closely monitoring developments in the regulatory authorities' policies on digitization and relevant laws and regulations. TWM Broadband will take the initiative in formulating counter measures to deal with changes in the market.

Enterprise Business Group

1. Main products and service areas

EBG mainly offers its products and services in Taiwan, but also provides international services in 253 countries. As of the end of 2012, the company's roaming services covered the following: GSM: 164 countries, 320 networks; 3G: 81 countries, 180 networks; GPRS: 135 countries, 263 networks.

2. Market status

EBG offers enterprise customers voice, internet and data services. Given the rising demand for ICT solutions and services, IP-based applications have become more popular, resulting in steady growth for the domestic telecommunication market.

- (1) Voice service: Fixed lines' local and international calls and average revenue per minute (ARPM) are expected to continue to decline because of rising competition from VoIP and mobile services in recent years and the introduction of new long-distance call rates in 2012.
- (2) Data service: Rising demand for enterprise data access will result in steady growth in IP VPN and Metro Ethernet revenue.
- (3) Internet service: As internet content services boom, enterprise demand for FTTx is fast replacing ADSL service. However, fierce competition will result in moderate revenue growth.
- (4) Mobile service: As the demand for office mobility increases, TWM Solution is helping enterprise customers incorporate various mobile applications – including electronic workflow, commercial intelligence, mobile device management (MDM) and ERP – into their mobile devices. With enterprise users increasingly accessing internet information via their smart devices, mobile voice revenue should benefit from the rising demand for mobile internet services.
- (5) Cloud computing service: As cloud computing technology gradually matures and benefits from government support, operators are actively venturing into cloud computing services and strengthening the software and hardware supply chain. The diverse range of mobile devices and digital content should also boost demand for cloud services, underpinning growth in cloud app subscriber numbers and revenue.

3. Competitive advantages

- (1) Premium brand equity: The Company provides customer-centric quality services. TWM Solution is well connected with the brand of Taiwan Mobile and has won recognition among major enterprises.
- (2) Professional management team and efficient support group: The Company leads the competition in achieving synergies from the integration of group resources, including mobile telephony, fixed network and cable TV

network, with integrated back-office functions to support its frontline operations and provide enterprise customers with exclusive integrated information and communication technology for business expansion.

- (3) Effective sales teams and channels: The Company's direct sales teams and retail chains across the nation are an effective channel for developing and expanding services.
- (4) Expanding resources from international alliances: The Company is the sole Taiwanese member of the Bridge Alliance, the largest mobile alliance in the Asia-Pacific region with a combined customer base of about 340 million.

4. Opportunities and challenges

Positive factors

To increase their efficiency, an increasing number of enterprises are adopting cloud computing technology and mobile applications to save on maintenance expenses for software, hardware and IT personnel and equipment, while freeing them up to focus on their core business. Companies' primary concern in switching to cloud services is "information security," which TWM Solution can guarantee, having obtained ISO 27001 / ISO 27011 certifications – proof that it has passed basic information security standards. TWM Solution also possesses a wealth of mobile and fixed resources to provide one-stop shopping for integrated services. With economic and trade exchanges increasing across the Taiwan Strait, TWM Solution is well-positioned to meet Taiwanese companies' rising telecommunication needs in the Greater China area.

Negative factors

The local loop bottleneck is a major obstacle to fixed-line operators' business expansion, as market leader Chunghwa Telecom continues to dominate with its last mile advantage.

Countermeasures

To maintain its long-term partnership with high data users, the Company provides an excellent enterprise mobile integration program, a new cloud center and cloud management services. Targeting SME users, the Company provides standardized cloud products, helping them to simplify network management and reduce operating costs. Furthermore, the Company is developing more cloud value-added applications to meet customers' diverse needs. .

Main features and production process of major products: Not applicable as the Company is not a manufacturer.

Supply of raw materials: Not applicable as the Company is not a manufacturer.

Major suppliers and customers in the past two years

Major suppliers

Unit: NT\$'000

	2011				2012			
	Company	Amount	% of operating costs	Nature of relationship	Company	Amount	% of operating costs	Nature of relationship
1	Company A	7,509,852	30	Third party	Company A	11,513,972	38	Third party
2	Company B	4,829,922	19	Third party	Company B	5,418,181	18	Third party
3	Taiwan Fixed Network	3,312,417	13	Subsidiary	Taiwan Fixed Network	4,213,680	14	Subsidiary
4	Company C	4,003,111	16	Third party	Company C	3,757,083	12	Third party
	Others	5,552,041	22		Others	5,284,599	18	
	Total	25,207,343	100		Total	30,187,515	100	

Major customers

Unit: NT\$'000

	2011				2012			
	Company	Amount	% of operating revenues	Nature of relationship	Company	Amount	% of operating revenues	Nature of relationship
1	Company C	6,095,559	10	Third party	Company C	5,765,980	9	Third party
	Others	55,823,714	90		Others	61,640,465	91	
	Total	61,919,273	100		Total	67,406,445	100	

Reasons for variation

In 2012, procurement from Company A increased mainly due to purchases of handsets and other 3C products, while leased line service from Company C dropped as TWM turned to Taiwan Fixed Network as part of the group's move to integrate resources.

Production volume in the last two years: Not applicable as the Company is not a manufacturer.

Sales volume in the past two years

	2011				2012			
	Domestic		Overseas		Domestic		Overseas	
	Subscriber number at year end	Revenue (NT\$'000)	Subscriber number at year end	Revenue (NT\$'000)	Subscriber number at year end	Revenue (NT\$'000)	Subscriber number at year end	Revenue (NT\$'000)
Telecom service	6,662,960	55,916,663	--	--	7,012,026	59,042,443	--	--

Human Resources

Employee statistics in the past two years up to date of publication

Year		2011	2012	2013 (as of March 15)
Number of employees	Consolidated	6,055	6,529	6,491
	Stand-alone	2,651	2,959	2,929
Stand-alone	Average age	36.84	36.42	36.51
	Average years of service	7.22	6.78	6.88
	Education level	Ph.D.	0.26%	0.24%
		Master's	20.67%	20.71%
		University	50.92%	53.09%
		College	23.84%	20.99%
		Others	4.30%	4.97%

Environmental Protection Expenditure

Loss or penalty due to environmental pollution in the past two years up to date of publication: None

Countermeasures:

The Company has taken into consideration any potential risks or violation of environmental regulations in formulating its environmental management system. TWM also closely monitors developments in the government's environmental policies or regulations to be able to design precautionary measures. The Company does not expect any expenditure arising from environmental pollution in the future.

The Company is committed to protecting the environment and has adopted various measures such as promoting "green" procurement, establishing energy-efficient base stations and IDCs, minimizing the use of paper in offices and stores, recycling waste cables, batteries and handsets, and encouraging users to switch to e-billing and online services. The

Company is the first to have won the awards of “R.O.C. Enterprises Environmental Protection Award” three years in a row and got the lifetime honor.

Employee Relations

Employee behavior/ethical standards

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

Delegation of authority

1. Authorization guidelines and limitations: Aimed at streamlining business processes, strengthening distribution of responsibility, as well as detailing management authority at each job level.
2. Empowerment and delegation rules: Designed to ensure smooth and normal business operations.
3. Job ranking, title and organizational structure policy: Formulated to correspond to employees’ career plans.

Working Rules

The Company’s working rules clearly define the rights and obligations of management and labor. The Company’s modern management approach has promoted cooperation among employees and benefited the Company.

Divisional responsibilities

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

Reward and punishment policies

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company, as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in Article 14 and Articles 47 to 58 in the Company’s “Working Rules.”

Employee assessment policy

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

Attendance and leave policy

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

Business confidentiality policy

To maintain the Company’s competitiveness, employees are required to sign a “Confidentiality and Intellectual Property Rights Statement” and “Employment Contract” as a safeguard against potential damage arising from the disclosure of trade secrets. The Company provides employees with the required information and training courses to

strengthen their understanding of information security.

Sexual harassment prevention and handling procedures

The Company's "Working Rules" include rules on preventing sexual harassment in the workplace and promoting gender equality. The Company disseminates information on laws and procedures for filing complaints on sexual harassment on the intranet to serve as a guideline for employees.

Code of Conduct

The Company has a Code of Conduct that all directors, managers and employees are expected to adhere to and advocate in accordance with the highest ethical standards.

Employee benefits program

1. All employees are entitled to labor insurance, national health insurance, and group insurance coverage starting from the first day of work.
2. The Company has an employee stock subscription plan and an employee profit-sharing plan.
3. An Employee Welfare Committee was established in July 1998 to handle and implement employee benefits programs. In 2006, a Joint Employee Welfare Committee was set up to integrate the committees formerly set up by TAT, MBT (Mobitai), TFN and TFNM. The committee is in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, and benefits for special occasions such as weddings, festivals and funerals. The Company appropriates around NT\$80mn to the welfare committee annually.

Employee training and education program

1. Training expense in 2012 and up to the publication date totaled NT\$13,279,395, with 50,319 in training hours and 16,762 participants.
2. Orientation for new employees includes introduction to the corporate culture, company organization, telecommunication market, IT and network systems, labor safety, as well as information security training.
3. Core competency development: Focus on basic competencies, including problem solving, decision-making, communication, project management, basic legal knowledge of the telecommunication market, team building and service skills.
4. Management training and development: Separate training programs for entry-level management, middle management and senior management. Training courses include performance management, leadership, motivation skills, strategy management, innovative thinking, team dynamics skills and organizational development skills.
5. The Company sends large numbers of employees to local and international telecommunication conferences,

management forums, consulting seminars, and vendor training programs every year. These activities have a profound impact on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.

6. The Company has a scholarship programs in place for its employees to develop their expertise in telecommunication technologies and business administration.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefits from these training sessions.

Retirement plan and implementation

1. The Company has specific Employee Retirement Guidelines.
2. The Company has set up a Labor Pension Supervisory Committee, which was approved by the Taipei City Government in February 1998.
3. The Company implemented the New Labor Pension System in July 2005.
4. In accordance with No. 18 of the Financial Accounting Standards of the ROC, the Company retains the services of an actuary to assess and calculate the labor pension reserve and provide a detailed report.

Employee safety and sanitary policy

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

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

The Company's employee safety and sanitary policy is posted on the intranet and is summarized as follows:

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

Labor negotiations and protection of employee benefits

The Company, working under the management and labor as one concept and belief that a win-win situation can be achieved when the two sides work together, has followed relevant labor laws and regulations, held quarterly management/labor forums to facilitate communication, and promoted employee benefits to build a harmonious and satisfactory management/labor relationship.

Losses caused by labor disputes in the recent year: None, and expects none in the future.

Number of disabilities due to on-the-job injuries/fatalities in the recent year up to publication date

Year	2011	2012
Number of disabilities	2	2
Disabling Frequency Rate (FR, Note 1)	0.42	0.35
Disabling Severity Rate (SR, Note 2)	1.5	12.1

Note 1: The number of injuries resulting in fatalities and permanent total disabilities cases per million hours worked.

Note 2: The number of workday lost due to fatalities, permanent total disabilities per million hours worked.

Major Contracts

Nature	Counterpart	Contract period	Description	Restriction clauses
Sales and distribution	Synnex Technology International Corp	2005.02.01~2006.01.31 (Note 1)	Synnex is authorized to distribute TWM's mobile services.	Non-disclosure
	Aurora Telecom Corp	2012.07.01~2013.06.30	Aurora is authorized to distribute TWM's mobile services.	Non-disclosure
	Tsann Kuen Enterprise Co., Ltd.	2012.06.01~2013.05.31	Tsann Kuen is authorized to distribute TWM's mobile services.	Non-disclosure
	First International Computer, Inc. (FIC)	2011.07.01~2012.06.30	FIC is authorized to distribute TWM's mobile services.	Non-disclosure
Network interconnection	Chunghwa Telecom Co., Ltd.	2011.06.01~2012.05.31 (Note 2)	Network interconnection contract	Non-disclosure
	New Century InfoComm Tech Co., Ltd.	2005.05.01~2006.04.30 (Note 2)	Network interconnection contract	Non-disclosure
	Taiwan Fixed Network Co., Ltd.	2011.01.01~2011.12.31 (Note 1)	Network interconnection contract	Non-disclosure
	VIBO Telecom Inc.	2006.01.16~2007.01.15 (Note 3)	Voice and SMS interconnection contract	Non-disclosure
	Asia Pacific Telecom Co., Ltd.	2011.08.01~2012.07.31 (Note 2)	Network interconnection contract	Non-disclosure
	Far EasTone Telecommunications Co., Ltd.	2004.02.10~2005.02.09 (Note 1)	Voice and SMS interconnection contract	Non-disclosure
	First International Telecom Corp.	2005.05.01~2006.04.30 (Note 1)	Voice and SMS interconnection contract	Non-disclosure
	Global Mobile Corp.	2011.05.01~2012.04.30 (Note 1)	Network interconnection contract	Non-disclosure

Nature	Counterpart	Contract period	Description	Restriction clauses
Handset consignment sales	Synnex Technology International Corp.	2004.05.01~2005.04.30 (Note 1)	TWM accepts Synnex's consignment to sell handsets and related products.	Non-disclosure
Corporate bond offering	Chinatrust Securities and 9 other securities companies	2008.11.14~2013.11.14	The total issuing amount of the second unsecured straight corporate bond was NT\$8 billion. NT\$4 billion had been repaid on Nov. 14, 2012.	Non-disclosure
Corporate bond offering	KGI Securities Co., Ltd. and Grand Cathay Securities Corporation	2012.12.20~2019.12.20	The total issuing amount of the third unsecured straight corporate bond was NT\$9 billion.	Non-disclosure
Equipment purchase	Nokia Siemens Networks Taiwan Co., Ltd.	2011.02.01~2014.12.31	3G equipment supply contract amounts to NT\$6.65 billion. The maximum amount of total purchase increased to NT\$14.6 billion in September 2012.	Non-disclosure
Customer service	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	2006.01.01~2010.12.31 (Note 1)	TT&T accepts TWM's consignment to handle customer service and product sales.	Non-disclosure

Note 1: The contract will remain valid after it is expired if both parties do not issue any objection to the continuation of such contract.

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

- (1) If the two parties concur to continue their negotiations, the terms and conditions of the current contract or such other conditions agreed by both parties will apply during the negotiation period.
- (2) Either party can appeal to the NCC for a ruling. Prior to the date of such a ruling, the terms and conditions of the current contract shall apply until the NCC makes a decision. The new contract will be made based on the NCC's ruling.

Note 3: Negotiations for the following year's contract shall commence three months prior to the contract expiry date. If negotiations are not finalized prior to the expiry date, the parties shall agree to perform their obligations based on the current contract until such time when negotiations are finalized.

Chapter 5 Financial Highlights

Condensed Balance Sheets and Income Statements for the Past Five Years

Condensed balance sheet – Based on ROC GAAP

Unit: NT\$'000

		2008	2009	2010	2011	2012
Current assets		11,055,600	13,530,729	23,819,685	10,307,087	12,702,556
Investments		15,660,750	9,808,833	11,359,143	26,670,657	34,466,074
Fixed assets		43,018,691	39,033,012	35,014,385	31,268,171	29,131,007
Intangible assets		14,317,314	13,567,671	12,818,208	12,816,185	12,014,914
Other assets		5,608,974	4,823,691	4,144,036	3,665,604	3,650,151
Total assets		89,661,329	80,763,936	87,155,457	84,727,704	91,964,702
Current liabilities	Before appropriation	23,717,197	18,833,732	25,621,285	29,800,200	31,158,254
	After appropriation	37,686,061	33,861,967	38,061,252	43,681,152	(Note1)
Long-term liabilities		13,200,000	8,000,000	8,800,000	4,000,000	8,995,180
Other liabilities		1,841,534	1,856,978	1,864,617	1,979,493	2,087,331
Total liabilities	Before appropriation	38,758,731	28,690,710	36,285,902	35,779,693	42,240,765
	After appropriation	52,727,595	43,718,945	48,725,869	49,660,645	(Note1)
Capital stock		38,009,254	38,009,254	38,009,254	34,208,328	34,208,328
Capital surplus		12,297,839	12,431,704	12,432,489	12,432,446	12,432,446
Retained earnings	Before appropriation	33,529,532	33,449,530	32,243,481	33,272,277	34,082,930
	After appropriation	19,560,668	18,421,295	19,803,514	19,391,325	(Note1)
Unrealized valuation loss on financial instruments		(5,897)	63,624	89,842	111,306	99,351
Translation adjustments		17,840	12,011	(5,716)	17,612	2,115
Net loss not recognized as pension cost		2,862	(3,797)	(10,695)	(16,775)	(24,050)
Treasury shares		(32,948,832)	(31,889,100)	(31,889,100)	(31,077,183)	(31,077,183)
Total shareholders' equity	Before appropriation	50,902,598	52,073,226	50,869,555	48,948,011	49,723,937
	After appropriation	36,933,734	37,044,991	38,429,588	35,067,059	(Note1)

Note 1: 2012 earnings appropriation proposal is pending approval at the shareholders' meeting.

Note 2: 2008-2012 financial data have been duly audited by independent auditors.

Explanations of significant changes in the Company's condensed balance sheets for the past five years are as follows:

1. Current assets

In 2009, the Company upstreamed cash from its subsidiary Taiwan Cellular Co., Ltd. (TCC), resulting in an increase in current assets. In 2010, current assets were higher because of an increase in inventory for handset promotional campaigns and a rise in receivables from subsidiaries, which borrowed funds through the parent company as the parent company has access to lower borrowing rates with the banks. In 2011, the Company had a capital reduction and acquired a 51% stake in Fubon Multimedia Technology (momo), leading to a decrease in current assets. In 2012, current assets rose due to increases in accounts receivable and inventory as a result of mobile data revenue growth and strong smartphone sales.

2. Investments

TCC, the Company's 100%-owned subsidiary, had a capital reduction in 2009, resulting in a decrease in long-term investments. In 2011, the Company acquired a 51% stake in momo, resulting in an increase in long-term investments. In 2012, investments increased due to the Company's participation in the rights issue of its subsidiary, Wealth Media Technology Co., Ltd.

3. Fixed assets

The depreciation and retirement of obsolete equipment resulted in a decline in fixed assets.

4. Other assets

The 2009 amendment of Article 5 of the Income Tax Act lowered the corporate statutory tax rate from 25% to 20%

effective 2010; as such, deferred income tax assets were revised downward accordingly. On June 15, 2010, further amendment of Article 5 of the Income Tax Act reduced the corporate statutory income tax rate from 20% to 17%, leading to a downward revision of deferred tax assets.

5. Current liabilities

Current liabilities decreased due to bank loan repayment and settlement of capital reduction in 2008. The repayment of corporate bonds-current portion resulted in a decrease in current liabilities in 2009. In 2010, current liabilities increased due to higher short-term borrowings and advance receipts. As the corporate bonds due within one year were reclassified as corporate bonds-current portion, current liabilities increased in 2011.

6. Long-term liabilities

In 2008, a second unsecured corporate bond issue and an increase in syndicated loans led to higher long-term liabilities. In 2009, long-term liabilities decreased, as the Company repaid its syndicated loans. As corporate bonds due within one year were reclassified as corporate bonds-current portion, long-term liabilities decreased in 2011. Although corporate bonds due within one year were reclassified as corporate bonds-current portion, long-term liabilities still increased in 2012 because of a new corporate bond issue at the end of the year.

7. Shareholders' equity

In 2008, the sale of 300mn Company shares by its subsidiary led to a decrease in the number of treasury shares, while disposal gains led to an increase in capital surplus and, thus, shareholders' equity. Paid-in capital dropped because of capital reduction in 2011.

Condensed income statement – Based on ROC GAAP

Unit: NT\$'000

	2008	2009	2010	2011	2012
Revenue	54,311,605	57,015,452	58,547,285	61,919,273	67,406,445
Gross profit	30,204,806	29,849,527	25,738,573	24,125,399	25,028,649
Operating income	16,861,395	16,632,797	13,700,566	11,169,724	10,764,546
Non-operating income	4,791,141	3,730,713	4,465,716	4,506,462	6,688,400
Non-operating expenses	1,875,439	2,231,019	1,768,138	833,190	1,068,104
Pre-tax income	19,777,097	18,132,491	16,398,144	14,842,996	16,384,842
Net income	15,371,386	13,888,862	13,822,186	13,468,763	14,691,605
EPS (NT\$)	5.18	4.66	4.62	4.70	5.46

Note: 2008-2012 financial data have been duly audited by independent auditors.

Explanations of significant changes in the Company's condensed income statements for the past five years are as follows:

1. Operating income

Increased sales of and subsidies for smart devices to promote data services resulted in higher operating costs and lower operating income in 2010 to 2012.

2. Non-operating income

In 2009, non-operating income decreased due to lower investment income from TAT, which was merged into the Company in September 2008. In 2010, non-operating income increased due to higher investment income resulting from growth in TFN Media Co., Ltd's Pay TV and broadband internet access services. In 2012, non-operating income rose due to the full-year consolidation of momo's P&L vs. only 5.5 months in 2011, as well as higher investment gains from Taiwan Fixed Network's increased profit.

3. Non-operating expenses

Significant losses from the asset write-off of obsolete telecom equipment following technology upgrade and network integration were recognized in 2009. The repayment of corporate bonds at the end of 2009 resulted in lower interest expense in 2010. Lower non-operating expenses in 2011 were due to fewer asset write-offs and losses from the disposal of fixed assets. Higher non-operating expenses in 2012 were due to expanded losses from asset write-offs and disposal of fixed assets.

Independent auditors' names and their audit opinions for the past five years

Year	Accounting firm	Name of CPA	Opinion
2008	Deloitte & Touche	Vita Kuo, Roger Tai	Modified unqualified opinion
2009	Deloitte & Touche	Peter Fan, S. C. Huang	Unqualified opinion
2010	KPMG	Simon Chen, Janice Lai	Modified unqualified opinion

2011	KPMG	Simon Chen, Janice Lai	Unqualified opinion
2012	KPMG	Simon Chen, Janice Lai	Unqualified opinion

Financial Analysis for the Past Five Years – Based on ROC GAAP

		2008	2009	2010	2011	2012
Financial structure	Liability to asset ratio (%)	43.23	35.52	41.63	42.23	45.93
	Long-term fund to fixed asset ratio (%)	149.01	153.90	170.41	169.34	201.57
Solvency	Current ratio (%)	46.61	71.84	92.97	34.59	40.77
	Quick ratio (%)	42.66	67.00	87.00	28.47	32.04
	Interest coverage ratio (%)	2,991.34	3,316.61	5,099.46	6,314.20	4,387.49
Operations	Accounts receivable turnover (x)	8.02	8.56	9.17	9.76	9.94
	Average collection days	45.51	42.64	39.80	37.39	36.72
	Inventory turnover (x)	5.44	7.85	10.76	10.37	10.09
	Accounts payable turnover (x)	12.62	12.71	13.68	12.26	10.27
	Average days sales	67.10	46.50	33.92	35.19	36.17
	Fixed asset turnover (x)	1.26	1.46	1.67	1.98	2.31
	Total asset turnover (x)	0.61	0.71	0.67	0.73	0.73
Profitability	Return on assets (%)	18.29	16.80	16.79	15.90	16.99
	Return on equity (%)	37.15	26.97	26.85	26.99	29.78
	% of paid-in capital	Operating income	44.36	43.76	36.05	32.65
		Pre-tax income	52.03	47.71	43.39	47.90
	Net income margin (%)	28.30	24.36	23.61	21.75	21.80
	EPS (NT\$)	5.18	4.66	4.62	4.70	5.46
Cash flow	Cash flow ratio (%)	106.27	139.10	91.01	74.40	67.31
	Cash flow adequacy ratio (%)	147.08	143.32	131.99	148.99	133.23
	Cash reinvestment rate (%)	18.69	14.54	9.89	9.70	6.38
Leverage	Operating leverage	1.69	1.77	1.94	2.16	2.23
	Financial leverage	1.04	1.04	1.02	1.02	1.04
Others	EBITDA (NT\$'000)	23,886,242	24,519,524	21,763,237	19,239,530	18,747,961
	EBITDA margin (%)	43.98	43.01	37.17	31.07	27.81
	ARPU (NT\$)	785	721	718	719	721
	MOU (in thousand minutes)	14,674,970	15,797,024	14,399,713	15,305,902	16,496,235

Explanations of significant changes in 2012 compared with the previous year:

- (1) The long-term fund to fixed asset ratio increased due to higher long-term liabilities resulting from a new corporate bond issue.
- (2) As mentioned above, the increase in liabilities led to an increase in interest expense, resulting in lower Interest coverage ratio.
- (3) As revenue and net income increased, the fixed asset turnover, return on assets, return on equity, pre-tax income as a % of paid-in capital and EPS rose accordingly.
- (4) The cash reinvestment rate dropped due to higher cash dividend distribution and higher investment in the 100%-owned subsidiary, Wealth Media Technology Co., Ltd.

Note: 2008-2012 financial data have been duly audited by independent auditors.

Formulas for the above table:

Financial structure

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

Solvency

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

Operations

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

Profitability

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

- (2) $\text{Return on equity} = \text{Net income} / \text{Average equity}$
- (3) $\text{Net income margin} = \text{Net income} / \text{Net sales}$
- (4) $\text{EPS} = (\text{Net income} - \text{Preferred stock dividend}) / \text{Weighted average outstanding shares}$

Cash flow

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

Leverage

- (1) $\text{Operating leverage} = (\text{Net revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$
- (2) $\text{Financial leverage} = \text{Operating income} / (\text{Operating income} - \text{Interest expense})$

Others

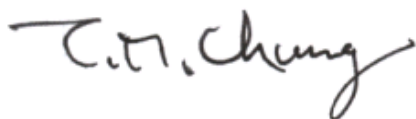
- (1) $\text{EBITDA} = \text{Operating income} + \text{Depreciation} + \text{Amortization}$
- (2) $\text{EBITDA margin} = \text{EBITDA} / \text{Net revenue}$
- (3) $\text{ARPU} = \text{Net telecom service revenue} / \text{Average number of subscribers}$
- (4) $\text{MOU} = \text{Outgoing \& incoming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

Audit Committee Report

Date: January 30, 2013

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2012 financial statements. The CPA firm, KPMG, was engaged to examine these financial statements and has issued an auditor's report. The financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, on behalf of all members of the committee, I hereby submit this report to the annual shareholders' meeting.

Taiwan Mobile Co., Ltd.



Tsung-Ming Chung
Chairman of the Audit Committee

2012 Financial Statements:

Refer to Chapter 6.

2012 Consolidated Financial Statements:

Refer to Chapter 6.

Financial Difficulties for the Company and its Affiliates:

None

Chapter 6. Review and Analysis of Financial Conditions, Operating Results and Risk Management

Balance Sheet Analysis

Stand-alone balance sheet analysis

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

1. Current assets rose due to increases in accounts receivable and inventory as a result of mobile data revenue growth and strong smartphone sales.
2. Investments increased due to the Company's participation in the rights issue of its subsidiary, Wealth Media Technology Co., Ltd.
3. Long-term liabilities increased mainly due to the issuance of new corporate bonds at the end of 2012.

2011- 2012 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Current assets	10,307,087	12,702,556	2,395,469	23.24
Investments	26,670,657	34,466,074	7,795,417	29.23
Fixed assets	31,268,171	29,131,007	(2,137,164)	(6.83)
Intangible assets	12,816,185	12,014,914	(801,271)	(6.25)
Other assets	3,665,604	3,650,151	(15,453)	(0.42)
Total assets	84,727,704	91,964,702	7,236,998	8.54
Current liabilities	29,800,200	31,158,254	1,358,054	4.56
Long-term liabilities	4,000,000	8,995,180	4,995,180	124.88
Other liabilities	1,979,493	2,087,331	107,838	5.45
Total liabilities	35,779,693	42,240,765	6,461,072	18.06
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,432,446	12,432,446	-	-
Retained earnings	33,272,277	34,082,930	810,653	2.44
Other equity	(30,965,040)	(30,999,767)	(34,727)	0.11
Total shareholders' equity	48,948,011	49,723,937	775,926	1.59

Consolidated balance sheet analysis

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

1. Current assets increased due to rising cash inflows from operating income and higher inventories resulting from procurement of various models of smartphones.
2. Investments increased mainly due to a capital injection in Taipei New Horizon and new investments in Taiwan Pelican Express and Kbro Media.
3. Current liabilities dropped due to decreases in short-term borrowings and short-term notes and bills payable.
4. Long-term liabilities increased owing to a new corporate bond issuance at the end of 2012.
5. Other liabilities rose due to an increase in guarantee deposits received as well as an increase in long-term construction payables to restore the leased property when returned.

2011 - 2012 Consolidated Balance Sheet

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Current assets	18,126,033	20,097,186	1,971,153	10.87
Investments	2,161,551	2,842,353	680,802	31.50
Fixed assets	40,801,447	39,834,181	(967,266)	(2.37)
Intangible assets	27,760,674	26,781,024	(979,650)	(3.53)
Other assets	2,944,663	2,820,300	(124,363)	(4.22)
Total assets	91,794,368	92,375,044	580,676	0.63
Current liabilities	36,105,959	30,749,506	(5,356,453)	(14.84)
Long-term liabilities	4,000,000	8,995,180	4,995,180	124.88
Other liabilities	1,624,524	1,824,538	200,014	12.31
Total liabilities	41,730,483	41,569,224	(161,259)	(0.39)
Paid-in capital	34,208,328	34,208,328	-	-
Capital surplus	12,432,446	12,432,446	-	-
Retained earnings	33,272,277	34,082,930	810,653	2.44
Other equity	(30,965,040)	(30,999,767)	(34,727)	0.11
Minority interest	1,115,874	1,081,883	(33,991)	(3.05)
Total shareholders' equity	50,063,885	50,805,820	741,935	1.48

Impact of changes on financial results: No significant impact

Preventive measures: Not applicable

Income Statement Analysis

Stand-alone income statement analysis

1. Increase in operating costs: Cost of handsets sold rose in 2012 due to an increase in smartphone sales volume.
2. Increase in operating expenses: Operating expenses rose due to continuous expansion of company stores and increasing commission expenses to acquire new or retain existing customers with handset bundled rate plans.
3. Increase in non-operating income: Non-operating income rose due to the full-year consolidation of momo's P&L in 2012 vs. only 5.5 months in 2011, as well as higher investment gains from Taiwan Fixed Network.
4. Increase in non-operating expenses: Non-operating expenses expanded due to higher losses from asset write-offs and disposal of fixed assets.

2011 – 2012 Stand-alone Income Statement

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Revenue	61,919,273	67,406,445	5,487,172	8.86
Operating costs	37,793,874	42,377,796	4,583,922	12.13
Gross profit	24,125,399	25,028,649	903,250	3.74
Operating expenses	12,955,675	14,264,103	1,308,428	10.10
Operating income	11,169,724	10,764,546	(405,178)	(3.63)
Non-operating income	4,506,462	6,688,400	2,181,938	48.42
Non-operating expenses	833,190	1,068,104	234,914	28.19
Income before tax	14,842,996	16,384,842	1,541,846	10.39
Net income	13,468,763	14,691,605	1,222,842	9.08

Consolidated income statement analysis

1. Revenue, operating costs and operating expenses rose due to the full-year consolidation of momo's P&L in 2012 vs. only 5.5 months in 2011.
2. Non-operating income increased in 2012 owing to an increase in penalty income from customers' cancelation of contracts.
3. Non-operating expenses dropped from a year earlier due to a higher base in 2011 from the booking of an impairment loss from investment in Taiwan High Speed Rail (THSR).

2011 – 2012 Consolidated Income Statement

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Revenue	81,369,183	98,140,954	16,771,771	20.61
Operating costs	48,641,510	62,733,818	14,092,308	28.97
Gross profit	32,727,673	35,407,136	2,679,463	8.19
Operating expenses	15,137,868	17,226,678	2,088,810	13.80
Operating income	17,589,805	18,180,458	590,653	3.36
Non-operating income	672,876	841,110	168,234	25.00
Non-operating expenses	2,134,112	1,050,146	(1,083,966)	(50.79)
Income before tax	16,128,569	17,971,422	1,842,853	11.43
Net income	13,626,180	14,916,282	1,290,102	9.47

Consolidated financial ratio analysis

		2011	2012
Financial structure (%)	Liability to asset ratio	45.46	45.00
	Long-term fund to fixed asset ratio	132.50	150.12
Solvency (%)	Current ratio	50.20	65.36
	Quick ratio	42.04	53.17
	Interest coverage ratio	6,796.94	5,576.39
Operations	Accounts receivable turnover (x)	10.35	11.62
	Average collection days	35.27	31.41
	Inventory turnover (x)	11.39	13.07
	Accounts payable turnover (x)	9.73	8.88
	Average days sales	32.05	27.93
	Fixed asset turnover (x)	1.99	2.46
	Total asset turnover (x)	0.89	1.06
Profitability (%)	Return on assets	15.60	16.49
	Return on equity	26.99	29.78
	% of paid-in capital	Operating income	53.15
		Pre-tax income	52.54
	Net profit margin	16.75	15.20
Cash flow (%)	EPS (NT\$)	4.70	5.46
	Cash flow ratio	69.93	84.09
	Cash flow adequacy ratio	154.74	130.24
	Cash reinvestment rate	14.50	12.42
Leverage	Operating leverage	1.97	2.02
	Financial leverage	1.01	1.02
<p>Explanation for items in 2012 with major changes from the previous year:</p> <p>(1) The current ratio, quick ratio and cash flow ratio increased due to the repayment of short-term borrowings and notes and bills payable in 2012.</p> <p>(2) The long-term fund to fixed asset ratio increased due to higher long-term liabilities resulting from the issuance of new corporate bonds in 2012.</p> <p>(3) As revenue increased, the fixed asset turnover and total assets return rose accordingly.</p>			

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

In 2013, the Company will continue to leverage mobile internet products to expand its wireless market share. As demand for smart devices expands, telecom operators are expected to aggressively devise new strategies and increase investments in value-added services to tap into this market's full growth potential. The Company will focus on developing the latest top-of-the-line mobile value-added services, such as mobile shopping, video/audio services and myBook store (an e-book platform), to satisfy customers' demand in order to boost revenue from such services and increase average revenue per user (ARPU). To meet these targets, the Company will make full use of its potential and competitive edge in handset procurement to raise its marketing and cost-efficiency.

Cash Flow Analysis

Stand-alone cash flow analysis

1. Increase in cash outflow from investment activities: Cash outflow rose due to increased investment in a 100%-owned subsidiary, Wealth Media Technology Co., Ltd., and higher cash capex paid in 2012.
2. Decrease in cash outflow from financing activities: Cash outflow declined due to the issuance of new corporate bonds at the end of 2012.

2011 – 2012 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	22,171,276	20,972,283	(1,198,993)	(5.41)
Cash inflow (outflow) from investment activities	(7,899,540)	(11,757,404)	(3,857,864)	(48.84)
Cash inflow (outflow) from financing activities	(17,275,099)	(8,937,042)	8,338,057	48.27
Net cash	(3,003,363)	277,837	3,281,200	NM

Consolidated cash flow analysis

1. Decrease in cash outflow from investment activities: Cash outflow was higher in 2011 due to the acquisition of momo.
2. Increase in cash outflow from financing activities: Cash outflow was higher in 2012 due to the repayments of short-term borrowings and notes and bills payable.

2011 – 2012 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2011	2012	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	25,247,549	25,858,383	610,834	2.42
Cash inflow (outflow) from investment activities	(15,442,156)	(9,507,066)	5,935,090	38.43
Cash inflow (outflow) from financing activities	(11,482,524)	(15,807,915)	(4,325,391)	(37.67)
Effect of exchange rate changes	35,963	(13,754)	(49,717)	NM
Cash and cash equivalents arising from merger	2,285,830	-	(2,285,830)	(100.00)
Net cash	644,662	529,648	(115,014)	(17.84)

Plans to improve negative liquidity: Not applicable

Stand-alone projected cash flow for 2013

1. Projected cash inflow from operating activities: Expected to remain stable
2. Projected cash outflow from investment activities: For capital expenditure and to raise subsidiaries' capital
3. Projected cash outflow from financing activities: For cash dividend distribution and repayment of corporate bonds

2013 Stand-alone Projected Cash Flow Analysis

Unit: NT\$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
1,155,355	22,829,531	23,003,282	981,604	—	—

Source of funding for negative cash flow in 2013: Not applicable

Analysis of Major Capex and its Impact on Finance and Operations

Given stable operations and cash flow, the Company funds its major capex with its own working capital, thus, having a minimal impact on its financials and operations.

Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan

Unit: NT\$'000

Item \ Explanation	Carrying value as of end of 2012	Investment policy	Source of income/ loss	Improvement plans	Future investment plans
Taiwan Cellular Co., Ltd. (TCC)	17,653,627	Investment in fixed network and other telecom-related business	Investment income from TCC's subsidiary, Taiwan Fixed Network Co., Ltd.	-	-
Wealth Media Technology Co., Ltd. (WMT)	15,950,282	Investment in CATV and retail-related businesses	Investment income from WMT's subsidiaries, momo and TFN Media Co., Ltd.	-	-
Taipei New Horizon Co., Ltd.	811,841	Investment in a property development project at the old Songshan tobacco factory site for use as headquarters	Investment loss incurred as the project is still in the preparatory stage in 2012	-	The BOD approved a future rights issue in accordance with the construction progress and funding demands in January 2009.
Bridge Mobile Pte Ltd.	50,324	Cooperation with other operators in Asia to enhance the Company's competitiveness	- (Note)	- (Note)	-
Yes Mobile Holdings Company (Yes Mobile)	-	TWM's stake in Yes Mobile came from its acquisition of Mobitai. The Company has already booked permanent losses on the decline in market value of its investment for Yes Mobile in 2004.	- (Note)	- (Note)	-

Note: Investment was booked as "Financial assets carried at cost." The Company has no significant influence over it.

Risk Management

Impact of inflation, as well as interest and exchange rate fluctuations, and preventive measures:

1. Impact of interest rate fluctuations

Interest rate fluctuations had a minimal impact on TWM's 2012 short-term bank borrowings, as interest rates remained low because of the global economic slowdown. The Company issued a straight corporate bond in 4Q12 to lock in mid-to-long-term interest rates and minimize impacts from interest rate fluctuations.

2. Impact of exchange rate fluctuations

The Company's main service area is Taiwan. Except for its international roaming business, all operating revenues are denominated in NT dollars. However, some of the Company's expenditures are denominated in euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign exchange spot market transactions. Overall, exchange rate fluctuations had a minimal impact on the Company.

3. Impact of inflation

Inflation had a minimal impact on the Company's operating performance in 2012 and up to the publication date.

Investment policy and reasons for gains & losses for high-risk/high-leverage financial products, derivatives, loans to others and guarantees of debts:

1. The Company was not involved in any high-risk, high-leverage financial investment.
2. The Company passed the "Rules and Procedures on Lending and Making Endorsements/Guarantees" to supervise its financing and endorsement activities. As the counterparties in its loans and guarantees are all its subsidiaries, there is minimal operating risk.
3. Derivatives transaction: None.

Research and development plans

Project name	Objective	Status	Completion date
Automated system for notifying and reporting security incidents to National Communications Commission	Develop an automated system to streamline the process for detecting and responding to security incidents in line with NCC requirements	Working on system implementation	Oct. 2013
Roaming file upgrade	Upgrade international roaming file specs to work with future LTE service	Working on system design	Dec. 2013
Billing system upgrade	Upgrade hardware for billing system to manage an increasingly complex pricing structure and enhance data performance	Working on system design	June 2014
EBG sales incentive/sales performance evaluation system	Develop an automated system for evaluating sales incentives and performance to increase sales operating efficiency in response to changes in distribution/channel systems	In progress	Dec. 2013

Project name	Objective	Status	Completion date
Cloud IDC and cloud services	Construct a new generation green internet data center (IDC) for various cloud services through cooperation with upstream and downstream companies	Working on system development	Sep. 2013
Near field communication (NFC)	Set up a joint venture with other major Taiwanese operators to build a common trusted service management (TSM) platform to enable NFC applications	Conducting joint-venture discussions	Dec. 2013

Regulatory changes

1. Revision of digital convergence regulations

(1) Status

The "digital convergence development program" approved by the Executive Yuan is divided into two stages. The first stage involves promoting cross-media convergence services, solving urgent problems relating to other laws or regulations that might hinder its implementation and cross-industry barriers. The second stage focuses on creating a new environment to facilitate digital convergence, overcoming the obstacles left from the first stage and establishing a management structure with layers of networks, platforms and content.

For the first stage, the NCC started working on the amendments to the Satellite Broadcasting Act, the Radio and Television Act, the Cable Radio and Television Act and the Telecommunications Act in 2010. The proposed amendments to the first three acts are currently under review by the Legislative Yuan, while the draft revision to the Telecommunications Act was returned by the Executive Yuan to the NCC for changes amid concern over "functional separation."

The NCC has completed changes to the proposed revisions to the Telecommunications Act and will submit the draft to the Executive Yuan for review. The NCC has provided two scenarios for the Executive Yuan to choose from: Scenario A, maintain the original provisions on functional separation; and Scenario B, separate accounting for dominant market player on local loops. The leasing price offered to other operators should be based on the following principles: cost-based pricing, non-discriminatory and rental price should not be higher than a certain percentage of the retail price.

(2) Countermeasures

The Company is closely monitoring the progress of the amendments and continues to communicate with and forward suggestions and recommendations concerning related policies and regulations to the NCC.

2. NCC switches focus to regulating interconnection charges

(1) Status

Following the example of other developed nations, the NCC switched from regulating retail service charges to managing intermediate costs among telecom carriers to ensure fairer competition. Tariff reductions based on the formula ΔCPI (Consumer Price Index) - 5.1749% were applied to the dominant market player's fixed-line services, including domestic leased line, xDSL circuit monthly fee and FTTx circuit monthly fee (excluding FTTH and FTTB), as well as other wholesale services, for four years in a row. As for mobile operators, mobile tariffs were based on the formula $\Delta\text{CPI} - X$, where $X = \Delta\text{CPI}$, which effectively ruled out price increases.

The NCC also introduced mandatory mobile termination rate (MTR) cuts, requiring all 2G and 3G operators to reduce tariffs by a compounded annual rate of 14.5% over four years beginning on Jan. 5, 2013. From 2013 to 2016, interconnection rates will fall to NT\$1.84, NT\$1.57, NT\$1.34 and NT\$1.15 per minute respectively. For international call termination rates, the NCC left it to operators to negotiate among themselves.

(2) Countermeasures

As developed countries no longer regulate mobile retail tariffs, the NCC's focus shift toward managing wholesale tariffs will reduce the impact of mandatory retail tariff cuts on the Company's revenue.

3. Auction of mobile broadband spectrums

(1) Status

On September 28, 2012, the Executive Yuan announced measures governing Type I telecommunications enterprises, including their operating scope, timetable for deregulation and number of operators. As part of its plan to open up mobile broadband business opportunities, the commission will release three sets of spectrums on 700MHz, 900MHz and 1800MHz in December 2013. It held a public hearing on the planned mobile broadband auction and licensing on February 4, 2013, and to gather public opinion on the issue.

(2) Countermeasures

With the NCC planning to release mobile broadband business licenses by end of 2013, the Company is studying ways and means to win a new spectrum and license to be able to continue providing consumers with premium mobile communications services. In line with the trend toward digital convergence, the Company will also continue introducing innovative services to create a satisfying user experience.

4. Laying the groundwork for free IP peering

(1) Status

In September 2012, the NCC proposed adding a clause focusing on IP peering to the "Regulations Governing Network Interconnection among Telecommunications Enterprises" to eliminate unfair competition and lay the groundwork for free IP peering.

(2) Countermeasures

The NCC is still working on the proposed amendment. If the Company gets free IP peering with Chunghwa Telecom, the Company would be able to save tens of millions in IP peering expense paid to Chunghwa Telecom and would enhance its competitiveness in the mobile broadband market, IDC, cloud computing and related broadband value-added services. The Company will continue to promote the establishment of a fair and reasonable internet free peering mechanism to cope with future developments.

5. Rezoning of CATV service areas

(1) Status

On July 27, 2012, the NCC announced plans to expand the CATV service areas based on city/county and to open license applications to new entrants. As of press time, New Taipei City has filed three applications, Greater Taichung two and Taipei City one. The NCC is reviewing the applications.

(2) Countermeasures

Bound by the restrictions on indirect government ownership, the Company cannot apply for a license to operate in the new CATV service areas. With the threat of new competition, the Company is integrating its mobile, fixed-line, CATV and digital content to provide users with more digital convergence services, accelerating digitization services and offering more HD channels to enhance customer satisfaction in order to mitigate the impact of the CATV rezoning.

6. Legislative Yuan reviewing ban on media investments by political interests

(1) Status

The Executive Yuan approved a draft amendment to the Cable Radio and Television Act that will allow a company in which the government indirectly holds less than 10% of its shares to invest in the media industry. The threshold was

lowered to 5% by the legislature's Transportation Committee. The amendment still has to be approved by the Legislative Yuan.

(2) Countermeasures

The relaxation on indirect government ownership will help ease the restrictions preventing the Company from venturing into other CATV service areas, giving the Company more flexibility in managing its business. The Company will be closely monitoring the progress of the proposed amendment and continue to communicate with and forward suggestions and recommendations concerning related policy and regulations to the Legislative Yuan.

7. NCC drafting bill on preventing monopolies and promoting diversity in media

(1) Status

Following several controversial deals in recent years, public calls for a media anti-monopoly bill have intensified amid concern that the nation's media outlets may soon be controlled by a few powerful groups. The Legislative Yuan asked the Executive Yuan to submit a draft media anti-monopoly bill before March 22, 2013. In February, the NCC released a draft on preventing monopolies and promoting diversity in the media industry, seeking to regulate the horizontal and vertical integration among broadcasting media businesses and the cross-industry integration of print and broadcasting media businesses.

(2) Countermeasures

The drafting of the media anti-monopoly bill is still in the initial stage due to differences in opinion among academics, politicians and the public. Legislative approval will also take time, as the government and ruling and opposition lawmakers seek a consensus. The Company is closely monitoring the progress of the amendments and continues to communicate with and forward suggestions and recommendations concerning related policies and regulations to the Legislative Yuan to ensure a room for future development in the media industry.

Technology changes and development

1. Wireless Broadband Access (WBA)

(1) Status

WBA is a communications technology based on orthogonal frequency division multiplexing (OFDM). WiMAX is one of the examples of OFDM technologies and is capable of providing speeds of up to 10 Mbps on 3G's 5MHz equivalent frequency bandwidth. All six local WiMAX operators have launched regional services one after another since 2Q09. To date, WiMAX has had minimal impact on 3G voice and data revenue because of its limited network coverage. However, with WiMAX operators pursuing mergers since 2011, they may be able to reduce their network installation and operating costs, potentially increasing their threat to 3G operators.

(2) Countermeasures

3.5G technology for high-speed packet access plus (HSPA+) is mature and has been commercialized. The speed of the connection throughput for HSPA+ already surpasses that of WiMAX technology and is a more commercially competitive technology.

TWM has aggressively deployed 3.5G technology since late 2007, and has offered 14.4Mbps wireless broadband services in urban areas since 2009. In 2010, The Company added more 7.2Mbps and 14.4Mbps base stations. In 2011, it started to introduce HSPA+ high-speed mobile internet services in five major metropolitan areas. In 2012, TWM further expanded its HSPA+ coverage. LTE has become the choice of 4G technology by mobile operators and industry globally. In Taiwan, the NCC has announced plans to release new spectrums for LTE by the end of 2013. The Company has received NCC approval and plans to conduct LTE field trials in 2013.

2. Rising popularity of internet protocol

(1) Status

The popularity of internet protocol (IP) has revolutionized the telecommunications business and network infrastructure, giving rise to increased IP-based communications traffic. IP-based telecom is able to simplify network infrastructure, translating into big savings on operating costs. This trend accelerated the use of IPv4 addresses, which is near exhaustion worldwide, and made IPv6 migration an urgent need in the future. On the other hand, not only has the increasing availability of cheap or free VoIP services had a great impact on traditional fixed-line operators' long distance and international voice call revenue, free mobile IP messaging services even caused a decline in SMS traffic during the New Year holidays in 2012 and 2013.

(2) Countermeasures

The necessity of building an IP core network infrastructure based on next generation network (NGN) is an urgent task. TWM has been building the latest IP-based optical core network and has started to deploy IP core access and transmission technologies. It is also conducting laboratory tests of various IPv6 testing (IOT), VoIP and IP messaging application services to lead industry development.

The Company is developing and testing new IPv6 technology and new IP application services, and conducting research on the latest optical packet carrier ethernet technologies to introduce more services that provide households with the most advanced and innovative broadband services. In addition to closely monitoring the free VoIP and IP messaging traffic trends, the Company launched its own free IP messaging service, M⁺, in 2012 to satisfy customers' real-time social communication needs, as well as proactively participate in the new over-the-top (OTT) service model.

3. Digital convergence and cloud services

(1) Status

Because of the digitalization trend, the transmission and exchange of related digital content and services among different carriers, systems and platforms have brought about changes in wired and wireless communications and broadcasting industries. This has not only promoted competition and integration of the two industries, but also facilitated an industry consolidation. The digitalization of terrestrial TV, which went into force on July 1, 2012, is expected to accelerate the development of digital convergence services. As such, cloud computing technology and service – the base of digital convergence – have progressed from merely a concept to a profitable business, and should be the future trend.

(2) Countermeasures

Merging Taiwan Fixed Network (TFN) and Taiwan Telecommunication Network Services (TTN) in 2007 enhanced the Company's status as a leader in the digital convergence era. TWM had integrated the group's resources to facilitate research and development in digital convergence and launched fixed-mobile convergence (FMC) services for corporate accounts. It is also aggressively planning new digital convergence services that will integrate cable TV, digital TV, cable broadband, and interactive entertainment services. At the end of 2010, the Company launched its four-screen-and-a-cloud digital convergence service, integrating handset, PC, tablet and TV. Not only was TWM the first to introduce the services in Taiwan, it was also an industry pioneer in Asia. In 2011, TWM invested in the construction of an internet data center (IDC) for cloud services to provide infrastructure as a service (IAAS), enabling TWM to launch additional intelligent cloud services in four key areas – mobile life, digital content, intelligent life and intelligent enterprise in the future.

4. Popularity of mobile smart devices and femto/WiFi technologies

(1) Status

The popularity of the iPhone, Android phone and other mobile smart devices has dramatically boosted the growth of 3G data usage. This has forced global mobile operators to expand their 3G access networks' backhaul bandwidth and network capacity, which in turn has increased the pressure on their operating costs. Many mobile operators have started building WiFi networks and femtocells to offload 3G data traffic.

(2) Countermeasures

In 2012, the Company continued expanding the backhaul bandwidth and network capacity of its HSPA network as well as WiFi coverage, and has started providing WiFi service to selected customers. In 2013, the Company will continue to deploy more WiFi networks and start femto cell deployment and trials in line with NCC regulations.

Impact of changes in brand image on the Company's risk management policies:

None. TWM has long built up a sound image among investors and customers for its continuing efforts to enhance corporate governance, network communication quality and customer service, as well as to fulfill its corporate social responsibility. These efforts won numerous recognitions and awards in 2012 (please refer to Chapter 1) and should aid the Company in preventing, controlling and managing latent risks that it may face and help it maintain its good corporate image.

Expected benefits and risks from mergers in recent years until publication date: None.

Expected benefits and risks related to plant facility expansions: Not applicable as the Company is not a manufacturer.

Risks from supplier and buyer concentrations in recent years until publication date

The Company's main supplier provides handsets and 3C products. To diversify supplier risk, the Company has been increasing procurements from other handset vendors to reduce its reliance on the main supplier.

On the revenue side, the Company's main customer contributes to interconnection revenue, but since the Company has a very diverse subscriber base for its mobile services, there is no buyer concentration risk.

Significant changes in shareholdings of directors and major shareholders: None.

Changes in management controls: Not applicable.

Significant lawsuits and non-litigious matters

1. The Company: None.

2. The Company's directors, general manager, any person with actual responsibility with the Company, any major shareholder holding greater than 10 percent of the Company's shares: None.

3. The Company's subsidiaries

(1) Globalview Cable TV Co., Ltd., Union Cable TV Co., Ltd., Yeong Jia Leh Cable TV Co., Ltd. and Phoenix Cable TV Co., Ltd., (collectively referred to as the "four SOs")

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

Parties Involved: The four SOs are the defaulting parties.

Grounds for Lawsuit:

The NCC ruled that the four SOs had violated Paragraph 4, Article 19 of the Cable, Radio and Television Act, which states that the government, political parties, as well as foundations established with their endowments, and those commissioned thereof, shall not directly or indirectly invest in cable, radio and/or television system operators. The four SOs disagreed with the NCC's administrative disposition fining them NT\$100,000 each and ordering them to divest indirect holdings by the Taipei City Government within one year after receiving the ruling (the "First Disposition"), and filed individual administrative appeals in 2010. The Executive Yuan revoked the First Disposition, but in June and July 2010, the NCC issued a new administrative disposition to each of the four SOs (hereinafter referred to as the "Second Disposition") with the same administrative penalty and conditions mentioned in the First Disposition. The four SOs disagreed with the Second Disposition and filed individual administrative appeals in July 2010. The Executive Yuan revoked the Second Disposition. Thereafter the NCC held a hearing for the said dispute on July 28, 2011, and issued a

new administrative disposition to each of the four SOs ("Third Disposition") with the same administrative penalty and conditions mentioned in the First and Second dispositions to the four SOs in January 2012. The four SOs disagreed with the Third Disposition, and filed individual administrative lawsuits against the NCC. The Taipei High Administrative Court handed out several rulings revoking the dispositions issued by the NCC since June 2012. The NCC disagreed with the rulings and filed several appeals with the Supreme Administrative Court, which, in a final ruling, rejected all of the NCC's appeals.

(2) Win TV Broadcasting Co., Ltd.

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

Parties Involved: Win TV is the defaulting party.

Grounds for Lawsuit:

The NCC ruled that Win TV had violated Paragraph 3, Article 9 of the Satellite Broadcasting Act, which stipulates that political parties, the government and foundations established with their endowments, and those commissioned thereof, shall not invest directly or indirectly in satellite broadcasting businesses. Win TV was fined NT\$200,000 as an administrative penalty and ordered to divest indirect holdings by the Taipei City Government within one year after receiving the administrative disposition (the "First Disposition"). Win TV disagreed with the First Disposition and filed an administrative appeal. The Executive Yuan revoked the First Disposition. The NCC issued a second administrative disposition ("Second Disposition") in September 2010 with the same penalty and conditions as in the First Disposition. Win TV disagreed with the Second Disposition and filed an appeal. The Executive Yuan revoked the Second Disposition.

(3) Taiwan Kuro Times Co., Ltd. ("Taiwan Kuro")

The Taiwan Intellectual Property Office ("TIPO") issued an administrative disposition in response to Taiwan Kuro's appeal for a review of the generalized licensing royalty rates announced by the Music Copyright Society of Chinese Taipei ("MUST"). Taiwan Kuro disagreed with TIPO's disposition and filed an administrative appeal.

Parties Involved: Taiwan Kuro is the defaulting party.

Grounds for Lawsuit:

On December 19, 2012, TIPO issued an administrative disposition in response to an appeal filed by Taiwan Kuro on September 1, 2010, for a review of the generalized licensing royalty rates announced by MUST on August 12, 2010. TIPO stated that pursuant to Paragraph 6, Article 25 of the Copyright Collective Management Organization Act: "when there is sufficient reason for an application for review under Paragraph 1, the specialized agency in charge of copyright matters shall make a determination of the given royalty rate, which shall be effective from the date of application for review, provided that in the case of applications made prior to the date of implementation of a given royalty rate, the newly determined rate shall take effect from the date of implementation." Taiwan Kuro disagreed with the generalized licensing royalty rates stipulated in TIPO's disposition and filed an administrative appeal in January 2013.

Other major risks

Customer fraud management policy

1. Verification before activation

Applicants' identity and qualifications are carefully reviewed and verified before service is activated.

2. Monitoring after activation

- (1) Exception management: Relatively “high-risk” applicants are filtered out by the system to protect users’ interests.
- (2) Credit control: The system analyzes customers’ behavior patterns to strengthen client management.
- (3) Wireless data service notification: Whether at home or overseas, a notification mechanism alerts customers about their mobile internet service usage. With the aid of the network traffic redirection (NTR) feature, introduced in 2011, users who have signed up for discounted international data roaming packages are automatically directed to their preferred network. For users who have not signed up for this service, they will be alerted and notified by text messages sent by the Company when they are using international data roaming.

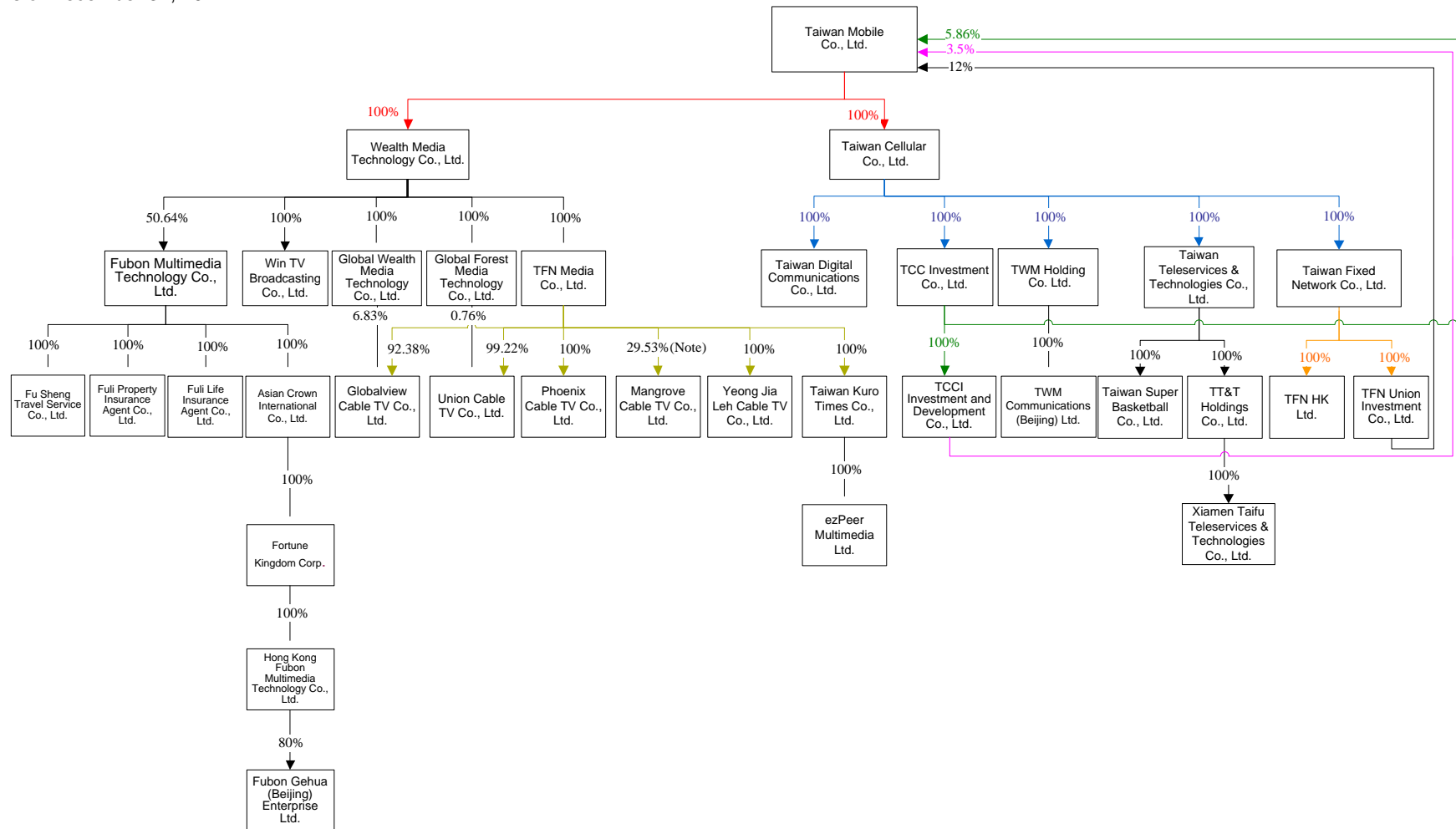
Other significant items: None.

Chapter 7. Special Notes

Affiliates

1. Investment holding structure

As of December 31, 2012



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

2. Affiliates' profile

Unit: NT\$ (unless otherwise stated)

Name	Date of incorporation	Address	Paid-in capital	Main business
Taiwan Cellular Co., Ltd.	2005.09.20	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	3,708,958,000	Investment
Taiwan Fixed Network Co., Ltd.	2007.01.30	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	21,000,000,000	Fixed-line service provider
Wealth Media Technology Co., Ltd.	2007.08.07	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	390,650,000	Investment
TFN Media Co., Ltd.	2005.01.25	6F, No. 206, Dunhua S. Rd., Sec. 2, Daan District, Taipei	2,309,213,040	Cable broadband and value-added services provider
Win TV Broadcasting Co., Ltd.	2005.10.17	9F, No. 206, Dunhua S. Rd., Sec. 2, Daan District, Taipei	181,773,820	TV program provider
Globalview Cable TV Co., Ltd.	1995.11.25	No. 206, Datong Rd., Sec. 2, Xizhi District, New Taipei City	560,000,000	Cable TV service provider
Union Cable TV Co., Ltd.	2005.02.04	No.179, Nujhong Rd., Sec. 1, Yilan City, Yilan County	1,704,632,800	Cable TV service provider
Yeong Jia Leh Cable TV Co., Ltd.	1994.09.26	10F, No. 651-5, Zhongzheng Rd., Xinzhuang District, New Taipei City	339,400,000	Cable TV service provider
Phoenix Cable TV Co., Ltd.	1996.08.22	No. 312, Fongping 1st Rd., Daliao Township, Kaohsiung City	680,901,980	Cable TV service provider
Mangrove Cable TV Co., Ltd.	1996.01.23	5F, No. 33, Lane 3, Zhongzheng E. Rd., Sec. 1, Danshui District, New Taipei City	211,600,000	Cable TV service provider
Taiwan Kuro Times Co., Ltd.	2009.02.11	15F, No. 172-1, Jilong Rd., Sec. 2, Taipei	136,730	Online music platform
Taiwan Teleservices & Technologies Co., Ltd.	2001.06.08	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	24,843,000	Call center service and telephone marketing
Taiwan Super Basketball Co., Ltd.	2007.09.21	15F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	20,000,000	Basketball team management
TWM Communications (Beijing) Ltd.	2002.09.17	Room B05B, B Floor, Tong Heng Building, No. 4 Garden Road, Haidian District, Beijing,	US\$3,000,000	Mobile application development and design

Name	Date of incorporation	Address	Paid-in capital	Main business
		China		
TCC Investment Co., Ltd.	2009.08.10	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	221,030,440	Investment
TFN Union Investment Co., Ltd.	2009.09.22	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	4,000,000	Investment
TCCI Investment and Development Co., Ltd.	2009.09.22	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	4,000,000	Investment
Taiwan Digital Communications Co., Ltd.	2007.06.06	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	112,000,000	TV program producer and mobile devices retailer
Xiamen Taifu Teleservices & Technologies Co., Ltd.	2005.04.05	3F-B, No.2, Xiamen Software Park, Xiamen City, China	US\$1,300,000	System integration
TFN HK Ltd.	2003.05.14	Unit 511, 5/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong	HK\$1,300,000	Telecommunications service provider
Global Wealth Media Technology Co., Ltd.	2007.10.26	1F, No. 206, Datong Rd., Sec. 2, Xizhi District, New Taipei City	89,448,670	Investment
Global Forest Media Technology Co., Ltd.	2008.12.26	13F-1, No. 172-1, Jilong Rd., Sec. 2, Taipei	15,000,000	Investment
TWM Holding Co., Ltd.	2006.06.09	Arias, Fabrega & Fabrega Trust Co., BVI Ltd. 325 Waterfront Drive, Road Town, Tortola, British Virgin Islands	US\$1	Investment
TT&T Holdings Co., Ltd.	2004.10.08	TrustNet Chambers Lotemau Centre, P.O. Box 1225, Apia, Samoa	US\$1,300,000	Investment
ezPeer Multimedia Ltd.	2010.01.18	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$1	Investment
Fubon Multimedia Technology Co., Ltd.	2004.09.27	2F, No 71, Zhouzi Street, Neihsu District, Taipei	1,278,585,000	Wholesale and retail sales via traditional and virtual channels
Fu Sheng Travel	2004.12.16	5F, No 71, Zhouzi Street, Neihsu	6,000,000	Travel agent

Name	Date of incorporation	Address	Paid-in capital	Main business
Service Co., Ltd.		District, Taipei		
Fuli Life Insurance Agent Co., Ltd.	2005.12.27	9F, No 71, Zhouzi Street, Neihu District, Taipei	3,000,000	Life insurance agent
Fuli Property Insurance Agent Co., Ltd.	2006.01.03	9F, No 73, Zhouzi Street, Neihu District, Taipei	3,000,000	Property insurance agent
Asia Crown International Co., Ltd.	2009.01.07	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	US\$14,000,000	Investment
Fortune Kingdom Corp.	2009.01.06	Equity Trust Chambers, P.O. Box 3269, Apia, Samoa	US\$ 14,000,000	Investment
Hong Kong Fubon Multimedia Technology Co., Ltd.	2010.03.18	Unit 511, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui , Kowloon, Hong Kong.	US\$14,000,000	Investment
Fubon Gehua (Beijing) Enterprise Ltd.	2010.12.08	Room 701-716, 7F, Building No.1, A12 Jiuxianqiao Road, Chaoyang District, Beijing, China	RMB100,000,000	Wholesale and retail sales

3. Affiliates' operating highlights

Unit: NT\$'000

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
Taiwan Cellular Co., Ltd.	3,708,958	85,200,845	9,345	85,191,500	0	(713)	3,695,248	9.96
Taiwan Fixed Network Co., Ltd.	21,000,000	58,114,220	6,773,350	51,340,870	12,497,307	4,011,924	3,404,872	1.62
Wealth Media Technology Co., Ltd.	390,650	15,950,540	258	15,950,282	0	(612)	2,114,687	54.25
TFN Media Co., Ltd.	2,309,213	13,152,087	4,042,981	9,109,106	3,045,392	1,716,715	2,123,878	9.20
Win TV Broadcasting Co., Ltd.	181,774	472,816	222,875	249,941	883,027	49,798	46,983	2.58
Globalview Cable TV Co., Ltd.	560,000	852,903	168,292	684,611	492,158	91,313	78,358	1.40
Union Cable TV Co., Ltd.	1,704,633	2,153,291	277,863	1,875,428	623,849	157,651	119,031	0.70
Yeong Jia Leh Cable TV Co., Ltd.	339,400	1,053,112	348,482	704,630	1,114,352	264,564	223,437	6.58
Phoenix Cable TV Co., Ltd.	680,902	1,275,733	224,600	1,051,133	1,174,348	255,105	221,038	3.25
Mangrove Cable TV Co., Ltd.	211,600	524,484	162,776	361,708	457,199	127,376	105,533	4.99
Taiwan Teleservices & Technologies Co., Ltd.	24,843	438,891	338,142	100,749	1,078,070	64,361	50,148	20.19
Taiwan Super Basketball Co., Ltd.	20,000	30,018	8,334	21,684	40,465	1,532	1,382	0.69
Taiwan Kuro Times Co., Ltd.	137	155,110	118,397	36,713	313,353	21,637	7,262	531.13
TWM Communications (Beijing) Ltd.	87,120	84,867	1,652	83,215	11,926	(14,536)	(14,176)	NA
TCC Investment Co., Ltd.	221,030	34,367,063	2,133,816	32,233,247	171,240	169,300	173,959	7.80
TFN Union Investment Co., Ltd.	4,000	43,942,660	2,162,896	41,779,764	3	(66)	(66)	(0.16)
TCCI Investment and Development Co., Ltd.	4,000	12,794,937	629,762	12,165,175	3	(66)	(66)	(0.16)
Taiwan Digital Communications Co., Ltd.	112,000	274,563	138,310	136,253	720,768	28,680	23,537	2.10
Xiamen Taifu Teleservices & Technologies Co., Ltd.	37,752	45,771	110	45,661	9,263	(535)	(1,056)	NA
TFN HK Ltd.	4,871	38,524	28,457	10,067	69,853	3,018	2,547	1.96
Global Wealth Media Technology Co., Ltd.	89,449	96,394	76	96,318	0	(194)	5,137	0.59

Global Forest Media Technology Co., Ltd.	15,000	17,696	51	17,645	0	(113)	798	0.53
TWM Holding Co., Ltd.	0.029	242,202	60	242,142	0	(87)	(13,137)	(13,137,201)
TT&T Holdings Co., Ltd.	40,943	47,403	1,461	45,942	15,365	117	(1,489)	(1.15)
ezPeer Multimedia Ltd.	0.029	9,808	0	9,808	0	(14,978)	(14,978)	(14,978,089)
Fubon Multimedia Technology Co., Ltd.	1,278,585	4,765,469	2,617,804	2,147,665	18,709,897	842,841	558,095	4.36
Fu Sheng Travel Service Co., Ltd.	6,000	385,743	358,268	27,475	52,474	20,946	21,269	35.45
Fuli Life Insurance Agent Co., Ltd.	3,000	13,218	688	12,530	6,020	5,218	4,483	14.94
Fuli Property Insurance Agent Co., Ltd.	3,000	17,540	869	16,671	11,291	10,264	8,639	28.80
Asia Crown International Co., Ltd.	406,560	110,681	0	110,681	0	0	(205,718)	(4,408.20)
Fortune Kingdom Corp.	406,560	110,681	0	110,681	0	0	(205,718)	(14.69)
Hong Kong Fubon Multimedia Technology Co., Ltd.	406,560	110,681	0	110,681	0	0	(205,718)	(14.69)
Fubon Gehua (Beijing) Enterprise Ltd.	465,698	310,615	230,278	80,337	151,149	(252,247)	(257,272)	NA

Note : Exchange rate of US\$1=NT\$29.04, HK\$1=NT\$3.747 and RMB1=NT\$4.657 as of December 31, 2012

Average exchange rate of US\$1=NT\$29.5773, HK\$1=NT\$3.8133 and RMB1=NT\$4.6853 for 2012

Private placement of company shares: None

TWM shares held / sold by subsidiaries

Unit : NT\$ '000

Subsidiary	TCC Investment Co., Ltd.		TFN Union Investment Co., Ltd. (TUI)		TCCI Investment and Development Co., Ltd. (TID)	
Paid-in capital	221,030		4,000		4,000	
Source of funding	Equity		TFN established TUI with the shares of the Company		TFN Investment (Note 2) established TID with the shares of the Company	
% owned by the Company	100%		100%		100%	
Acquisition / disposal date	January 1, 2012	As of Mar. 15, 2013	January 1, 2012	As of Mar. 15, 2013	January 1, 2012	As of Mar. 15, 2013
No. of shares acquired and payment costs	—	—	—	—	—	—
No. of shares sold / proceeds	—	—	—	—	—	—
Investment income	—	—	—	—	—	—
Ending balance: Total No. of shares / value (Note 1)	200,496,761 shares / NT\$12,163,470	200,496,761 shares / NT\$12,163,470	410,665,284 shares / NT\$22,312,814	410,665,284 shares / NT\$22,312,814	119,563,804 shares / NT\$6,496,300	119,563,804 shares / NT\$6,496,300
Pledges	None	None	None	None	None	None
Guarantees / endorsements provided by the Company	—	—	—	—	—	—
Financing provided by the Company	—	—	—	—	—	—

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

Note 2: TFN Investment was merged into TCC Investment Co., Ltd. on September 19, 2009.

Other supplementary information: None

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

Taiwan Mobile Co., Ltd.
Financial Statements
December 31, 2012 and 2011
(With Independent Auditors' Report Thereon)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taiwan Mobile Co., Ltd.

We have audited the accompanying balance sheets of Taiwan Mobile Co., Ltd. as of December 31, 2012 and 2011, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Taiwan Mobile Co., Ltd. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated balance sheets of Taiwan Mobile Co., Ltd. and its subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, on which we have issued an unqualified audit report.

KPMG

Taipei, Taiwan (the Republic of China)

January 31, 2013

Notice to Readers

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

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

ASSETS	2012.12.31		2011.12.31	
	Amount	%	Amount	%
CURRENT ASSETS :				
Cash and cash equivalents (Notes 2, 4(a), 4(r) and 5)	\$ 1,155,355	1	877,518	1
Available-for-sale financial assets – current (Notes 2, 4(b), 4(o) and 4(r))	205,397	-	217,351	-
Notes and accounts receivable, net (Notes 2, 4(c) and 4(r))	6,649,602	8	5,866,574	7
Accounts receivable – related parties (Notes 2, 4(r) and 5)	35,065	-	43,675	-
Other receivables (Note 4(r))	25,274	-	95,996	-
Other receivables – related parties (Notes 4(r) and 5)	1,891,092	2	1,378,824	2
Inventories (Notes 2 and 4(d))	1,949,335	2	1,430,322	2
Prepayments (Notes 4(e) and 5)	771,016	1	393,694	-
Deferred income tax assets – current (Notes 2 and 4(p))	16,719	-	-	-
Other current assets	3,701	-	3,133	-
Total current assets	12,702,556	14	10,307,087	12
INVESTMENTS :				
Investments accounted for using the equity method (Notes 2 and 4(f))	34,415,750	37	26,620,333	32
Financial assets carried at cost – non-current (Notes 2, 4(g) and 4(r))	50,324	-	50,324	-
Total investments	34,466,074	37	26,670,657	32
PROPERTY AND EQUIPMENT (Notes 2, 4(h) and 5) :				
Land	4,030,284	4	4,149,141	5
Buildings	2,544,380	3	2,566,966	3
Telecommunication equipment	60,699,261	66	58,358,681	69
Office equipment	12,547	-	11,308	-
Leased assets	1,285,920	1	1,285,920	2
Miscellaneous equipment	1,819,729	2	1,669,633	2
	70,392,121	76	68,041,649	81
Less accumulated depreciation	(43,753,297)	(47)	(38,625,221)	(46)
Less accumulated impairment – property	(88,503)	-	(110,481)	-
Construction in progress and prepayments for equipment	2,580,686	3	1,962,224	2
Net property and equipment	29,131,007	32	31,268,171	37
INTANGIBLE ASSETS (Note 2)				
3G concession license	4,486,254	5	5,233,964	6
Computer software cost	406,789	-	460,350	-
Goodwill (Note 4(i))	7,121,871	8	7,121,871	9
Total intangible assets	12,014,914	13	12,816,185	15
OTHER ASSETS :				
Assets leased to others (Notes 2 and 5)	2,061,874	2	1,966,590	2
Idle assets (Note 2)	10,737	-	10,864	-
Refundable deposits (Note 4(r))	379,407	-	333,644	-
Deferred charges (Note 2)	661,432	1	584,533	1
Deferred income tax asset – non-current (Notes 2 and 4(p))	487,787	1	737,989	1
Others (Notes 2 and 4(n))	48,914	-	31,984	-
Total other assets	3,650,151	4	3,665,604	4
TOTAL	\$ 91,964,702	100	84,727,704	100

LIABILITIES AND SHAREHOLDERS' EQUITY	2012.12.31		2011.12.31	
	Amount	%	Amount	%
CURRENT LIABILITIES :				
Short-term borrowings (Notes 4(j), 4(r) and 5)	\$ 9,800,000	11	9,000,000	10
Short-term notes and bills payable (Notes 4(k) and 4(r))	-	-	899,273	1
Accounts payable (Note 4(r))	4,758,764	5	3,384,431	4
Accounts payable – related parties (Notes 4(r) and 5)	68,272	-	38,861	-
Income taxes payable (Notes 2, 4(p) and 4(r))	791,790	1	668,216	1
Accrued expenses (Notes 2, 4(r) and 5)	5,377,352	6	5,092,903	6
Other payables (Notes 2, 4(p), 4(r) and 5)	2,572,317	3	3,125,316	4
Advance receipts (Note 4(l))	3,097,047	3	3,105,012	4
Current portion of long-term liabilities (Notes 4(m) and 4(r))	4,000,000	4	4,000,000	5
Deferred income tax liability – current (Notes 2 and 4(p))	-	-	193	-
Other current liabilities (Note 5)	692,712	1	485,995	-
Total current liabilities	31,158,254	34	29,800,200	35
LONG-TERM LIABILITIES :				
Bonds payable (Notes 4(m) and 4(r))	8,995,180	10	4,000,000	5
OTHER LIABILITIES :				
Guarantee deposits (Note 4(r))	383,419	-	335,365	-
Deferred credits – gains on intercompany accounts (Notes 2 and 4(f))	1,238,378	1	1,238,378	2
Others (Note 2)	465,534	1	405,750	-
Total other liabilities	2,087,331	2	1,979,493	2
Total liabilities	42,240,765	46	35,779,693	42
SHAREHOLDERS' EQUITY (Notes 2, 4(f) and 4(o)) :				
Capital stock -NT\$10.00 par value				
Authorized: 6,000,000 thousand shares				
Issued: 3,420,833 thousand shares	34,208,328	37	34,208,328	40
Capital surplus :				
From convertible bonds	8,775,819	10	8,775,819	11
From treasury stock transactions	3,639,302	4	3,639,302	4
From long-term investments	4,485	-	4,485	-
Others	12,840	-	12,840	-
Retained earnings :				
Legal reserve	18,061,894	20	16,715,018	20
Special reserve	-	-	821,741	1
Unappropriated earnings	16,021,036	17	15,735,518	18
Other equity :				
Cumulative translation adjustments	2,115	-	17,612	-
Net loss not recognized as pension cost	(24,050)	-	(16,775)	-
Unrealized gains on financial instruments	99,351	-	111,306	-
Treasury stock	(31,077,183)	(34)	(31,077,183)	(36)
Total shareholders' equity	49,723,937	54	48,948,011	58
TOTAL	\$ 91,964,702	100	84,727,704	100

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TAIWAN MOBLIE CO., LTD.

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 5)				
Telecommunication service revenue	\$ 59,042,443	88	55,916,663	90
Other revenue	8,364,002	12	6,002,610	10
Total operating revenues	67,406,445	100	61,919,273	100
OPERATING COSTS (Notes 2, 5 and 10)	42,377,796	63	37,793,874	61
GROSS PROFIT	25,028,649	37	24,125,399	39
OPERATING EXPENSES (Notes 2, 5 and 10)				
Marketing	10,893,101	16	9,672,619	16
Administrative	3,371,002	5	3,283,056	5
Total operating expenses	14,264,103	21	12,955,675	21
OPERATING INCOME	10,764,546	16	11,169,724	18
NON-OPERATING INCOME AND GAINS				
Investment income recognized under the equity method, net (Notes 2 and 4(f))	5,795,170	9	3,743,703	6
Income from penalty charge	619,430	1	373,503	1
Rental income (Notes 2 and 5)	168,003	-	178,848	-
Interest income (Note 5)	35,379	-	120,393	-
Dividend income (Note 2)	11,869	-	12,007	-
Others (Note 2)	58,549	-	78,008	-
Total non-operating income and gains	6,688,400	10	4,506,462	7
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	561,973	1	411,837	1
Interest expenses (Notes 2, 4(h) and 5)	382,155	1	238,856	-
Financial charges	8,678	-	11,465	-
Others (Note 2)	115,298	-	171,032	-
Total non-operating expenses and losses	1,068,104	2	833,190	1
INCOME BEFORE INCOME TAX	16,384,842	24	14,842,996	24
INCOME TAX EXPENSE (Notes 2 and 4(p))	1,693,237	2	1,374,233	2
NET INCOME	\$ 14,691,605	22	13,468,763	22
	Before	After	Before	After
	Income	Income	Income	Income
	Tax	Tax	Tax	Tax
EARNINGS PER SHARE (Note 4(q))				
Basic	\$ 6.09	5.46	5.18	4.70
Diluted	\$ 6.08	5.45	5.17	4.69
Pro forma information if the Corporation's stocks held by its subsidiaries were treated as an investment instead of treasury stock (after income tax):				
NET INCOME	\$ 14,691,605		13,468,763	
EARNINGS PER SHARE AFTER INCOME TAX				
Basic	\$ 4.29		3.70	
Diluted	\$ 4.29		3.69	

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

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Retained Earnings						Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain(Losses) on Financial Instruments	Treasury Stock	Total Shareholders' Equity
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Total					
BALANCE, JANUARY 1, 2011	\$ 38,009,254	12,432,489	15,332,799	821,741	16,088,941	32,243,481	(5,716)	(10,695)	89,842	(31,889,100)	50,869,555
Appropriation of the 2010 earnings :											
Legal reserve	-	-	1,382,219	-	(1,382,219)	-	-	-	-	-	-
Cash dividends-NT\$4.1619 per share	-	-	-	-	(12,439,967)	(12,439,967)	-	-	-	-	(12,439,967)
Balance after appropriation	38,009,254	12,432,489	16,715,018	821,741	2,266,755	19,803,514	(5,716)	(10,695)	89,842	(31,889,100)	38,429,588
Net income in 2011	-	-	-	-	13,468,763	13,468,763	-	-	-	-	13,468,763
Capital reduction (Note 4(o))	(3,800,926)	-	-	-	-	-	-	-	-	-	(3,800,926)
Adjustment of stock held by subsidiaries (Note 4(o))	-	-	-	-	-	-	-	-	-	811,917	811,917
Unrealized gains on financial instruments, net	-	-	-	-	-	-	-	-	21,464	-	21,464
Adjustment on change of equity-method investments	-	(43)	-	-	-	-	23,328	(6,080)	-	-	17,205
BALANCE, DECEMBER 31, 2011	34,208,328	12,432,446	16,715,018	821,741	15,735,518	33,272,277	17,612	(16,775)	111,306	(31,077,183)	48,948,011
Appropriation of the 2011 earnings :											
Legal reserve	-	-	1,346,876	-	(1,346,876)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(821,741)	821,741	-	-	-	-	-	-
Cash dividends-NT\$5.16 per share	-	-	-	-	(13,880,952)	(13,880,952)	-	-	-	-	(13,880,952)
Balance after appropriation	34,208,328	12,432,446	18,061,894	-	1,329,431	19,391,325	17,612	(16,775)	111,306	(31,077,183)	35,067,059
Net income in 2012	-	-	-	-	14,691,605	14,691,605	-	-	-	-	14,691,605
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	(11,955)	-	(11,955)
Adjustment on change of equity-method investments	-	-	-	-	-	-	(15,497)	(7,275)	-	-	(22,772)
BALANCE, DECEMBER 31, 2012	\$ 34,208,328	12,432,446	18,061,894	-	16,021,036	34,082,930	2,115	(24,050)	99,351	(31,077,183)	49,723,937

Note 1 : The remuneration to directors of \$37,306 thousand and the bonus to employees of \$373,059 thousand have been expensed and deducted from 2010 earnings.

Note 2 : The remuneration to directors of \$36,284 thousand and the bonus to employees of \$362,844 thousand have been expensed and deducted from 2011 earnings.

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

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 14,691,605	13,468,763
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	6,563,662	6,703,780
Investment income recognized under the equity method	(5,795,170)	(3,743,703)
Cash dividends received from equity method investees	3,401,431	3,310,805
Amortization	1,419,753	1,366,026
Loss on disposal and retirement of property and equipment, net	561,972	411,837
Bad debts	258,870	139,185
Deferred income taxes	233,290	397,523
Provision of allowance for loss on inventories	47,012	9,888
Pension cost	(19,821)	3,036
Amortization of bond issuance costs	63	-
Others	(8,652)	-
Changes in operating assets and liabilities		
Notes and accounts receivables	(1,103,926)	(527,016)
Accounts receivable – related parties	8,610	42,148
Other receivables	130,034	274,423
Other receivables – related parties	(2,268)	50,068
Inventories	(566,025)	(374,946)
Prepayments	(377,322)	69,429
Other current assets	(568)	(1,276)
Accounts payable	1,374,333	644,498
Accounts payable – related parties	29,411	38,861
Income taxes payable	123,574	(249,368)
Accrued expenses	284,449	621,403
Other payables	(467,076)	(1,138,316)
Advance receipts	(7,965)	604,512
Other current liabilities	206,717	53,000
Other liabilities	(13,710)	(3,284)
Net cash provided by operating activities	<u>20,972,283</u>	<u>22,171,276</u>

TAIWAN MOBLIE CO., LTD.
STATEMENTS OF CASH FLOWS (CONT'D)
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term investments accounted for using the equity method	(5,424,450)	(14,049,600)
Acquisition of property and equipment	(5,089,046)	(4,121,580)
(Increase) decrease in financing provided to investees, net	(510,000)	10,823,000
Increase in deferred charges	(479,981)	(351,765)
Increase in computer software cost	(208,164)	(187,843)
Increase in refundable deposits	(45,763)	(17,402)
Proceeds from disposal of property and equipment	-	110
Proceeds from investees' capital reduction	-	5,540
Net cash used in investing activities	<u>(11,757,404)</u>	<u>(7,899,540)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,880,940)	(12,439,928)
Proceeds from issuance of bonds	8,995,117	-
Repayment of bonds	(4,000,000)	-
(Decrease) increase in short-term notes and bills payable	(899,273)	399,541
Increase (decrease) in short-term borrowings	800,000	(645,000)
Increase in guarantee deposits	48,054	10,583
Capital reduction	-	(3,800,295)
Decrease in long-term borrowings	-	(3,466,667)
Increase in long-term borrowings	-	2,666,667
Net cash used in financing activities	<u>(8,937,042)</u>	<u>(17,275,099)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	277,837	(3,003,363)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>877,518</u>	<u>3,880,881</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,155,355</u>	<u>877,518</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 371,066	395,861
Less interest capitalized	14,267	10,244
Interest paid – excluding interest capitalized	<u>\$ 356,799</u>	<u>385,617</u>
Income tax paid	<u>\$ 1,726,173</u>	<u>2,347,903</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 4,000,000</u>	<u>4,000,000</u>
Reclassification of the Corporation's shares held by its subsidiaries to treasury stock	<u>\$ 31,077,183</u>	<u>31,077,183</u>
CASH AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 5,082,210	3,805,395
Decrease in other payables	80,329	358,567
Increase in other liabilities – others	(73,493)	(42,382)
Cash paid for acquisition of property and equipment	<u>\$ 5,089,046</u>	<u>4,121,580</u>

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (the Corporation) 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 the 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 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. The license had been renewed and its expiry date had been extended to June 2017 by the National Communications Commission (NCC) on November 14, 2012. It also entails the payment of an annual license fee consisting of 2% of the second generation (2G) 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, 2012 and 2011, the Corporation had 2,959 and 2,651 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements were compiled in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Republic of China generally accepted accounting principles. In conformity with the above, the Corporation is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, provision for losses on decline in value of inventories, depreciation, pension, allowance for deferred income tax assets, bonus to employees, remuneration to directors, impairment loss on assets, etc. Actual results may differ from these estimates.

The financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

The significant accounting policies and measurement basis are as follows:

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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 and other assets, which do not belong to current 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, whose carrying value approximates fair value, acquired with repurchase rights and having maturities of up to three months from the date of purchase, are classified as cash equivalents.

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

The fair value of listed stocks is based on the closing price on the balance sheet date.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Receivables

The Corporation accesses evidence for impairment of receivables on an individual and collective basis. Accordingly, all individually significant receivables are assessed for specific impairment. The Corporation groups receivables that are not individually significant in accordance with credit risks and considers the historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred to make the estimate of impairment.

Inventories

Inventories are recorded at the lower of weighted-average cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual item.

Investments Accounted for Using the Equity Method

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

In accordance with the 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 asset value. Goodwill is no longer amortized. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to non-current assets (except for financial assets not under equity method, assets for disposal, deferred income tax assets, and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting January 1, 2006, the unamortized balance of the excess of the acquisition cost of the long-term investment by the equity method over the equity in the investee's net asset value is no longer amortized, and this accounting treatment also applies to goodwill.

Gains or losses from downstream transactions to its subsidiaries are deferred and included in deferred income (loss) and recorded as other liabilities (assets). Gains or losses on upstream transactions to the Corporation by equity-method investees that are not majority owned are deferred in proportion to the Corporation's ownership percentages in the investees until these sales are realized through transactions with third parties.

The cost and the resulting gain or loss of an investment sold are determined by the weighted-average-cost method.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Financial Assets Carried at Cost

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

Property and Equipment, and Assets Leased to Others

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

For cost associated with dismantling and relocating fixed assets and restoring the leased premises housing our fixed assets to the previous state should be recognized as an addition to the fixed assets and accrued as a potential liability accordingly.

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

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

Accounting for Leases

In accordance with SFAS No. 2 “Leases,” a lease is identified as either an operating lease or a capital lease based on the lease contract terms, the collectability of the rent, and the un-reimbursable costs to be incurred by the lessor.

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Intangible Assets

a. Franchise

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

b. Computer software

Computer software cost is amortized by the straight-line method over 3 years.

c. Goodwill

In accordance with the newly revised SFAS, goodwill is no longer amortized. Please refer to the accounting policy for investments accounted for by the equity method.

Idle Assets

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

Deferred Charges

Deferred charges, mainly interior decoration costs for offices and directly-managed stores, are amortized by the straight-line method over two to five years.

Asset Impairment

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Pension Costs

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

Income Taxes

The inter-period and intra-period allocation methods are used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits, and net operating loss carryforwards. A valuation allowance is provided for deferred income tax assets to the extent that it is 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 being realized.

Tax credits for certain purchases of equipment and technology and research and development expenditures are recognized by the flow-through method.

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

Income tax of 10% on unappropriated earnings generated is provided for as income tax in the year when the shareholders resolve to retain the earnings.

Treasury Stock

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Foreign-currency Transactions

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

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

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 at the dates of transactions.

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

Revenue Recognition

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

Service revenues from wireless services and value-added services, net of any applicable discount, are billed at predetermined rates. Prepaid card services are recognized on the basis of minutes of usage.

Promotion Expenses

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Effective from January 1, 2011, the Corporation adopted SFAS No. 41 “Operating Segments.” In accordance with SFAS No. 41, an entity should disclose information to enable users of its financial statements to evaluate the nature and the financial effects of the business activities in which it engages and the economic environments in which it operates. The Corporation determines and presents operating segments based on the information that is internally provided to the chief operating decision maker. In addition, the segment information should be disclosed in the consolidated financial reports issued by the Corporation, but it does not need to be disclosed in individual financial reports. The Standard also supersedes SFAS No. 20 “Segment Reporting”. There was no impact on the profit or loss for the year ended December 31, 2011.

Effective from January 1, 2011, the Corporation adopted the third amended SFAS No. 34 “Accounting for the Financial Instruments: Recognition and Measurement”. In accordance with the revised SFAS No. 34, initial accounts receivables are applied to the statement of recognition, valuation, and impairment of receivables. There was no impact on the profit or loss for the year ended December 31, 2011.

4. SUMMARY OF MAJOR ACCOUNTS

a. Cash and cash equivalents

	December 31	
	2012	2011
Cash in banks	\$ 518,369	503,044
Government bonds with repurchase rights	260,000	222,000
Cash on hand	207,375	86,870
Time deposits	162,625	59,054
Revolving funds	6,986	6,550
	\$ 1,155,355	877,518

b. Available-for-sale financial assets – current

	December 31	
	2012	2011
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	\$ 205,397	217,351

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

c. Notes and accounts receivable

	December 31	
	2012	2011
Notes receivable	\$ 357	791
Accounts receivable	6,847,946	6,059,947
Less allowance for doubtful accounts	(198,701)	(194,164)
Subtotal	6,649,245	5,865,783
Total	\$ 6,649,602	5,866,574

In January, 2012, the Corporation entered into an accounts receivable factoring contract with HC First Asset Management Co., Ltd. The Corporation sold \$2,368,798 thousand of the overdue accounts receivable, which had been written off, to HC First Asset Management Co., Ltd. The aggregate selling price was \$59,220 thousand. Under this contract, the Corporation would no longer assume the risk on this receivable.

d. Inventories

	December 31	
	2012	2011
Inventories	\$ 2,032,630	1,466,605
Less allowance to reduce inventory to net realizable value	(83,295)	(36,283)
	\$ 1,949,335	1,430,322

Allowances for losses were \$47,012 thousand and \$9,888 thousand for the year ended December 31, 2012 and 2011, respectively.

e. Prepayments

	December 31	
	2012	2011
Prepaid commissions	\$ 377,095	263,048
Prepayments	206,755	74
Prepaid rents	75,930	77,963
Others	111,236	52,609
	\$ 771,016	393,694

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

f. Investments accounted for using the equity method

	December 31			
	2012		2011	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Taiwan Cellular Co., Ltd. (TCC)	\$17,653,627	100	17,195,352	100
Wealth Media Technology Co., Ltd. (WMT)	15,950,282	100	8,862,169	100
Taipei New Horizons Co., Ltd. (TNH)	811,841	49.90	562,812	49.90
	<u>\$34,415,750</u>		<u>26,620,333</u>	

(1) Taiwan Cellular Co., Ltd.

On July 28, 2011, TCC's board of directors resolved to:

- (a) Issuance of 140,896 thousand shares for \$1,408,958 thousand from legal reserve with the record date of August 2, 2011.
- (b) Increase capital by \$5,500,000 thousand, divided into 200,000 thousand shares with par value of \$10 and issuing price of \$27.5 per share at the record date of August 5, 2011. The Corporation subscribed for all the shares.

In 2007, the Corporation invested in Taiwan Fixed Network Co., Ltd. (TFN) indirectly through TCC with shares of the former TFN as investment. Based on the revised SFAS No. 5 "Long-term Investments in Equity Method," unrealized gains and losses on downstream transactions should be deferred. Thus, the difference between the original carrying cost and the investment price of the former TFN shares of this transaction should be treated as deferred gains. As of December 31, 2012, the amount of deferred credits recognized by the Corporation was \$1,238,378 thousand.

As of December 31, 2012, TCC Investment Co., Ltd. (TCCI, 100% owned by TCC), TCCI Investment & Development Co., Ltd. (TID, 100% owned by TCCI), and TFN Union Investment Co., Ltd. (TUI, 100% owned by TFN) collectively held 730,726 thousand shares of the Corporation. Based on SFAS No. 30 "Accounting for Treasury Stock", the Corporation's shares held by subsidiaries are treated as the treasury stock. This accounting treatment reduced the Corporation's long-term investment value by the same amount as treasury stock account value of \$31,077,183 thousand. Please refer to Note 4(o) for details.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Wealth Media Technology Co., Ltd.

In order to enhance cross-platform synergy and mobile commerce service, the Corporation's board of directors resolved on April 8, 2011, to acquire 51% of shares of Fubon Multimedia Technology Co., Ltd. (FMT) held by Fubon Financial Venture Capital Co., Ltd. at the price of \$8,347,949 thousand through its subsidiary WMH. The authority approved the transaction on June 30, 2011, and the Corporation paid the purchase price to complete the settlement on July 13, 2011.

On July 12, 2011, WMT's board of directors resolved to:

- (a) Reduce \$70,000 thousand of the capital through the cancellation of 7,000 thousand shares at the record date of July 15, 2011. The amount compensated for deficits and the cash returned to investors were \$69,894 thousand and \$106 thousand, respectively.
- (b) Increase capital by \$8,350,000 thousand, divided into 8,350 thousand shares with par value of \$10 and issuing price of \$1,000 per share at the record date of July 16, 2011. The Corporation subscribed all the shares.

On January 17, 2012, WMT's board of directors resolved to increase its capital by issuing new shares worth \$5,150,000 thousand, divided into 515 thousand shares with par value of \$10 per share and issuing price of \$10,000 per share at the record date of March 2, 2012, the effective date of capital increase. The Corporation subscribed all the shares.

(3) Taipei New Horizons Co., Ltd.

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

On June 2, 2011, TNH's board of directors resolved to increase TNH's capital by \$400,000 thousand, divided into 40,000 thousand shares with par value of \$10 per share, with a record date of August 1, 2011. The Corporation subscribed for the shares based on its proportion of the shareholding.

On May 15, 2012, TNH's board of directors resolved to increase TNH's capital by 550,000 thousand, divided into 55,000 thousand shares with par value of \$10 per share, with a record date of November 6, 2012. The Corporation subscribed for the shares based on its proportion of the shareholding.

On December 19, 2012, TNH's board of directors resolved to increase TNH's capital by \$1,650,000 thousand, divided into 165,000 thousand shares with par value of \$10 per share. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%. The Corporation paid \$174,650 thousand as of January 31, 2013.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) Equity in investees' net gains or losses

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

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

	For the year ended	
	December 31	
	2012	2011
TCC	\$ 3,705,904	3,575,190
WMT	2,114,687	193,303
TNH	(25,421)	(24,790)
	\$ 5,795,170	3,743,703

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

g. Financial assets carried at cost — non-current

	December 31	
	2012	2011
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	\$ 50,324	50,324

Because there is no active market quotation and a reliable fair value cannot be estimated, the above investments are measured at cost.

h. Property and equipment — accumulated depreciation

	December 31	
	2012	2011
Buildings	\$ 732,295	637,188
Telecommunication equipment	40,882,763	36,172,961
Office equipment	8,643	6,910
Leased assets	680,183	615,702
Miscellaneous equipment	1,449,413	1,192,460
	\$ 43,753,297	38,625,221

Capitalized interest for the years ended December 31, 2012 and 2011 were \$14,267 thousand and \$10,244 thousand, respectively, with capitalization rates ranging from 1.44% to 1.92% and 1.68% to 2.88%, respectively.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

i. Goodwill

The goodwill resulted from the merger of the Corporation with TAT on September 2, 2008.

In conformity with SFAS No. 35 "Impairment of Assets," the Corporation engaged in mobile service, which was viewed as one cash-generating unit in 2012 and 2011. The critical assumptions to evaluate the recoverable amounts of operating assets and goodwill were as follows:

(1) 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.

(2) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customer obtained and the existing customer maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

(3) Assumptions on discount rate

For the years ended December 31, 2012 and 2011, the Corporation used the discount rate of 6.20% and 6.98%, respectively, in calculating the asset recoverable amounts.

Based on the key assumptions of the cash-generating unit, the Corporation's management believes that the carrying amounts of these operating assets 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 year ended December 31, 2012 and 2011.

j. Short-term borrowings

	December 31	
	2012	2011
Unsecured loans – financial institutions	\$ 3,000,000	9,000,000
Unsecured loans – related parties	6,800,000	-
	\$ 9,800,000	9,000,000
Interest rate	0.88% ~ 1.199%	0.89%~0.98%

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

k. Short-term notes and bills payable

	December 31	
	2012	2011
Commercial paper payable		
China Bills Financial Corporation	\$ -	600,000
Mega Bills Financial Corporation	-	300,000
Less discount on short-term notes and bills payable	-	(727)
Net carrying value	<u>\$ -</u>	<u>899,273</u>
Interest rate	-	0.948%~0.958%
Period	-	2011.12.30~ 2012.01.31

l. Advance receipts

In accordance with NCC's policy, the Corporation entered into a contract with First Commercial Bank Co., Ltd., which provided a performance guarantee for advance receipts from prepaid cards and electronic gift certificates that amounted to \$1,416,326 thousand and \$1,696 thousand, respectively as of December 31, 2012.

m. Bonds payable

	December 31			
	2012		2011	
	Current	Non-current	Current	Non-current
2nd domestic unsecured bonds	\$ 4,000,000	-	4,000,000	4,000,000
3rd domestic unsecured bonds	-	9,000,000	-	-
Less unamortized bond issuance costs	-	(4,820)	-	-
Net carrying value	<u>\$ 4,000,000</u>	<u>8,995,180</u>	<u>4,000,000</u>	<u>4,000,000</u>

(1) 2nd domestic unsecured bonds

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

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

(2) 3rd domestic unsecured bonds

On December 20, 2012, the Corporation issued \$9,000,000 thousand of seven-year domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayments will be made in the sixth and seventh year with equal installments, i.e., \$4,500,000 thousand.

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

<u>Year</u>	<u>Amount</u>
2018	\$ 4,500,000
2019	4,500,000
	\$ 9,000,000

n. Pension plan

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Corporation should contribute monthly an amount equal to 6% of the employees' monthly salaries to the employees' individual pension accounts. The contributed amount was \$113,738 thousand and \$108,584 thousand for the year ended December 31, 2012 and 2011, respectively.

The Labor Standards Act (LSA) provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Corporation contributes monthly an amount equal to 2% of the employees' monthly salaries to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in Bank of Taiwan. As approved by the Department of Labor of the Taipei City Government, the Corporation suspended contributing from February 2007 to January 2013.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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

(1) Pension cost

	Years Ended December 31	
	2012	2011
Service cost	\$ 2,384	2,390
Interest cost	8,521	8,373
Projected return of pension assets	(8,585)	(8,636)
Amortization	5,346	909
Pension cost	\$ 7,666	3,036

(2) Changes in the prepaid pension cost

	December 31	
	2012	2011
Benefit obligation		
Vested	\$ (29,760)	(13,919)
Non-vested	(248,561)	(247,489)
Accumulated	(278,321)	(261,408)
Additional benefits based on future salaries	(163,553)	(164,660)
Projected benefit obligation	(441,874)	(426,068)
Fair value of plan assets	460,895	429,245
Funded status	19,021	3,177
Unrecognized net transition obligation	-	5,324
Unrecognized prior service cost	333	355
Unrecognized net gain or loss	3,999	(5,324)
Prepaid pension cost	\$ 23,353	3,532

(3) Vested benefit	\$ (38,738)	(18,521)
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(4) Actuarial assumptions

	Years Ended December 31	
	2012	2011
Discount rate used in determining present values	1.875%	2.00%
Future salary increase rate	2.75%	2.75%
Expected rate of return on plan assets	1.875%	2.00%

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

o. Shareholders' equity

(1) 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 treasury stock transaction, may be transferred to capital as stock dividends or distributed as cash dividends, and this transfer is restricted to a certain percentage of the paid-in capital. Also, the capital surplus from long-term investments accounted for using the equity method may not be used for any purposes.

(2) Legal reserve

According to the Company Act, a company shall first set aside ten percent of its income (after taxes) as legal reserve until it equals to the paid-in capital. After offsetting any deficit, the legal reserve may be transferred to capital as stock dividends or distributed as cash dividends within the amount in excess of 25% of the paid-in capital in pursuant to the resolution to be adopted by the shareholders' meeting.

(3) 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 or reversed special reserve based on relevant laws or regulations or business requirements, should be distributed as follows:

(a) Remuneration to directors – up to 0.3%

(b) Bonus to employees – 1%-3%

(c) 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. The remainder is available for cash dividends 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 working capital requirements of the Corporation in a particular year.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

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 (except treasury stock) 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 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 Corporation's estimated bonuses to employees amounted to \$396,673 thousand and \$362,844 thousand for the year ended December 31, 2012 and 2011, respectively and the estimated remuneration to directors amounted to \$39,667 thousand and \$36,284 thousand, for the year ended December 31, 2012 and 2011 respectively.

The Corporation's bonuses to employees and remuneration to directors were accrued based on 3% and 0.3%, respectively, of the net income (which did not include the bonuses to employees and remuneration to directors) after setting aside 10% of net income as legal reserve. Any significant difference between annual accruals and the amount approved by the board of directors shall be adjusted in the current year. If the board of directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimate and will be adjusted in 2013's P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by the closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2011 and 2010 earning appropriations resolved by the AGM on June 22, 2012, and June 15, 2011, were as follows:

	Appropriation of Earnings		Dividend per Share	
	For Fiscal Year 2011	For Fiscal Year 2010	(NT\$)	
			For Fiscal Year 2011	For Fiscal Year 2010
Appropriation of legal reserve	\$ 1,346,876	1,382,219		
Cash dividends	13,880,952	12,439,967	5.16	4.1619
Reversal of special reserve	(821,741)	-		
	\$ 14,406,087	13,822,186		

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The shareholders, on June 22, 2012, resolved to distribute 2011 bonus of \$362,844 thousand to employees and remuneration of \$36,284 thousand to directors. The shareholders, on June 15, 2011, resolved to distribute 2010 bonus of \$373,059 thousand to employees and remuneration of \$37,306 thousand to directors. There were no differences between the above actual distributions and the amounts recognized in 2011 and 2010 of the financial statements.

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

(4) Capital reduction by cash

To increase ROE (Return of Equity) and maintain stable EPS (Earnings Per Share) and dividend, the Corporation's AGM resolved on June 15, 2011 a capital reduction of \$3,800,926 thousand, representing 10% of outstanding shares. On July 15, 2011, the authority already approved the application and the Corporation's board of directors resolved the record date of August 1, 2011. Trading suspension started on October 3, 2011 and the new shares resumed trading on October 13, 2011.

(5) Treasury stock

Purpose of Buyback	(Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>Years ended December 31, 2012</u>				
Shares held by subsidiaries	730,726	-	-	730,726
<u>Years ended December 31, 2011</u>				
Shares held by subsidiaries	811,918	-	81,192	730,726

As of December 31, 2012, the Corporation's stock held by TCCI, TID, and TUI (all are subsidiaries 100% owned by the Corporation) was 730,726 thousand shares, and the carrying and market values were \$78,187,666 thousand. The Corporation reclassified \$31,077,183 thousand from investments accounted for using the equity method to treasury stock based on SFAS No. 30 "Accounting for Treasury Stock." Although these shares are treated as treasury stock in the financial statements, the shareholders are entitled to excise their rights over these shares, except for the participation in capital injection by cash. In addition, based on the ROC Company Act, the holders, which are subsidiaries over 50% owned by the Corporation, of treasury stock cannot exercise the voting rights.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(6) Unrealized gain or loss on financial instruments

Changes of unrealized gain or loss on financial instruments for the year ended December 31, 2012 and 2011, are summarized as follows:

	Years ended December 31	
	2012	2011
Available-for-sale financial assets		
Balance, beginning of period	\$ 111,306	89,842
Fair value changes recognized directly in equity	(11,955)	21,464
Unrealized gains on financial instruments	\$ 99,351	111,306

p. Income tax expense

- (1) The reconciliation of imputed income taxes on pretax income at the statutory tax rate to income tax expense was as follows:

	Years ended December 31	
	2012	2011
Tax on pretax income at statutory tax rate	\$ 2,785,423	2,523,309
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using the equity method	(985,179)	(636,430)
Others	(2,112)	(13,899)
Temporary differences	(253,802)	(399,185)
Deferred income taxes	233,290	397,523
Prior years' adjustment	(79,946)	(491,616)
Investment tax credits	(4,437)	(5,469)
Income tax expense	\$ 1,693,237	1,374,233

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Deferred income tax assets (liabilities) were as follows:

	December 31	
	2012	2011
Unrealized loss on retirement of property and equipment	\$ 674,977	846,775
Amortization of goodwill	(335,693)	(258,225)
Provision for doubtful accounts	121,103	129,691
Differences in estimated service lives of property and equipment	121,091	126,264
Provision for impairment losses on idle assets	20,302	20,979
Others	57,816	33,516
	659,596	899,000
Less valuation allowance	(155,090)	(161,204)
	\$ 504,506	737,796
Deferred income tax assets		
Current	\$ 16,719	-
Non-current	487,787	737,989
	\$ 504,506	737,989
Deferred income tax liabilities		
Current	\$ -	193

(3) Integrated income tax information was as follows:

	December 31	
	2012	2011
Balance of imputation credit account (ICA)	\$ 1,096,985	2,394,350

As of December 31, 2012, there were no unappropriated earnings generated before December 31, 1997. The estimated and actual creditable ratios for the 2012 and 2011 earnings appropriation were 17.92% and 23.73%, respectively.

The imputation credits allocated to the shareholders are based on the ICA balance as of the date of dividend distribution. The estimated creditable ratio for the 2012 earnings appropriation may be adjusted when the imputation credits are distributed.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (4) The latest years through which income tax returns had been examined and approved by the tax authorities were as follows:

	<u>Year</u>
The Corporation	2010
TAT	2007
Trans Asian Telecommunications Inc. (the former TAT)	All applicable
Mobitai Communications (Mobitai)	All applicable

The Corporation's income tax returns for the years up to 2010 had been examined by the tax authorities. The Corporation disagreed with the following examination results of the income tax returns and had requested for a reexamination for the years 2006, 2008, 2009 and 2010. The Corporation also filed for corrections of its 2006 income tax returns.

TAT's income tax returns up to 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns for 2006 and 2007 and had filed an appeal.

The former TAT's income tax returns up to 2006 had been examined by the tax authorities. The Corporation filed for corrections of its 2002 through 2004 income tax returns.

Mobitai's income tax returns up to 2007 had been examined by the tax authorities. Mobitai disagreed with the examination results of the income tax returns for 2006 and 2007, and requested a reexamination.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

q. Earnings per share

	<u>Amounts (Numerator)</u>			<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Shares (Denominator) (Thousands)</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Year ended December 31, 2012</u>					
Basic EPS					
Income of common shareholders	\$ 16,384,842	14,691,605	2,690,107	<u>\$ 6.09</u>	<u>\$ 5.46</u>
Add effect of dilutive potential common stock — bonus to employees	<u>-</u>	<u>-</u>	<u>5,649</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 16,384,842</u>	<u>14,691,605</u>	<u>2,695,756</u>	<u>\$ 6.08</u>	<u>\$ 5.45</u>
<u>Year ended December 31, 2011</u>					
Basic EPS					
Income of common shareholders	\$ 14,842,996	13,468,763	2,863,715	<u>\$ 5.18</u>	<u>\$ 4.70</u>
Add effect of dilutive potential common stock — bonus to employees	<u>-</u>	<u>-</u>	<u>6,030</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 14,842,996</u>	<u>13,468,763</u>	<u>2,869,745</u>	<u>\$ 5.17</u>	<u>\$ 4.69</u>

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

r. Financial instrument transactions

(1) Fair value information

	December 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$ 1,155,355	1,155,355	877,518	877,518
Available-for-sale financial assets – current	205,397	205,397	217,351	217,351
Notes and accounts receivable (including related parties and unrelated parties)	6,684,667	6,684,667	5,910,249	5,910,249
Other receivables (including related parties and unrelated parties)	1,916,366	1,916,366	1,474,820	1,474,820
Financial assets carried at cost – non-current	50,324	-	50,324	-
Refundable deposits	379,407	379,407	333,644	333,644
<u>Liabilities</u>				
Short-term borrowings	9,800,000	9,800,000	9,000,000	9,000,000
Short-term notes and bills payable	-	-	899,273	899,273
Accounts payable (including related parties and unrelated parties)	4,827,036	4,827,036	3,423,292	3,423,292
Income taxes payable	791,790	791,790	668,216	668,216
Accrued expenses	5,377,352	5,377,352	5,092,903	5,092,903
Other payables	2,572,317	2,572,317	3,125,316	3,125,316
Guarantee deposits	383,419	383,419	335,365	335,365
Bonds payable (including current portion)	12,995,180	13,071,134	8,000,000	8,192,952

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- (2) The methods and significant assumptions applied for determining fair values of financial instruments were as follows:
- (a) Available-for-sale financial assets—based on quoted prices in an active market at the balance sheet date.
 - (b) Financial assets carried at cost—based on the net worth of the investee or estimated book value; This is because there is no active market for unlisted stocks, and a reliable fair value could only be verified at a more than reasonable cost.
 - (c) Bonds payable—based on the over-the-counter average quotations in December.
 - (d) The book values of short-term financial instruments approximate their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, receivables, refundable deposits, short-term borrowings, short-term notes and bills payable, payables and guarantee deposits.
- (3) The fair values of financial assets and liabilities were not simultaneously determined by quoted prices in active markets and by estimations using a valuation technique.
- (4) The financial assets exposed to fair value interest rate risk amounted to \$2,252,625 thousand and \$1,601,054 thousand as of December 31, 2012 and 2011, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$22,795,180 thousand and \$17,899,273 thousand as of December 31, 2012 and 2011, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$514,878 thousand and \$501,011 thousand as of December 31, 2012 and 2011, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to zero.
- (5) Information on financial risks
- (a) Market risk
- The Corporation did not enter into any financial derivative transactions which would cause significant exposure to exchange rate, fair value of interest rate, and price risks. Therefore, the overall market risk is not significant.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(b) Credit risk

Credit risk represents the potential impacts on 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, 2012 and 2011 was zero because all counter-parties were reputable financial institutions with good credit ratings.

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

The credit risk amount listed above is an evaluation of the contracts with positive fair value at the balance sheet date and the contracts with off-balance-sheet commitments and guarantees. Significant concentration of credit risk exists when financial instrument transactions significantly concentrate on one counter-party, 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 by similar economic changes or other situations. The characteristics of credit risk concentration include the nature of the debtors' operating activities. The Corporation does not rely significantly on a single client or counter-party or clients in the same region.

(c) Liquidity risk

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

5. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
Global Wealth Media Technology Co., Ltd. (GWMT)	Subsidiary
Global Forest Media Technology Co., Ltd.	Subsidiary
TWM Holding Co., Ltd.	Subsidiary
Taiwan Super Basketball Co., Ltd. (TSB)	Subsidiary
TT&T Holdings Co., Ltd.	Subsidiary
Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Digital Communications Co., Ltd.(TDC)	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
TCC Investment Co., Ltd.	Subsidiary
TFN Union Investment Co., Ltd.	Subsidiary
TCCI Investment and Development Co., Ltd.	Subsidiary
Win TV Broadcasting Co., Ltd. (WTB)	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary
Mangrove Cable TV Co., Ltd.	Related party in substance
Phoenix Cable TV Co., Ltd.	Subsidiary
Globalview Cable TV Co., Ltd.	Subsidiary
Union Cable TV Co., Ltd.	Subsidiary
TFN HK LIMITED	Subsidiary
TWM Communications (Beijing) Co., Ltd. (TWMC)	Subsidiary
Taiwan Kuro Times Co., Ltd. (TKT)	Subsidiary
ezPeer Multimedia Limited	Subsidiary
Fubon Multimedia Technology Co., Ltd. (FMT)	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fu Sheng Travel Service Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fuli Property Insurance Agent Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Related Party	Relationship with the Corporation
Fuli Life Insurance Agent Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Asian Crown International Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fortune Kingdom Corporation	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Hong Kong Fubon Multimedia Technology Co., Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary (changed relationship with the Corporation on July 13, 2011)
Tai Fu Media Technology Co., Ltd. (TFMT)	Subsidiary (merged into WMT on March 1, 2012)
Fu Sin Media Technology Co., Ltd.	Subsidiary (merged into TFNM on March 2, 2012)
Fu Jia Leh Media Technology Co., Ltd.	Subsidiary (merged into TFNM on March 2, 2012)
Taiwan Win TV Broadcasting Co., Ltd.	Subsidiary (merged into WMT on March 1, 2012)
Taiwan Mobile Foundation (TWM Foundation)	Over one-third of the Foundation's funds came from the Corporation
Taipei New Horizons Co., Ltd.	Equity-method investee
Kbro Media Co., Ltd.	TFNM's equity-method investee (since August 10, 2012)
Taiwan Pelican Express Co., Ltd.	FMT's equity-method investee (since August 10, 2012)
Fubon Life Assurance Co., Ltd.	Related party in substance
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd.	Related party in substance
Fubon Financial Venture Capital Co., Ltd.	Related party in substance
Fubon Asset Management Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Financial Holding Company	Related party in substance

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Related Party	Relationship with the Corporation
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd.	Related party in substance
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Taiwan Sport Lottery Corporation	Related party in substance
Fu Sheng Life Insurance Agency Co., Ltd.	Related party in substance

b. Significant transactions with related parties are summarized below:

(1) Operating revenues

	Years Ended December 31			
	2012		2011	
	Amount	% of Total Revenues	Amount	% of Total Revenues
TFN	\$ 2,490,470	4	2,372,054	4
TFCB	14,130	-	12,859	-
TDC	13,750	-	4,991	-
FMT	10,199	-	1,903	-
	\$ 2,528,549		2,391,807	

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

(2) Operating costs

	Years Ended December 31			
	2012		2011	
	Amount	% of Total Costs	Amount	% of Total Costs
TFN	\$ 4,213,680	10	3,312,417	9
TKT	221,673	1	105,157	-
Fubon Ins.	31,844	-	36,344	-
	\$ 4,467,197		3,453,918	

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

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(3) Property acquisition

Years Ended December 31, 2012		
	Description of Property	Amount
TWMC	Telecommunication equipment	\$ 3,360

Years Ended December 31, 2011		
	Description of Property	Amount
TWMC	Telecommunication equipment	\$ 42,274

(4) Rental income

		Years Ended December 31	
	Leased Property	2012	2011
TFN	Offices and BTS, etc.	\$ 89,042	106,280
FMT	Office and appliance, etc.	37,423	35,048
TFNM	Offices	10,784	10,784
		\$ 137,249	152,112

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

(5) Cash in banks

		December 31	
		2012	2011
		Amount	%
TFCB		\$ 150,317	13
		188,741	22

(6) Receivables and payables

		December 31	
		2012	2011
		Amount	%
(a) Accounts receivable			
TFN		\$ 30,656	1
Others		4,409	-
		\$ 35,065	43,675

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	December 31			
	2012		2011	
	Amount	%	Amount	%
(b) Other receivables				
TFNM (Note 1)	\$ 1,804,962	94	852,867	58
TFN	51,579	3	48,058	3
TKT (Note 1)	30,693	2	-	-
WTB (Note 1)	23	-	471,421	32
Others	3,835	-	6,478	-
	<u>\$ 1,891,092</u>		<u>1,378,824</u>	

Note 1: Financing to related parties was as follows:

Year Ended December 31, 2012					
Related Party	Drawdown Amount	Ending Balance	Maximum Balance	Interest Rate	Interest Income
		(Note 1)	(Notes 1 and 2)	%	
TFNM	\$ 1,800,000	3,600,000	4,500,000	1.186~1.199	26,566
TKT	30,000	100,000	100,000	1.193	136
WMT	-	600,000	600,000	1.193~1.208	103
GWMT	-	10,000	10,000	1.206	11
WTB	-	-	550,000	1.092~1.190	1,141
	<u>\$ 1,830,000</u>	<u>4,310,000</u>			<u>27,957</u>

Year Ended December 31, 2011					
Related Party	Drawdown Amount	Ending Balance	Maximum Balance	Interest Rate	Interest Income
		(Note 1)	(Notes 1 and 2)	%	
TFNM	\$ 850,000	4,500,000	5,000,000	0.893~1.186	16,760
WTB	470,000	550,000	550,000	1.092~1.190	1,712
TCC	-	-	9,000,000	0.893~0.950	29,220
TDC	-	-	300,000	0.948~1.002	279
TFMT	-	-	50,000	0.950~1.095	312
	<u>\$ 1,320,000</u>	<u>5,050,000</u>			<u>48,283</u>

Note 1: The ending balance and the maximum balance represent quotas.

Note 2: Maximum balance: the maximum accumulated amount of the year.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

		December 31			
		2012		2011	
		Amount	%	Amount	%
(c) Accounts payable					
TKT	\$	66,943	1	36,470	1
Others		1,329	-	2,391	-
	\$	68,272		38,861	
(d) Accrued expenses					
TFN	\$	487,935	9	399,783	8
TT&T		89,224	2	88,870	2
TDC		67,898	1	78,505	2
TWMC		-	-	20,646	-
	\$	645,057		587,804	
(e) Other payables					
TFN	\$	113,085	4	130,082	4
TDC		16,436	1	20,835	1
TWMC		-	-	15,559	-
	\$	129,521		166,476	
(f) Other current liabilities – collections and temporary receipts					
TFN	\$	68,365	10	24,326	5
(7) Operating expenses					
		Years Ended December 31			
		2012		2011	
(a) Telecommunication service expenses					
TFN	\$	75,926		84,226	
(b) Professional service fees					
TT&T	\$	966,868		907,559	
TWMC		-		20,573	
	\$	966,868		928,132	

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

		Years Ended December 31	
		2012	2011
(c) Advertisement expenses			
TSB	\$	34,425	33,500
(d) Repairs and maintenance			
FPM	\$	24,479	24,513
(e) Other expenses			
TFCB	\$	99,683	62,518
FPM		28,179	25,640
	\$	127,862	88,158
(f) Commission			
TDC	\$	531,830	237,728
(g) Donation			
TWM Foundation	\$	7,900	11,713

(8) Financing from related parties was as follows (recognized as short-term borrowings):

Year Ended December 31, 2012					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ 6,000,000	6,000,000	7,500,000	1.190~1.208	56,301
TCC	800,000	800,000	900,000	1.195~1.199	7,737
	\$ 6,800,000	6,800,000			64,038

Year Ended December 31, 2011					
Related Party	Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate %	Interest Expense
TFN	\$ -	-	9,000,000	0.893	18,987

Note 1: The ending balance and the maximum balance represent quotas.

Note 2: Maximum balance: the maximum accumulated amount of the year.

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(9) Endorsement/guarantee provided

The Corporation provided a maximum \$21,500,000 thousand guarantee for TFN's bank loans. Under bank practice, the Corporation also provided \$21,116,400 thousand in promissory notes outstanding for TFN's borrowings from banks. TFN has used \$500 thousand within the guarantee amount.

(10) Others

- (a) For the year ended December 31, 2012 and 2011, the Corporation provided services to companies below and received fees, which were recorded as deductions from related costs and expenses. The Corporation's service charges received were as follows:

	Years Ended December 31	
	2012	2011
TFN	\$ 473,697	462,334

- (b) For the year ended December 31, 2012 and 2011, the company below provided services to the Corporation and received fees. The Corporation's service charges paid were as follows:

	Years Ended December 31	
	2012	2011
TFN	\$ 62,651	59,605

- (c) Compensation to directors and managers:

	Years Ended December 31	
	2012	2011
Salaries, incentives, and special compensation	\$ 145,713	154,181
Earnings paid as remunerations to directors	39,667	36,284
Earnings paid as bonus to employees	33,948	38,251
Professional fee	1,540	2,360
	\$ 220,868	231,076

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. ASSETS PLEDGED: NONE

7. COMMITMENTS AND CONTINGENT EVENTS

- a. To enhance 3G mobile communications, expand network coverage, and increase the service functions, the Corporation entered into 3G expansion contracts with Nokia Siemens Networks Taiwan Co., Ltd. for \$6,650,000 thousand in February 2011. The Corporation increased the total amount of the contract to no higher than 14,600,000 thousand in September 2012. As of December 31, 2012, the purchased amount was \$5,526,374 thousand.
- b. Future required rental payments as of December 31, 2012, for significant operating lease agreements, are summarized as follows:

<u>Year of Maturities</u>	<u>Amount</u>
2013	\$ 138,062
2014	123,901
2015	97,065
2016	64,454
2017	46,170

8. SIGNIFICANT CASUALTY LOSS: NONE

9. SIGNIFICANT SUBSEQUENT EVENTS: NONE

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

10. OTHERS

a. Labor cost, depreciation, and amortization

	Years ended December 31					
	2012			2011		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 953,319	1,914,488	2,867,807	924,423	1,769,392	2,693,815
Labor and health insurance	65,006	129,564	194,570	56,209	103,176	159,385
Pension	30,917	57,192	88,109	37,470	62,699	100,169
Others	44,540	90,873	135,413	43,635	83,392	127,027
Depreciation	6,212,699	331,642	6,544,341	6,394,749	294,058	6,688,807
Amortization	979,482	440,271	1,419,753	915,064	450,751	1,365,815

- b. Certain accounts in the financial statements as of and for the year ended December 31, 2011 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2012.

11. ADDITIONAL DISCLOSURES

The followings 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. Accumulated acquisition and disposal of the same marketable securities 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: Table 5 (attached)
- f. Disposal of individual real estate at prices of at least \$100 million or 20% of the paid-in capital: None

TAIWAN MOBILE CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

- g. Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
 - h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 7 (attached)
 - i. Names and locations of, and related information on investees: Table 8 (attached)
 - j. Derivative transactions: None
- (c) 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 9 (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

12. SEGMENT INFORMATION

In accordance with the fifth paragraph of SFAS No. 41, the segment information is already disclosed by the Corporation in the consolidated financial report and thus is not disclosed again in the individual financial report.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
												Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	TFN Media Co., Ltd.	Other receivables	\$ 4,500,000	\$ 3,600,000	\$ 1,800,000	1.186%~1.199%	Short-term financing	-	Operation requirements	-	-	-	\$ 19,889,575 (Note 2)	19,889,575 (Note 2)
		Global Wealth Media Technology Co., Ltd.	Other receivables	10,000	10,000	-	1.206%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Wealth Media Technology Co., Ltd.	Other receivables	600,000	600,000	-	1.193%~1.208%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	550,000	-	-	1.092%~1.190%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	100,000	30,000	1.193%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
1	Taiwan Cellular Co., Ltd.	The Corporation	Other receivables	900,000	800,000	800,000	1.195%~1.199%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
		Taiwan Digital Communications Co., Ltd.	Other receivables	200,000	200,000	53,000	1.198%~1.6%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
		TFN Media Co., Ltd.	Other receivables	5,000,000	-	-	1.493%~1.564%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
2	Taiwan Fixed Network Co., Ltd.	The Corporation	Other receivables	7,500,000	6,000,000	6,000,000	1.19%~1.208%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
		TFN Union Investment Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
		Taiwan Cellular Co., Ltd.	Other receivables	8,170,000	-	-	1.093%~1.164%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
3	TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	12,893,299 (Note 2)	12,893,299 (Note 2)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	715,000	175,000	-	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	750,171 (Note 3)	13,500,000 (Note 3)
5	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	250,000	250,000	250,000	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	273,845 (Note 4)	504,922 (Note 4)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2012

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
6	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	\$ 596,000	\$ 560,000	\$ 560,000	1.092%~1.190%	Transactions	\$ 568,433	Business requirements	\$ -	-	-	\$ 12,000,000 (Note 5)	\$ 12,000,000 (Note 5)
7	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	544,000	400,000	400,000	1.092%~1.208%	Transactions	521,749	Business requirements	-	-	-	24,000,000 (Note 5)	24,000,000 (Note 5)
8	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	Other receivables	600,000	600,000	50,000	1.593%~1.608%	Short-term financing	-	Operation requirements	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
		Global Wealth Media Co., Ltd.(Note 6)	Other receivables	10,000	-	-	1.087%	Short-term financing	-	Repayment of financing	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
		Tai Fu Media Technology Co., Ltd. (Note 7)	Other receivables	50,000	-	-	1.186%	Short-term financing	-	Operation requirements	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
9	TFN Media Co., Ltd	Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	-	-	1.578%~1.590%	Short-term financing	-	Repayment of financing	-	-	-	3,643,643 (Note 3)	15,000,000 (Note 3)

Note 1: Maximum amount for the period and the ending balance represent quotas, not actual appropriation.

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

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings. A) 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 lending company's capital, or 2) the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 4: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be limited to the total amount of business dealing and 40% of the lending company's net worth. A) For reasons of business dealings: the individual lending amount and the aggregate amount of loaning funds shall not exceed the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 5: Where funds are loaned for reasons of business dealings, the individual lending amount and the aggregate amount of loaning funds shall both be limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings.

Note 6: Wealth Media Technology Co., Ltd. assumed the amount of financing from related parties derived from TFMT because of the merge.

Note 7: TFMT was dissolved due to the merging on March 1, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
ENDORSEMENT/ GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 2

(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount That Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement That Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	\$ 42,000,000 (Note 3)	\$ 21,151,925	\$ 21,116,400	\$ -	42.47%	\$ 49,723,937 (Note 3)
1	Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	(Note 2)	357,753 ((Note 4)	333,450	331,056	331,056	15.41%	2,147,665 (Note 4)

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

Note 2: Direct/indirect subsidiary.

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

Note 4: FGE is directly and indirectly owned by FMT more than 50%. The aggregate endorsement/guarantee amount provided by FMT shall be limited to the net worth of FMT, and the individual amount shall be limited to the investment amount in FGE. The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

TABLE 3

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

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Mobile Co., Ltd. (the "Corporation")	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets – current	2,174	\$ 205,397	0.028	\$ 205,397 (Note 5)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost – non-current	2,200	50,324	10	- (Note 3)	
	Yes Mobile Holdings Company	-	Financial assets carried at cost – non-current	74	-	0.19	- (Note 3)	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	39,065	15,950,282	100	15,950,282	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments – equity method	370,896	17,653,627 (Note 4)	100	85,191,500	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments – equity method	92,315	811,841	49.9	811,841	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	64,742	8,564,191	50.64	1,087,488	
	Win TV Broadcasting Co., Ltd.	Subsidiary	Long-term investments – equity method	18,177	257,558	100	249,941	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments – equity method	230,921	6,860,143	100	9,109,106	
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	8,945	96,318	100	96,318	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	1,500	17,645	100	17,645	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	3,825	94,773	6.83	46,765	
Global Forest Media Technology Co., Ltd.	<u>Stock</u> Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	15,868	0.76	14,306	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fu Sheng Travel Service Co., Ltd.	Subsidiary	Long-term investments – equity method	600	\$ 27,475	100	\$ 27,475	
	Fuli Life Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	12,530	100	12,530	
	Fuli Property Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	16,671	100	16,671	
	Asian Crown International Co., Ltd.	Subsidiary	Long-term investments – equity method	47	US\$ 3,811	100	US\$ 3,811	
	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Long-term investments – equity method	17,200	359,643	20	219,360	
Asian Crown International Co., Ltd.	<u>Stock</u> Fortune Kingdom Corporation	Subsidiary	Long-term investments – equity method	14,000	US\$ 3,811	100	US\$ 3,811	
Fortune Kingdom Corporation	<u>Stock</u> Hong Kong Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	14,000	US\$ 3,811	100	US\$ 3,811	
Hong Kong Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 2,213	80	US\$ 2,213	
Taiwan Cellular Co., Ltd.	<u>Stock</u> Arcoa Communication Co., Ltd.	-	Financial assets carried at cost – non-current	6,998	67,731	5.21	- (Note 3)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost – non-current	2,700	16,873	3	- (Note 3)	
	Transportation High Tech Inc.	-	Financial assets carried at cost – non-current	1,200	- (Note 2)	12	- (Note 3)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Cellular Co., Ltd.	WEB Point Co., Ltd.	-	Financial assets carried at cost – non-current	803	\$ 6,773	3.17	\$ -	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments – equity method	1 share	US\$ 8,338	100	US\$ 8,338	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments – equity method	2,100,000	51,340,870	100	51,340,870	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments – equity method	11,200	136,253	100	136,253	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	22,103	32,360,430	100	32,233,247	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	2,484	100,749	100	100,749	
TWM Holding Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Co., Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 3,756	100	US\$ 2,866	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	45,942	100	45,942	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments – equity method	2,000	21,684	100	21,684	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	-	45,661	100	45,661	
TCC Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	200,497	21,453,153	5.86	21,453,153	
	TCCI Investment and Development Co., Ltd.	Subsidiary	Long-term investments – equity method	400	12,165,175	100	12,165,175	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost – non-current	10,000	39,627	6.67	-	(Note 3)
	<u>Preferred stock</u> Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock – Series A	-	Bonds measured at amortized cost – non-current	50,000	500,000	1.24	-	(Note 3)
TCCI Investment and Development Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	119,564	12,793,327	3.50	12,793,327	(Note 5)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	33,940	\$ 2,229,111	100	\$ 704,630	
	Mangrove Cable TV Co., Ltd.	Related party in substance	Long-term investments – equity method	6,248	624,883	29.53	361,708 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	68,090	3,375,919	100	1,051,133	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	169,141	2,064,066	99.22	1,860,880	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	51,733	1,254,969	92.38	632,449	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Long-term investments – equity method	14	135,330	100	36,713	
	Kbro Media Co., Ltd.	Equity-method investee	Long-term investments – equity method	7,800	77,078	32.50	76,878	
Taiwan Kuro Times Co., Ltd.	<u>Stock</u> ezPeer Multimedia Limited	Subsidiary	Long-term investments – equity method	1 share	US\$ 338	100	US\$ 338	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	400	41,779,764	100	41,779,764	
	TFN HK LIMITED	Subsidiary	Long-term investments – equity method	1,300	HK\$ 2,687	100	HK\$ 2,687	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost – non-current	225,531	912,463	3.46	- (Note 3)	
TFN Union Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	410,665	43,941,185	12	43,941,185 (Note 5)	

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

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

Note 3: As of January 31, 2013, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$85,191,500 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(36,922,749) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(13,848) thousand.

Note 5: Based on the closing price on December 31, 2012.

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

Note 7: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 and HK\$1 = NT\$3.747 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 4

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
Taiwan Mobile Co., Ltd. (the “Corporation”)	<u>Stock</u> Wealth Media Technology Co., Ltd.	Long-term investment – equity method	Wealth Media Technology Co., Ltd.	Subsidiary	38,550	\$ 8,862,168	515 (Note 1)	\$ 5,150,000	-	\$ -	\$ -	\$ -	39,065	\$ 15,950,282 (Note 2)
	Taipei New Horizons Co., Ltd.	Long-term investment – equity method	Taipei New Horizons Co., Ltd.	Equity-method investee	64,870	562,812	27,445	274,450	-	-	-	-	92,315	811,841
Wealth Media Technology Co., Ltd.	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	20,090	215,600	6,715 (Note 3)	5,342,474 (Note 4)	26,805	-	- (Note 5)	- (Note 5)	-	- (Note 5)
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> TFN Media Co., Ltd.	Long-term investment – equity method	TFN Media Co., Ltd	Subsidiary	-	-	395 (Note 1)	3,950,000	-	-	-	-	-	-
Taiwan Cellular Co., Ltd	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Long-term investment – equity method	Wealth Media Technology Co., Ltd.	Subsidiary	-	-	- (Note 6)	- (Note 6)	6,315	1,342,474	1,343,055 (Note 7)	-	-	-
TCC Investment Co., Ltd.	<u>Stock</u> Win TV Broadcasting Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	18,177	264,364	-	-	18,177	215,575	216,370 (Note 8)	-	-	-
	TFN Media Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	230,526	2,702,552	-	-	230,526	1,084,150	1,093,195 (Note 8)	-	-	-
Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Taiwan Pelican Express Co., Ltd.	Long-term investment – equity method	Teco Electric & Machinery Co., Ltd.	Third party	-	-	17,200	344,000	-	-	-	-	17,200	359,643 (Note 2)

Note 1: The shares/units of marketable securities acquired represent new shares issued for capital injection by cash.

Note 2: The ending balance includes the cumulative translation adjustments, investment income or loss recognized under the equity method, and other adjustments in long-term investment using equity method.

Note 3: The shares/units of marketable securities acquired include new shares issued for capital injection and shares by procurement.

Note 4: The amount of marketable securities acquired includes capital injection by cash and shares by procurement.

Note 5: TFMT was dissolved due to the organization reengineering, so it has no gain (loss) from disposal.

Note 6: TCC had no acquisition of marketable securities of TFMT, which came from TFMT’s acquisition of WTVB and TFNM from TCCI. Therefore, TCC’s investment on TCCI was replaced by TFMT.

Note 7: The difference between the proceeds from the disposal of stock and the book value was adjusted by an additional paid-in capital.

Note 8: On February 8, 2012, TFMT acquired WTVB and TFNM which were 100% held by TCCI and issued new shares to TCC. The difference between the selling price and the book value was adjusted by the additional paid-in capital.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ACQUISTION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Type of Properties	Transaction Date	Transaction Amount	Payment Status	Counter-Party	Relationship	Where Counter-party is a Related, Details of Prior Transaction				Price Reference	Date of Acquisition and Status of Utilization	Other Commitments
							Owner	Relationships	Date of Ownership Transfer	Amount			
Taiwan Fixed Network Co., Ltd.	Land and Building	June 22, 2012	\$ 318,088	The amount has been paid as of December 31, 2012	DSM-AGI Co., Ltd.	Third party	-	-	-	-	Based on valuation report of the Top Real Estate Joint Appraisers Firm	Operating requirement	None

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 6

(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ (2,490,470)	(4)	Based on contract terms	-	-	\$ 389,219	6	(Note 1)
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	4,289,606	(Note 2)	Based on contract terms	-	-	(483,735)	(Note 3)	(Note 4)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	221,673	1	Based on contract terms	-	-	(67,186)	1	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Purchase	966,868	(Note 5)	Based on contract terms	-	-	(89,224)	(Note 6)	
Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Digital Communication Co., Ltd.	Subsidiary	Purchase	531,830	(Note 5)	Based on contract terms	-	-	(67,898)	(Note 6)	
	The Corporation	Ultimate parent	Sale	(967,024)	(90)	Based on contract terms	-	-	89,247	92	
Taiwan Fixed Network Co., Ltd.	Taiwan Fixed Network Co., Ltd.	Related party in substance	Sale	(110,630)	(10)	Based on contract terms	-	-	8,180	8	
	The Corporation	Ultimate parent	Sale	(4,278,472)	(34)	Based on contract terms	-	-	480,497	45	(Note 7)
	TFN Media Co., Ltd.	Related party in substance	Purchase	2,494,313	33	Based on contract terms	-	-	(388,599)	(49)	(Note 1)
	Taiwan Teleservices & Technologies Co., Ltd.	Related party in substance	Sale	(114,541)	(1)	Based on contract terms	-	-	22,417	2	
Taiwan Digital Communication Co., Ltd.	Taiwan Teleservices & Technologies Co., Ltd.	Related party in substance	Purchase	110,630	(Note 5)	Based on contract terms	-	-	(8,180)	(Note 6)	
	The Corporation	Ultimate parent	Sale	(532,115)	(74)	Based on contract terms	-	-	67,898	56	
Taiwan Kuro Times Co., Ltd.	The Corporation	Ultimate parent	Sale	(222,264)	(71)	Based on contract terms	-	-	69,548	89	(Note 8)
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(486,757)	(16)	Based on contract terms	(Note 9)	(Note 9)	1,147	1	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(444,164)	(15)	Based on contract terms	(Note 9)	(Note 9)	1,066	1	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(227,360)	(7)	Based on contract terms	(Note 9)	(Note 9)	595	-	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(197,660)	(6)	Based on contract terms	(Note 9)	(Note 9)	711	-	
	Taiwan Fixed Network Co., Ltd.	Related party in substance	Operating cost-rental	110,926	9	Based on contract terms	-	-	(21,866)	(17)	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	\$ 444,164	64	Based on contract terms	(Note 9)	(Note 9)	\$ (1,066)	\$ (11)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	486,757	65	Based on contract terms	(Note 9)	(Note 9)	(1,147)	(16)	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	227,360	59	Based on contract terms	(Note 9)	(Note 9)	(595)	(15)	
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	197,660	60	Based on contract terms	(Note 9)	(Note 9)	(711)	(10)	
Mangrove Cable TV Co., Ltd.	Dai-Ka Ltd.	Related party in substance	Royalty for copyright	162,440	59	Based on contract terms	(Note 9)	(Note 9)	-	-	
Fubon Multimedia Technology Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	292,422	2	Based on contract terms	-	-	(64,377)	(3)	

Note 1: The \$30,656 thousand accounts receivable amount was the net amount of accounts receivable \$389,219 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$358,563 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accrued expenses and other payable.

Note 4: The \$66,943 thousand accounts payable amount was the net amount of accounts payable \$67,186 thousand deducting accounts receivable \$243 thousand.

Note 5: Recognized as operating expenses.

Note 6: Recognized as accrued expenses.

Note 7: The \$466,778 thousand accounts receivable amount was the net amount of accounts receivable \$480,497 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$13,719 thousand.

Note 8: The \$69,305 thousand accounts receivable amount was the net amount of accounts receivable \$69,548 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$243 thousand.

Note 9: The companies authorized related party to deal with the copyright fees from cable television. As said account item is the only one, there are no comparables.

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, 2012

TABLE 7

(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable \$389,386	6.05	\$ -	-	\$ -	\$ -
			Other receivables 51,579		-	-	-	-
	TFN Media Co., Ltd.	Subsidiary	Other receivables 1,804,962		-	-	-	-
Taiwan Cellular Co., Ltd	The Corporation	Parent	Other receivables 801,734		-	-	-	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable 480,497	9.52	-	-	9,979	-
			Other receivables 6,203,677		-	-	108,722	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 8,280	4.15	-	-	-	-
			Other receivables 560,034		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 3,587	3.96	-	-	-	-
			Other receivables 250,001		-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable 8,612	4.42	-	-	-	-
			Other receivables 400,178		-	-	-	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 8
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the “Corporation”)	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Investment	\$ 44,467,288	\$ 44,467,288	370,896	100	\$ 17,653,627 (Note 1)	\$ 3,695,248	\$ 3,705,904	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real estate rental and sale	923,150	648,700	92,315	49.9	811,841	(50,945)	(25,421)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	13,802,000	8,652,000	39,065	100	15,950,282	2,114,687	2,114,687	
Wealth Media Technology Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	Taipei, Taiwan	Wholesale and retail sales via traditional and online shopping channels	8,347,949	8,347,949	64,742	50.64	8,564,191	558,095	NA	
	Win TV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	222,417	188,047 (Note 2)	18,177	100	257,558	46,983	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	5,210,443	2,035,714 (Note 2)	230,921	100	6,860,143	2,123,878	NA	
	Global Wealth Media Technology Co., Ltd.	New Taipei City , Taiwan	Investment	92,189	84,000 (Note 3)	8,945	100	96,318	5,137	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	16,984	15,000 (Note 3)	1,500	100	17,645	798	NA	
Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	New Taipei City , Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	94,773	78,358	NA	
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,868	119,031	NA	
Fubon Multimedia Technology Co., Ltd.	Fu Sheng Travel Service Co., Ltd.	Taipei, Taiwan	Travel agent	6,000	6,000	600	100	27,475	21,269	NA	
	Fuli Life Insurance Agent Co., Ltd.	Taipei, Taiwan	Life Insurance Agent	3,000	3,000	300	100	12,530	4,483	NA	
	Fuli Property Insurance Agent Co., Ltd.	Taipei, Taiwan	Property Insurance Agent	3,000	3,000	300	100	16,671	8,639	NA	
	Asian Crown International Co., Ltd.	British Virgin Islands	Investment	US\$ 14,000	US\$ 14,000	47	100	US\$ 3,811	US\$ (6,955)	NA	
Asian Crown International Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Taipei, Taiwan	Logistics industry	344,000	-	17,200	20	359,643	236,746	NA	
	Fortune Kingdom Corporation	Samoa	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 3,811	US\$ (6,955)	NA	
Fortune Kingdom Corporation	Hong Kong Fubon Multimedia Technology Co., Ltd.	Hong Kong	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 3,811	US\$ (6,955)	NA	
Hong Kong Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	Beijing, China	Wholesale and retail sales	US\$ 12,319	US\$ 12,319	-	80	US\$ 2,213	US\$ (8,698)	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 10,800	1 share	100	US\$ 8,338	US\$ (444)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	51,340,870	3,404,872	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	TV program production and mobile phones wholesale	112,000	112,000	11,200	100	136,253	25,537	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,680,441	22,002,255	22,103	100	32,360,430	173,959	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	100,749	50,148	NA	
TWM Holding Co. Ltd.	TWM Communications (Beijing) Co., Ltd.	Beijing, China	Mobile application development and design	US\$ 4,936	US\$ 4,936	-	100	US\$ 3,756	US\$ (479)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	36,284	36,284	1,300	100	45,942	(1,489)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	3,511	3,511	2,000	100	21,684	1,382	NA	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2012

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Co., Ltd.	Xiamen, China	System integration, management, analysis, and development of CRM application and information consulting services	\$ 41,050	\$ 41,050	-	100	\$ 45,661	\$ (1,056)	NA	
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taipei, Taiwan	Investment	6,498,076	6,498,076	400	100	12,165,175	(66)	NA	
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,229,111	223,437	NA	
	Mangrove Cable TV Co., Ltd	New Taipei City, Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	624,883	105,533	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	3,261,073	3,258,135	(Note 4) 68,090	100	3,375,919	221,038	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,064,066	119,031	NA	
	Globalview Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,254,969	78,358	NA	
	Taiwan Kuro Times Co., Ltd.	Taipei, Taiwan	Online music platform	129,900	129,900	14	100	135,330	7,262	NA	
	Kbro Media Co., Ltd.	Taipei, Taiwan	Film distribution, art and literature service and entertainer	78,000	-	7,800	32.5	77,078	(2,841)	NA	
	ezPeer Multimedia Limited	Samoa	Investment	US\$ 1,522	US\$ 1,522	1 share	100	US\$ 338	US\$ (506)	NA	
Taiwan Kuro Times Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,314,536	22,314,536	400	100	41,779,764	(66)	NA	
Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	Hong Kong	Telecommunications service provider	HK\$ 744	HK\$ 744	1,300	100	HK\$ 2,687	HK\$ 668	NA	

Note 1: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$85,191,500 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(36,922,749) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(13,848) thousand.

Note 2: Became a subsidiary of WMT due to the spin-off of WTVB and TFNM into TFMT from TCCI on February 8, 2012. Then, TFMT was merged by WMT on March 1, 2012.

Note 3: Became a subsidiary of WMT which merged TFMT on March 1, 2012.

Note 4: 70.47% of shares are held under trustee accounts.

Note 5: FSMT originally owned 3.34% of the shares of PCTV. Then, FSMT was merged by TFNM on March 2, 2012 which subscribed all the shares.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.04 and HK\$1=NT\$3.747 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 9
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis, and development of CRM application and information consulting services	US\$ 1,300 (NT\$ 37,752)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 37,752)	\$ -	\$ -	US\$ 1,300 (NT\$ 37,752)	100% ownership of indirect investment by the Corporation's subsidiary	\$ (1,056)	\$ 45,661	\$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 87,120)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Cellular Co., Ltd.	US\$ 4,872 (NT\$ 141,483)	-	-	US\$ 4,872 (NT\$ 141,483)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (479) (NT\$ (13,910))	US\$ 3,756 (NT\$ 109,074)	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesale and retail sales	RMB100,000 (NT\$ 465,698)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Fubon Multimedia Technology Co., Ltd.	US\$ 12,319 (NT\$ 357,744)	-	-	US\$ 12,319 (NT\$ 357,744)	80% ownership of indirect investment by the Corporation's subsidiary	US\$ (6,959) (NT\$ (202,089))	US\$ 2,213 (NT\$ 64,266)	-

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
US\$1,300 (NT\$37,752)	US\$1,300 (NT\$37,752)	\$30,483,492
US\$4,872 (NT\$141,483)	US\$4,872 (NT\$141,483)	\$51,114,900
US\$12,319 (NT\$357,744)	US\$15,000 (NT\$435,600)	\$30,483,492

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.04 and US\$1=RMB\$6.2358 as of December 31, 2012.

Note 2: Calculation was based on audited financial statements.

Taiwan Mobile Co., Ltd. and Subsidiaries
Consolidated Financial Statements for the
Years Ended December 31, 2012 and 2011, 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. and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taiwan Mobile Co., Ltd. and subsidiaries as of December 31, 2012 and 2011, 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 and accounting principles generally accepted in the Republic of China.

KPMG
Taipei, Taiwan (the Republic of China)
January 31, 2013

Notice to Readers

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2, 4(a), 4(s) and 5)	\$ 7,223,640	8	6,693,992	8	Short-term borrowings (Notes 4(k) and 4(s))	\$ 3,158,440	4	9,000,000	10
Financial assets at fair value through profit or loss – current (Notes 2, 4(b) and 4(s))	-	-	60,186	-	Short-term notes and bills payable (Notes 4(l) and 4(s))	-	-	899,273	1
Available-for-sale financial assets – current (Notes 2, 4(c) and 4(s))	205,397	-	217,351	-	Notes payable (Note 4(s))	360,669	-	641,166	1
Notes receivable (Note 4(s))	42,710	-	23,423	-	Accounts payable (Note 4(s))	7,354,917	8	5,703,992	6
Accounts receivable, net (Notes 2, 4(d) and 4(s))	7,947,448	9	7,675,936	9	Accounts payable – related parties (Notes 4(s) and 5)	64,377	-	-	-
Accounts receivable – related parties (Notes 2, 4(s) and 5)	66,570	-	124,601	-	Income taxes payable (Notes 2, 4(q) and 4(s))	1,523,604	2	1,331,623	1
Other receivables (Notes 4(s) and 5)	331,767	-	235,044	-	Accrued expenses (Notes 2, 4(p) and 4(s))	6,281,866	7	6,131,719	7
Inventories (Notes 2 and 4(e))	2,627,754	3	2,070,536	2	Other payables (Notes 2 and 4(s))	3,063,441	3	3,594,997	4
Prepayments (Note 5)	1,120,289	1	877,470	1	Current portion of long-term liabilities (Notes 4(n) and 4(s))	4,000,000	4	4,000,000	4
Deferred income tax assets – current (Notes 2 and 4(q))	46,640	-	28,391	-	Advance receipts (Note 4(m))	3,973,266	4	4,028,165	4
Restricted assets (Notes 4(s), 5, 6 and 7)	406,030	1	73,062	-	Deferred income tax liability – current (Note 4(q))	94	-	193	-
Other current assets	78,941	-	46,041	-	Other current liabilities	968,832	1	774,831	1
Total current assets	20,097,186	22	18,126,033	20	Total current liabilities	30,749,506	33	36,105,959	39
INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for using the equity method (Notes 2 and 4(f))	1,248,562	1	562,812	1	Bonds payable (Notes 4(n) and 4(s))	8,995,180	10	4,000,000	4
Financial assets carried at cost – non-current (Notes 2, 4(g) and 4(s))	1,093,791	1	1,098,739	1	OTHER LIABILITIES				
Bonds measured at amortized cost – non-current (Notes 2, 4(h) and 4(s))	500,000	1	500,000	-	Guarantee deposits (Note 4(s))	810,436	1	738,932	1
Total investments	2,842,353	3	2,161,551	2	Deferred income tax liability – non-current (Notes 2 and 4(q))	239,163	-	195,847	-
PROPERTY AND EQUIPMENT (Notes 2 and 4(i))					Others (Note 2)	774,939	1	689,745	1
Cost					Total other liabilities	1,824,538	2	1,624,524	2
Land	6,637,179	7	6,358,920	7	Total liabilities	41,569,224	45	41,730,483	45
Buildings	4,138,060	5	4,095,308	4	SHAREHOLDERS' EQUITY (Notes 2 and 4(p))				
Telecommunication equipment	69,660,556	76	65,987,074	72	Parent's shareholders' equity				
Office equipment	141,867	-	142,497	-	Capital stock – NTS10 par value	34,208,328	37	34,208,328	38
Leased assets	1,285,920	1	1,285,920	2	Authorized:6,000,000 thousand shares ;				
Miscellaneous equipment	2,959,872	3	2,552,662	3	Issued:3,420,833 thousand shares				
	84,823,454	92	80,422,381	88	Capital surplus				
Less accumulated depreciation	(48,793,438)	(53)	(42,293,583)	(46)	From convertible bonds	8,775,819	10	8,775,819	10
Less accumulated impairment – property	(110,482)	-	(110,482)	-	From treasury stock transactions	3,639,302	4	3,639,302	4
Construction in progress and prepayments for equipment	3,914,647	4	2,783,131	3	From long-term investments	4,485	-	4,485	-
Net property and equipment	39,834,181	43	40,801,447	45	Others	12,840	-	12,840	-
INTANGIBLE ASSETS (Note 2)					Retained earnings				
Trademarks (Note 4(j))	2,516,890	3	2,516,674	3	Legal reserve	18,061,894	20	16,715,018	18
3G concession license	4,486,254	5	5,233,964	6	Special reserve	-	-	821,741	1
Computer software cost	537,303	1	587,814	-	Unappropriated earnings	16,021,036	17	15,735,518	17
Goodwill (Note 4(j))	15,844,964	17	15,846,068	17	Other equity				
Customer relationship (Note 4(j))	1,988,999	2	2,168,107	2	Cumulative translation adjustments	2,115	-	17,612	-
Operating rights (Note 4(j))	1,382,000	1	1,382,000	2	Net loss not recognized as pension cost	(24,050)	-	(16,775)	-
Other intangible assets	24,614	-	26,047	-	Unrealized gains on financial instruments	99,351	-	111,306	-
Total intangible assets	26,781,024	29	27,760,674	30	Treasury stock	(31,077,183)	(34)	(31,077,183)	(34)
OTHER ASSETS						49,723,937	54	48,948,011	54
Assets leased to others (Note 2)	299,991	-	302,799	-	Minority interest	1,081,883	1	1,115,874	1
Idle assets (Note 2)	99,685	-	99,813	-	Total shareholders' equity	50,805,820	55	50,063,885	55
Refundable deposits (Notes 4(s) and 5)	574,301	1	516,978	-					
Deferred charges (Note 2)	666,741	1	596,245	1					
Deferred income tax assets – non-current (Notes 2 and 4(q))	496,957	-	743,916	1					
Others (Notes 2, 4(m), 4(o), 4(s), 5, and 6)	682,625	1	684,912	1					
Total other assets	2,820,300	3	2,944,663	3					
TOTAL	\$ 92,375,044	100	91,794,368	100	TOTAL	\$ 92,375,044	100	91,794,368	100

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 5)	\$ 98,140,954	100	81,369,183	100
OPERATING COSTS (Notes 2, 5, and 11)	62,733,818	64	48,641,510	60
GROSS PROFIT	35,407,136	36	32,727,673	40
OPERATING EXPENSES (Notes 2, 5, and 11)				
Marketing	12,434,471	13	10,802,385	13
Administrative	4,792,207	5	4,335,483	5
Total operating expenses	17,226,678	18	15,137,868	18
OPERATING INCOME	18,180,458	18	17,589,805	22
NON-OPERATING INCOME AND GAINS				
Income from penalty charge	640,822	1	387,128	1
Interest income	55,503	-	99,460	-
Rental income (Notes 2 and 5)	33,825	-	45,210	-
Dividend income (Note 2)	19,888	-	19,114	-
Gain on disposal of property and equipment (Note 2)	3,796	-	1,435	-
Others	87,276	-	120,529	-
Total non-operating income and gains	841,110	1	672,876	1
NON-OPERATING EXPENSES AND LOSSES				
Loss on disposal and retirement of property and equipment (Note 2)	591,714	1	441,413	1
Interest expenses (Notes 2 and 4(i))	328,162	-	240,835	-
Investment loss recognized under the equity method (Notes 2 and 4(f))	10,502	-	24,790	-
Financial charges	10,333	-	12,268	-
Impairment loss (Notes 2 and 4(g))	1,948	-	1,209,970	2
Others	107,487	-	204,836	-
Total non-operating expenses and losses	1,050,146	1	2,134,112	3
INCOME BEFORE INCOME TAX	17,971,422	18	16,128,569	20
INCOME TAX EXPENSES (Notes 2 and 4(q))	3,055,140	3	2,502,389	3
CONSOLIDATED NET INCOME	\$ 14,916,282	15	13,626,180	17
ATTRIBUTED TO				
Shareholders of the parent	\$ 14,691,605	15	13,468,763	17
Minority interest	224,677	-	157,417	-
	\$ 14,916,282	15	13,626,180	17
	Before	After	Before	After
	Income Tax	Income Tax	Income Tax	Income Tax
EARNINGS PER SHARE (Note 4(r))				
Basic	\$ 6.09	5.46	5.18	4.70
Diluted	\$ 6.08	5.45	5.17	4.69

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	Retained earnings						Other equity					Total Shareholders' Equity
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated	Total	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gains (Losses) on Financial Instruments	Treasury Stock	Minority Interest	
BALANCE, JANUARY 1, 2011	\$ 38,009,254	12,432,489	15,332,799	821,741	16,088,941	32,243,481	(5,716)	(10,695)	89,842	(31,889,100)	29,863	50,899,418
Appropriation of the 2010 earnings												
Legal reserve	-	-	1,382,219	-	(1,382,219)	-	-	-	-	-	-	-
Cash dividends – NT\$4.1619 per share	-	-	-	-	(12,439,967)	(12,439,967)	-	-	-	-	-	(12,439,967)
Balance after appropriation	38,009,254	12,432,489	16,715,018	821,741	2,266,755	19,803,514	(5,716)	(10,695)	89,842	(31,889,100)	29,863	38,459,451
Consolidated net income in 2011	-	-	-	-	13,468,763	13,468,763	-	-	-	-	157,417	13,626,180
Capital reduction	(3,800,926)	-	-	-	-	-	-	-	-	-	-	(3,800,926)
Adjustment of stock held by subsidiaries	-	-	-	-	-	-	-	-	-	811,917	-	811,917
Unrealized gains on financial instruments, net	-	-	-	-	-	-	-	-	21,464	-	-	21,464
Adjustments on change of equity in equity-method investments	-	(43)	-	-	-	-	23,328	(6,080)	-	-	-	17,205
Cash dividends paid to minority interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(599)	(599)
Control effect of the acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	926,756	926,756
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	2,437	2,437
BALANCE, DECEMBER 31, 2011	34,208,328	12,432,446	16,715,018	821,741	15,735,518	33,272,277	17,612	(16,775)	111,306	(31,077,183)	1,115,874	50,063,885
Appropriation of the 2011 earnings												
Legal reserve	-	-	1,346,876	-	(1,346,876)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(821,741)	821,741	-	-	-	-	-	-	-
Cash dividends – NT\$5.16 per share	-	-	-	-	(13,880,952)	(13,880,952)	-	-	-	-	-	(13,880,952)
Balance after appropriation	34,208,328	12,432,446	18,061,894	-	1,329,431	19,391,325	17,612	(16,775)	111,306	(31,077,183)	1,115,874	36,182,933
Consolidated net income in 2012	-	-	-	-	14,691,605	14,691,605	-	-	-	-	224,677	14,916,282
Unrealized losses on financial instruments, net	-	-	-	-	-	-	-	-	(11,955)	-	-	(11,955)
Adjustments on change of equity in equity-method investments	-	-	-	-	-	-	(15,497)	(7,275)	-	-	-	(22,772)
Cash dividends paid to minority interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(252,763)	(252,763)
Decrease in minority interest	-	-	-	-	-	-	-	-	-	-	(5,905)	(5,905)
BALANCE, DECEMBER 31, 2012	<u>\$ 34,208,328</u>	<u>12,432,446</u>	<u>18,061,894</u>	<u>-</u>	<u>16,021,036</u>	<u>34,082,930</u>	<u>2,115</u>	<u>(24,050)</u>	<u>99,351</u>	<u>(31,077,183)</u>	<u>1,081,883</u>	<u>50,805,820</u>

Note 1: The remuneration to directors of \$37,306 thousand and the bonus to employees of \$373,059 thousand have been expensed and deducted from 2010 earnings.

Note 2: The remuneration to directors of \$36,284 thousand and the bonus to employees of \$362,844 thousand have been expensed and deducted from 2011 earnings.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 14,916,282	13,626,180
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,068,925	7,882,122
Amortization	1,679,114	1,614,705
Loss on disposal and retirement of property and equipment, net	587,918	439,978
Deferred income taxes	271,927	436,627
Bad debts	264,054	141,254
Provision of allowance for loss on inventories	42,532	44,292
Pension cost	(16,464)	(6,616)
Investment loss recognized under equity method	10,502	24,790
Impairment loss	1,948	1,209,970
Amortization of bond issuance costs	63	-
Others	(8,540)	6,242
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	60,186	399,931
Notes receivable	(19,287)	22,075
Accounts receivable, net	(596,481)	(1,102,338)
Accounts receivable – related parties	58,031	8,041
Other receivables	(37,411)	292,559
Long-term capital lease receivables	30,533	27,866
Inventories	(599,750)	(602,199)
Prepayments	(239,722)	463,364
Other current assets	(32,900)	51,892
Notes payable	(280,497)	326,327
Accounts payable	1,650,925	306,343
Accounts payable – related parties	64,377	-
Income taxes payable	191,981	(135,592)
Accrued expenses	150,147	413,098
Other payables	(479,901)	(1,305,821)
Advance receipts	(54,899)	570,814
Other current liabilities	194,001	82,129
Other liabilities	(19,211)	9,516
Net cash provided by operating activities	<u>25,858,383</u>	<u>25,247,549</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(7,641,770)	(6,207,386)
Increase in long-term investments accounted for using the equity method	(696,450)	(199,600)
Increase in deferred charges	(479,677)	(352,819)
Increase in pledged time deposits	(357,679)	(3,363)
Increase in computer software costs and other intangible assets	(288,851)	(244,831)
Increase in refundable deposits	(57,323)	(19,517)
Proceeds from disposal of property and equipment	6,679	2,622
Decrease (increase) in other assets	5,005	(8,529)
Proceeds from capital reduction of financial assets carried at cost	3,000	-
Proceeds from capital reduction of available-for-sale financial assets	-	5,435
Acquisition of subsidiaries	-	(8,414,168)
Net cash used in investing activities	<u>(9,507,066)</u>	<u>(15,442,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(13,880,940)	(12,439,928)
Proceeds from issuance of bonds	8,995,117	-
(Decrease) increase in short-term borrowings	(5,841,560)	5,797,000
Repayments of bonds	(4,000,000)	-
(Decrease) increase in short-term notes and bills payable	(899,273)	399,541
Cash dividends paid to minority interest	(252,763)	(599)
Increase in guarantee deposits	71,504	41,540
Decrease in long-term borrowings	-	(4,966,667)
Capital reduction	-	(2,988,378)
Increase in long-term borrowings	-	2,666,667
Employee stock option issued by subsidiaries	-	8,300
Net cash used in financing activities	<u>(15,807,915)</u>	<u>(11,482,524)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(13,754)</u>	<u>35,963</u>
ACQUISITION OF CASH AND CASH EQUIVALENT FOR SUBSIDIARIES	<u>-</u>	<u>2,285,830</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>529,648</u>	<u>644,662</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,693,992</u>	<u>6,049,330</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 7,223,640</u></u>	<u><u>6,693,992</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 324,914	369,262
Less interest capitalized	<u>14,267</u>	<u>10,244</u>
Interest paid – excluding interest capitalized	<u><u>\$ 310,647</u></u>	<u><u>359,018</u></u>
Income tax paid	<u><u>\$ 2,980,093</u></u>	<u><u>3,370,526</u></u>
CASH AND NON-CASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of property and equipment	\$ 7,700,772	5,764,963
Decrease in other payables	45,403	530,296
Increase in other liabilities – other	<u>(104,405)</u>	<u>(87,873)</u>
Cash paid for acquisition of property and equipment	<u><u>\$ 7,641,770</u></u>	<u><u>6,207,386</u></u>

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

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

Wealth Media Technology Co., Ltd., the subsidiary of Taiwan Mobile Co., Ltd. (the Corporation), acquired 51% of Fubon Multimedia Technology Co., Ltd.'s shares on July 13, 2011. The fair values of the assets and liabilities upon acquisition were as follows:

Cash	\$ 2,285,830
Financial assets at fair value through profit or loss – current	460,117
Receivables	275,190
Inventories	380,956
Prepayments	666,379
Other current assets	183,684
Property and equipment	464,111
Intangible assets	4,923,979
Other assets	<u>114,421</u>
	<u>9,754,667</u>
Payables	2,446,781
Advance receipts	86,463
Other current liabilities	334,397
Long-term liabilities	7,384
Other liabilities	<u>192,132</u>
	<u>3,067,157</u>
Net	6,687,510
Minority interest	<u>(82,837)</u>
	6,604,673
Percentage of equity interest	<u>51%</u>
	3,368,383
Add: Goodwill	<u>4,979,566</u>
Cash paid for acquisition of Fubon Multimedia Technology Co., Ltd.	<u><u>\$ 8,347,949</u></u>

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

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

TFN Media Co., Ltd., the Corporation's subsidiary, acquired 45.012% of Taiwan Kuro Times Co., Ltd.'s shares on August 12, 2011. The fair values of the assets and liabilities upon acquisition were as follows:

Cash	\$ 18,584
Receivables	45,597
Prepayments	5,894
Other current assets	1,217
Property and equipment	2,823
Intangible assets	39,922
Other assets	<u>1,528</u>
	<u>115,565</u>
 Short-term borrowings	 8,000
Payables	66,828
Advance receipts	3,450
Other current liabilities	<u>3,281</u>
	<u>81,559</u>
Net	34,006
Percentage of equity interest	<u>45.012%</u>
	15,307
Add: Goodwill	<u>50,693</u>
Cash paid for acquisition of Taiwan Kuro Times Co., Ltd.	<u><u>\$ 66,000</u></u>

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (the Corporation) 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 the 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 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. The license had been renewed and its expiry date had been extended to June 2017 by the National Communications Commission (NCC) on November 14, 2012. It also entails the payment of an annual license fee consisting of 2% of the second generation (2G) 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, 2012 and 2011, the Corporation and subsidiaries (hereinafter referred to as the "Group") had 6,529 and 6,055 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements were compiled in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and Republic of China generally accepted accounting principles. In conformity with the above, the Group is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, provision for losses on decline in value of inventories, depreciation, pension, allowance for deferred income tax assets, bonus to employees, remuneration to directors, impairment loss on assets, etc. Actual results may differ from these estimates.

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language financial statements, the Chinese version shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Consolidation

a. Basis of consolidation

The consolidated financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 7 “ Consolidated Financial Statements” and include the financial statements of the Corporation, its direct and indirect subsidiaries with at least 50% shareholding, and other investees controlled by the Corporation. If the Corporation obtains the majority of the shareholders’ equity of a subsidiary during the year, the Corporation starts to consolidate the related revenues and expenses of the subsidiary from the date of obtaining 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:

<u>Investor</u>	<u>Subsidiary</u>	<u>Main Business and Products</u>	<u>Percentage of Direct Ownership as of December 31</u>		<u>Note</u>
			<u>2012</u>	<u>2011</u>	
Corporation	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00	100.00	-
WMT	Taiwan Win TV Broadcasting Co., Ltd. (TWTV)	Entertainment	-	100.00	TWTV is dissolved which was merged by WMT on March 1, 2012.
WMT	Fubon Multimedia Technology Co., Ltd. (FMT)	Wholesale and retail sales via traditional and online shopping channels	50.6358	50.6358	WMT acquired more than 50% equity and consolidated FMT and its subsidiaries into financial statements since July 13, 2011.
FMT	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00	100.00	-
FMT	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00	100.00	-
FMT	Fuli Property Insurance Agent Co.,Ltd. (FPI)	Property insurance agent	100.00	100.00	-
FMT	Asian Crown International Co., Ltd (Asian Crown (BVI))	Investment	100.00	100.00	-
Asia Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00	100.00	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00	100.00	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesale and retail sales	80.00	80.00	-

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Main Business and Products	Percentage of Direct Ownership as of December 31		Note
			2012	2011	
WMT	Tai Fu Media Technology Co., Ltd. (TFMT)	Investment	-	100.00	TFMT is dissolved which was merged by WMT on March 1, 2012.
WMT	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00	100.00	(Note 1)
GWMT	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	6.831	6.831	-
WMT	Fu Jia Leh Media Technology Co., Ltd. (FJLMT)	Investment	-	100.00	(Note 1 and FJLMT is dissolved which was merged by TFNM on March 2, 2012.)
WMT	Fu Sin Media Technology Co., Ltd. (FSMT)	Investment	-	100.00	(Note 1 and FSMT is dissolved which was merged by TFNM on March 2, 2012.)
WMT	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00	100.00	(Note 1)
GFMT	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	0.7628	0.7628	-
WMT	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00	100.00	(Note 2)
WMT	TFN Media Co., Ltd. (TFNM)	Cable broadband and value-added services provider	100.00	100.00	(Note 2)
TFNM	UCTV	Cable TV service provider	99.2243	99.2243	-
TFNM	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00	100.00	-
TFNM	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53	29.53	Another 70.47% shares were held under trustee accounts
TFNM	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00	100.00	(Note 3)
TFNM	GCTV	Cable TV service provider	92.38	92.38	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music platform	100.00	100.00	-
TKT	ezPeer Multimedia Ltd. (ezPeer Samoa)	Investment	100.00	100.00	-
Corporation	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00	100.00	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00	100.00	-
TFN	TFN HK Ltd.	Telecommunications service provider	100.00	100.00	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00	100.00	-
TCC	Taiwan Digital Communications Co., Ltd. (TDC)	TV program production and mobile phones wholesale	100.00	100.00	-
TCC	TCC Investment Co., Ltd. (TCCI)	Investment	100.00	100.00	TCCI, TID and TUI collectively owned 730,726 thousand shares of the Corporation representing 21.36% of total outstanding shares as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor	Subsidiary	Main Business and Products	Percentage of Direct Ownership as of December 31		Note
			2012	2011	
TCCI	TCCI Investment & Development Co., Ltd. (TID)	Investment	100.00	100.00	-
TCC	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00	100.00	-
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00	100.00	-
TCC	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00	100.00	-
TT&T	Taiwan Super Basketball Co., Ltd. (TSB)	Basketball team management	100.00	100.00	-
TT&T	TT&T Holdings Co., Ltd. (TT&T Holdings)	Investment	100.00	100.00	-
TT&T Holdings	Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis and development of CRM application and information consulting services	100.00	100.00	-

Note 1: Became a subsidiary of WMT which merged TFMT on March 1, 2012.

Note 2: Became a subsidiary of WMT due to the spin-off of WTVB and TFNM into TFMT from TCCI on February 8, 2012. Then, TFMT was merged by WMT on March 1, 2012.

Note 3: Fu Sin Media Technology Co., Ltd. originally owned 3.34% of the shares of Phoenix Cable TV Co., Ltd. Then, Fu Sin Media Technology Co., Ltd was merged by TFNM on March 2, 2012 which subscribed all the shares.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents, assets held for trading, and those expected to be converted to cash, sold or consumed within twelve months from the balance sheet date. Other assets such as property and equipment and intangible assets and other assets, which do not belong to current 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 Assets 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 assets 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 assets is recognized and derecognized using trade-date accounting.

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

Available-for-sale Financial Assets

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

Cash dividends are recognized as dividend income on the ex-dividend date, but are accounted for as reductions of 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.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

The fair value of listed stocks is based on the closing price on the balance sheet date.

Receivables

The Group accesses evidence for impairment of receivables on an individual and collective basis. Accordingly, all individually significant receivables are assessed for specific impairment. The Group receivables that are not individually significant in accordance with credit risks and considers the historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred to make the estimate of impairment.

Inventories

Inventories are recorded at the lower of weighted-average cost or net realizable value. When comparing cost and net realizable value, inventories are evaluated by individual item.

Investments Accounted for Using the Equity Method

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

In accordance with 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 asset value. Goodwill is no longer amortized. If the fair value of identifiable net assets acquired exceeds the cost of investments, the excess should be assigned to non-current assets (except for financial assets not under the equity method, assets for disposal, deferred income tax assets, and prepaid pension costs or other retirement benefit costs). If these assets are all reduced to zero, the remaining excess should be recognized as extraordinary gain. Starting January 1, 2006, the unamortized balance of the excess of the acquisition cost of the long-term investment under the equity method over the equity in the investee's net asset value is no longer amortized, and this accounting treatment also applies to goodwill.

The cost and the resulting gain or loss on an investment sold are determined by the weighted-average-cost method.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Financial Assets Carried at Cost

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

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 derecognition, impairment or amortization. A regular purchase or sale of financial assets is recognized and de-recognized using trade-date accounting.

If there is any 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. However, the increased carrying value of an asset due to impairment loss reversal should not exceed the carrying value that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years.

Property and Equipment, and Assets Leased to Others

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

For cost associated with dismantling and relocating fixed assets and restoring the leased premises housing fixed assets to the previous state should be recognized as an addition to the fixed assets and accrued as a potential liability accordingly.

Depreciation is calculated using the straight-line method over the estimated service lives, which range as follows: buildings – 20 to 55 years; telecommunication equipment – 2 to 15 years; office equipment – 3 to 8 years; leased assets – 20 years; and miscellaneous equipment – 2 to 9 years.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

Accounting for Leases

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

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

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

Intangible Assets

a. Franchise

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

b. Computer software

Computer software cost is amortized by the straight-line method over 3 to 10 years.

c. Goodwill

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

d. Customer relationship, trademarks and operating rights

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

Customer relationship, trademarks and operating rights are measured on the basis of the future economic value and the useful life of the subsidiaries' retailing channel, cable TV and data network businesses. Customer relationship is amortized by straight-line method over 6 to 20 years. Trademarks and operating rights are based on a license about trademark registration and cable TV. Although the license has a statutory period, the subsidiary can apply for license renewal. Therefore, it does not have a definite useful life in the light of future operation. Thus, this intangible asset should be tested annually for impairment instead of being amortized in accordance with SFAS No. 37 "Intangible Assets". An impairment test is also required if there is evidence of trademarks and operating rights impairment due to certain circumstances.

Idle Assets

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

Deferred Charges

Deferred charges, mainly interior decoration costs for offices and directly-managed stores and capitalization for significant repairs, are amortized by the straight-line method over 2 to 5 years.

Asset Impairment

If the carrying value of an asset (including property and equipment, intangible assets, idle assets, assets leased to others, investments accounted for using the equity method, and deferred charges) is more than its recoverable amount, which indicates that an impairment exists, an impairment loss should be recognized. Any subsequent reversal of the impairment loss for the increase in recoverable amount is recognized as income, nevertheless, the carrying value after the reversal shall not exceed the carrying value that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. The reversal of impairment loss on goodwill is not allowed.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Pension Costs

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

Income Taxes

The inter-period and intra-period allocation methods are used for income taxes. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused tax credits, and net operating loss carryforwards. A valuation allowance is provided for deferred income tax assets to the extent that it is 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 being realized.

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

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

Income tax of 10% on unappropriated earnings generated is provided for as income tax in the year when the shareholders resolve to retain the earnings.

Treasury Stock

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Foreign-currency Transactions

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

Non-monetary assets or liabilities carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 from 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 at the dates of transactions.

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

Revenue Recognition

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

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

Promotion Expenses

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Effective from January 1, 2011, the Group adopted SFAS No. 41 “Operating Segments.” In accordance with SFAS No. 41, an entity should disclose information to enable users of its financial statements to evaluate the nature and the financial effects of the business activities in which it engages and the economic environments in which it operates. The Group determines and presents operating segments based on the information that is internally provided to the chief operating decision maker. In addition, the segment information should be disclosed in the consolidated financial reports issued by the Corporation, but it does not need to be disclosed in individual financial reports. The Standard also supersedes SFAS No. 20 “Segment Reporting”. The information for the period ended December 31, 2011 has been recast to reflect the new segment reporting requirement. There was no impact on the profit or loss for the year ended December 31, 2011.

Effective from January 1, 2011, the Group adopted the third amended SFAS No. 34 “Financial Instruments: Recognition and Measurement”. In accordance with the revised SFAS No. 34, initial receivables are used in the recognition, valuation, and impairment of receivables. There was no impact on the profit or loss for the year ended December 31, 2011.

4. SUMMARY OF MAJOR ACCOUNTS

a. Cash and cash equivalents

	December 31	
	2012	2011
Time deposits	\$ 3,368,975	2,831,445
Government bonds with repurchase rights	2,316,352	2,607,596
Cash in banks	1,317,845	1,135,422
Cash on hand	207,380	86,982
Revolving funds	13,088	12,558
Short-term notes and bills with repurchase rights	-	19,989
	\$ 7,223,640	6,693,992

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b. Financial assets at fair value through profit or loss – current

Information of financial instrument held for trading is as follow :

	December 31	
	2012	2011
Beneficiary certificates		
Open-end mutual fund	\$ -	60,186

c. Available-for-sale financial assets – current

	December 31	
	2012	2011
Domestic listed stocks		
Chunghwa Telecom Co., Ltd.	\$ 205,397	217,351

d. Accounts receivable, net

	December 31	
	2012	2011
Accounts receivable	\$ 8,153,490	7,882,460
Less allowance for doubtful accounts	(206,042)	(206,524)
	\$ 7,947,448	7,675,936

In January, 2012, the Group entered into an accounts receivable factoring contract with HC First Asset Management Co., Ltd. The Group sold \$2,380,002 thousand of the overdue accounts receivable, which had been written off, to HC First Asset Management Co., Ltd. The aggregate selling price was \$59,558 thousand. Under this contract, the Group would no longer assume the risk on this receivable.

e. Inventories

	December 31	
	2012	2011
Inventories	\$ 2,872,854	2,273,104
Less allowance to reduce inventory to net realizable value	(245,100)	(202,568)
	\$ 2,627,754	2,070,536

Allowances for losses were \$42,532 thousand and \$44,292 thousand for the years ended December 31, 2012 and 2011, respectively.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

f. Investments accounted for using the equity method

	December 31			
	2012		2011	
	Carrying	% of	Carrying	% of
	Value	Owner-	Value	Owner-
		ship		ship
Taipei New Horizons Co., Ltd. (TNH)	\$ 811,841	49.90	562,812	49.90
Taiwan Pelican Express Co., Ltd. (TPE)	359,643	20.00	-	-
Kbro Media Co., Ltd.	77,078	32.50	-	-
	\$ 1,248,562		562,812	

(1) TNH

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

On June 2, 2011, TNH's board of directors resolved to increase TNH's capital by \$400,000 thousand, divided into 40,000 thousand shares with par value of \$10 per share, with a record date of August 1, 2011. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%.

On May 15, 2012, TNH's board of directors resolved to increase TNH's capital by \$550,000 thousand, divided into 55,000 thousand shares with par value of \$10 per share, with a record date of November 6, 2012. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%.

On December 19, 2012, TNH's board of directors resolved to increase TNH's capital by \$1,650,000 thousand, divided into 165,000 thousand shares with par value of \$10 per share. The Corporation subscribed for the shares based on its proportion of the shareholding, which remains at 49.9%. The Corporation paid \$174,650 thousand as of January 31, 2013.

(2) TPE

In August 2012, FMT, the Corporation's subsidiary, acquired 20% of TPE.

(3) Kbro Media Co., Ltd.

In August 2012, TFNM, the Corporation's subsidiary, acquired 32.5% of Kbro Media Co., Ltd.

On December 26, 2012, Kbro Media Co., Ltd.'s board of directors resolved to increase Kbro Media Co., Ltd.'s capital by \$660,000 thousand, divided into 66,000 thousand shares with par value of \$10 per share. TFNM, the Corporation's subsidiary, subscribed for the shares based on its proportion of the shareholding and paid \$214,500 thousand on January 31, 2013.

(4) Equity in investees' net gains or losses

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	Years ended December 31	
	2012	2011
TNH	\$ (25,421)	(24,790)
TPE	15,643	-
Kbro Media Co., Ltd.	(724)	-
	\$ (10,502)	(24,790)

g. Financial assets carried at cost – non-current

	December 31	
	2012	2011
Domestic emerging stocks		
Taiwan High Speed Rail Corporation	\$ 912,463	912,463
Domestic unlisted stocks		
Arcoa Communication Co., Ltd.	67,731	67,731
Great Taipei Broadband Co., Ltd.	39,627	41,241
Parawin Venture Capital Corp.	16,873	20,207
WEB Point Co., Ltd.	6,773	6,773
Foreign unlisted stocks		
Bridge Mobile Pte Ltd.	50,324	50,324
	\$ 1,093,791	1,098,739

Because there is no active market quotation and a reliable fair value cannot be estimated, the above investments are measured at cost. An impairment loss of \$1,948 thousand and \$1,209,970 thousand were recognized for the years ended December 31, 2012 and 2011, respectively.

h. Bonds measured at amortized cost – non-current

	December 31	
	2012	2011
Taiwan High Speed Rail Corporation – unlisted convertible preferred stock – series A	\$ 500,000	500,000

i. Property and equipment – accumulated depreciation

	December 31	
	2012	2011
Buildings	\$ 1,093,423	944,292
Telecommunication equipment	44,818,870	39,029,208
Office equipment	112,400	102,026
Leased assets	680,182	615,701
Miscellaneous equipment	2,088,563	1,602,356
	\$ 48,793,438	42,293,583

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Capitalized interest for the years ended December 31, 2012 and 2011 were \$14,267 thousand and \$10,244 thousand, respectively, with capitalization rates ranging from 1.44% to 1.92% and 1.68% to 2.88%, respectively.

j. Intangible assets

	Year ended December 31, 2012			
	Trademarks	Goodwill	Customer Relationship	Operating Rights
<u>Cost</u>				
Beginning balance	\$ 2,516,674	15,846,068	2,168,107	1,382,000
Add:				
Acquired in this period	342	-	-	-
Effect of exchange rate changes	-	(1,104)	-	-
Amortization	(126)	-	(179,108)	-
Ending balance	<u><u>\$ 2,516,890</u></u>	<u><u>15,844,964</u></u>	<u><u>1,988,999</u></u>	<u><u>1,382,000</u></u>

	Year ended December 31, 2011			
	Trademarks	Goodwill	Customer Relationship	Operating Rights
<u>Cost</u>				
Beginning balance	\$ 19,087	10,529,148	2,341,808	1,382,000
Add:				
Acquired in this period	282	-	5,433	-
Acquisition from merger	2,497,202	5,316,864	-	-
Effect of exchange rate changes	180	56	-	-
Amortization	(77)	-	(179,134)	-
Ending balance	<u><u>\$ 2,516,674</u></u>	<u><u>15,846,068</u></u>	<u><u>2,168,107</u></u>	<u><u>1,382,000</u></u>

(1) Customer relationship, trademarks and operating rights

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

- (a) On April 17, 2007, TFN, the Corporation's 100%-owned subsidiary, acquired more than 50% of the former Taiwan Fixed Network Co., Ltd (the former TFN) through a public tender offer. The Corporation divided the former TFN and its subsidiaries into two cash-generating units: fixed network service and cable television business. Accordingly, customer relationship and operating rights are identified as major intangible assets.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (b) Taiwan United Communication Co., Ltd. (TUC) was established on April 14, 2007, and was merged into TFN on January 1, 2008. In September 2007, TUC, the Corporation's 100%-owned subsidiary, acquired more than 50% of Taiwan Telecommunication Network Services Co., Ltd. (TTN) shares. TTN was merged into TFN on August 1, 2008. 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 a major intangible asset.
- (c) On September 1, 2010, TFNM, the Corporation's 100%-owned subsidiary, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. The Corporation measured the fair value of the acquired assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationship are identified as major intangible assets.
- (d) On July 13, 2011, WMT, the Corporation's 100%-owned subsidiary, acquired more than 50% of the FMT. The Corporation measured the fair value of the acquired assets and viewed FMT's retailing as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

(2) Goodwill

In conformity with SFAS No. 35 "Impairment of Assets," the Group identified the smallest identifiable group of cash-generating units by year and entity as follows:

The Group's members, which were engaged in mobile or wireless phone services, fixed network services, cable television business and the retail business, were viewed as separate, independent cash-generating units. Thus, the recoverable amounts of the operating assets and goodwill were evaluated by business type, and the critical assumptions used for this evaluation were as follows:

(a) Wireless service

(i) 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.

(ii) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customer obtained and existing customer maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(iii) Assumptions on discount rate

In 2012 and 2011, the discount rate used to calculate the asset recoverable amounts of the Corporation was 6.20% and 6.98%, respectively.

(b) Fixed network service

(i) Assumptions on operating revenues

After taking into consideration the changes in the telecom industry and the company's growth of operation, the operating revenues were estimated basing on the demand of the types of data transmission and broadband volume.

(ii) Assumptions on operating costs and expenses

The estimates of operating costs and expenses were based on the cost drivers of each costs and expenses.

(iii) Assumptions on discount rate

In 2012 and 2011, the discount rates were 6.44% and 7.22%, respectively, in calculating the asset recoverable amounts of TFN.

(c) Cable television business

(i) 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.

(ii) Assumptions on operating costs and expenses

The estimates of cost of equity, commissions, customer retention costs, network operations and maintenance costs, customer service costs, and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining costs and expenses were based on the proportion of the actual costs and expenses to operating revenues.

(iii) Assumptions on discount rate

The discount rates used to calculate the asset recoverable amounts for each system operator ranged from 10.36% to 11.12% and from 8.20% to 8.47% in 2012 and 2011, respectively.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Retail business

(i) Assumptions on operating revenues

After taking into consideration the changes in the retail business industry and competitiveness of the market, the operating revenues were estimated basing on the classification and the average price of commodities, and the degree of the contribution of the customers.

(ii) Assumptions on operating costs and expenses

The costs and expenses were based on the proportion of the actual costs and expenses of the operating revenues.

(iii) Assumptions on discount rate

In 2012 and 2011, the discount rates were 6.89% and 10.72%, respectively, in calculating the asset recoverable amounts.

Based on the key assumptions of each cash-generating unit, the Group's management believes that the carrying amounts of these operating assets 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, 2012 and 2011.

k. Short-term borrowings

	December 31	
	2012	2011
Unsecured loans – financial Institutions	\$ 3,000,000	9,000,000
Secured loans – related parties	158,440	-
	\$ 3,158,440	9,000,000
Interest rate	0.88%~6.3%	0.89%~0.98%

l. Short-term notes and bills payable

	December 31	
	2012	2011
Commercial paper payable		
China Bills Finance Corporation	\$ -	600,000
Mega Bills Finance Corporation	-	300,000
Less discount on short-term notes and bills payable	-	(727)
Net carrying value	\$ -	899,273
Interest rate	-	0.948%~0.958%
Period	-	2011.12.30~ 2012.01.31

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

m. Advance receipts

- (1) In accordance with NCC's policy, the Corporation entered into a contract with First Commercial Bank Co., Ltd., which provided a performance guarantee for advance receipts from prepaid cards and electronic gift certificates amounted to \$1,416,326 thousand and \$1,696 thousand, respectively, as of December 31, 2012.
- (2) In accordance with NCC's policy, TFN entered into a contract with First Commercial Bank Co., Ltd., which provided performance guarantee for advance receipts from International Direct Dialing (IDD) calling card amounted to \$10,747 thousand as of December 31, 2012.
- (3) In accordance with NCC's policy, cable television companies should provide a performance deposit based on a certain proportion of the advance receipts for a prepaid period. As of December 31, 2012, the cable television companies had received an advance payment of \$448,382 thousand and provided \$54,420 thousand as performance deposit, which is classified as other assets – restricted asset.
- (4) In accordance with the Ministry of Economic Affairs' policy, FMT entered into a contract with Taipei Fubon Commercial Bank Co., Ltd. In order to provide a performance deposit, the trust account balance maintained monthly by FMT should be the same as the amount of the outstanding gift certificates. As of December 31, 2012, FMT's outstanding gift certificates amounted to \$3,030 thousand, and FMT provided \$3,030 thousand as performance deposit, which is classified as other assets – restricted assets.

n. Bonds payable

	December 31			
	2012		2011	
	Current	Non-current	Current	Non-current
2nd domestic unsecured bonds	\$ 4,000,000	-	4,000,000	4,000,000
3rd domestic unsecured bonds	-	9,000,000	-	-
Less unamortized bond issuance costs	-	(4,820)	-	-
	\$ 4,000,000	8,995,180	4,000,000	4,000,000

(1) 2nd domestic unsecured bonds

On November 14, 2008, the Corporation issued \$8,000,000 thousand of five-year 2nd domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 2.88% per annum, with simple interest due annually. Repayment will be made in the fourth and fifth year with equal installments, i.e., \$4,000,000 thousand.

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

Year	Amount
2013	\$ 4,000,000

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) 3rd domestic unsecured bonds

On December 20, 2012, the Corporation issued \$9,000,000 thousand of seven-year 3rd domestic unsecured bonds, each having a face value of \$10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayment will be made in the sixth and seventh year with equal installments, i.e., \$4,500,000 thousand.

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

<u>Year</u>	<u>Amount</u>
2018	\$ 4,500,000
2019	4,500,000
	<u>\$ 9,000,000</u>

o. Pension plan

The Labor Pension Act (LPA) provides for a defined contribution pension plan. Starting from July 1, 2005, the Group should contribute monthly an amount equal to 6% of the employees' monthly salaries to the employees' individual pension accounts. The contributed amount was \$222,766 thousand and \$217,419 thousand for the year ended December 31, 2012 and 2011, respectively.

The Labor Standards Act (LSA) provides for a defined benefit pension plan. Benefits are based on the length of service and average basic pay of the six months before retirement. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries to a pension fund. The pension fund is managed by an independently administered pension fund committee and deposited in the committee's name in Bank of Taiwan. As approved by the Department of Labor of the Taipei City Government, the Corporation, TFN and TT&T suspended contributing from February 2007 to September 2013.

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

(1) Pension cost

	<u>Years ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Service cost	\$ 3,282	3,346
Interest cost	15,401	15,478
Projected return of pension assets	(13,643)	(13,508)
Amortization	13,593	8,028
Gain on settlement	(2,912)	(14,627)
Pension cost	<u>\$ 15,721</u>	<u>(1,283)</u>

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Changes in the prepaid pension cost

	December 31	
	2012	2011
Benefit obligation		
Vested	\$ (41,609)	(21,262)
Non-vested	(458,401)	(443,928)
Accumulated	(500,010)	(465,190)
Additional benefits based on future salaries	(302,836)	(298,404)
Projected benefit obligation	(802,846)	(763,594)
Fair value of plan assets	717,130	677,262
Funded status	(85,716)	(86,332)
Unrecognized net transition obligation	10,374	11,932
Unrecognized prior service cost	17,826	20,782
Unamortized net gain or loss	129,139	122,395
Unrecognized net gain	(4,455)	(18,082)
Additional liability	(50,468)	(42,191)
Prepaid pension cost	\$ 16,700	8,504
(3) Vested benefit	\$ (49,494)	(26,701)

(4) Actuarial assumptions

	Years ended December 31	
	2012	2011
Discount rate used in determining present values	1.50%~1.875%	2.00%
Future salary increase rate	2.50%~3.00%	2.75%~3.00%
Expected rate of return on plan assets	1.50%~1.875%	2.00%

p. Shareholders' equity

(1) 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 treasury stock transactions, may be transferred to capital as stock dividends or distributed as cash dividends, and this transfer is restricted to a certain percentage of the paid-in capital. Also, the capital surplus from long-term investments accounted for using the equity method may not be used for any purposes.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Legal reserve

According to the Company Act, a company shall first set aside ten percent of its income (after taxes) as legal reserve until it equals to the paid-in capital. After offsetting any deficit, the legal reserve may be transferred to capital as stock dividends or distributed as cash dividends within the amount in excess of 25% of the paid-in capital in pursuant to the resolution to be adopted by the shareholders' meeting.

(3) 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 or reversed special reserve based on relevant laws or regulations or business requirements, should be distributed as follows:

- (a) Remuneration to directors – up to 0.3%
- (b) Bonus to employees – 1% to 3%
- (c) 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. The remainder is available for cash 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 of the board of directors and shareholders based on actual earnings and working 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 (except treasury stock) 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 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 Corporation's estimated bonuses to employees amounted to \$396,673 thousand and \$362,844 thousand, respectively, as of the year ended December 31, 2012 and 2011, and the estimated remuneration to directors amounted to \$39,667 thousand and \$36,284 thousand, respectively, as of the year ended December 31, 2012 and 2011.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Corporation's bonuses to employees and remuneration to directors were accrued based on 3% and 0.3%, respectively, of the net income (which did not include the bonuses to employees and remuneration to directors) after setting aside 10% of net income as legal reserve. The significant difference between annual accruals and the amount approved by the board of directors shall be adjusted in the current year. If the board of directors' approval differs from the amount ratified at the annual general shareholders' meeting (AGM), the difference will be treated as changes in accounting estimation and will be adjusted in 2013's P&L. If employee bonuses are paid in the form of company shares, the number of employee bonus shares shall be derived from dividing the approved bonus amount by the closing price one day prior to the AGM, adjusted for cash and/or stock dividends if any.

The 2011 and 2010 earnings appropriations resolved by the AGM on June 22, 2012 and June 15, 2011, were as follows:

	Appropriation of Earnings		Dividend Per Share	
	For Fiscal Year 2011	For Fiscal Year 2010	For Fiscal Year 2011	For Fiscal Year 2010
Appropriation of legal reserve	\$ 1,346,876	1,382,219		
Cash dividends	13,880,952	12,439,967	5.16	4.1619
Reversal of special reserve	(821,741)	-		
	\$ 14,406,087	13,822,186		

The shareholders, on June 22, 2012, resolved to distribute 2011 bonus of \$362,844 thousand to employees and remuneration of \$36,284 thousand to directors. The shareholders, on June 15, 2011, resolved to distribute 2010 bonus of \$373,059 thousand to employees and remuneration of \$37,306 thousand to directors. There were no differences between the above actual distributions and the amounts recognized in 2011 and 2010 of the financial statements.

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

(4) Capital reduction by cash

To increase ROE (Return of Equity) and maintain stable EPS (Earnings Per Share) and dividend, the Corporation's AGM resolved on June 15, 2011 a capital reduction of \$3,800,926 thousand, eliminated 380,093 thousand shares, representing 10% of outstanding shares. On July 15, 2011, the authority already approved the application and the Corporation's board of directors resolved the record date of August 1, 2011. Trading suspension started on October 3, 2011 and the new shares resumed trading on October 13, 2011.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Treasury stock

<u>Purpose of Buyback</u>	(Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>Year ended December 31, 2012</u>				
Shares held by subsidiaries	730,726	-	-	730,726
<u>Year ended December 31, 2011</u>				
Shares held by subsidiaries	811,918	-	81,192	730,726

As of December 31, 2012, the Corporation's stock held by TCCI, TID, and TUI (all are subsidiaries 100% owned by the Corporation) was 730,726 thousand shares and the carrying and market values were \$78,187,666 thousand. The Corporation reclassified \$31,077,183 thousand from investments accounted for using the equity method to treasury stock based on SFAS No. 30 "Accounting for Treasury Stock." Although these shares are treated as treasury stock in the financial statements, the shareholders are entitled to excise their rights over these shares, except for the participation in capital injection by cash. In addition, based on the ROC Company Act, the holders, which are subsidiaries over 50% owned by the Corporation, of treasury stock cannot exercise the voting rights.

(6) Unrealized gain or loss on financial instruments

Changes of unrealized gain or loss on financial instruments for the years ended December 31, 2012 and 2011, are summarized as follows:

	Years ended December 31	
	2012	2011
Available-for-sale financial assets		
Balance, beginning of period	\$ 111,306	89,842
Fair value changes recognized directly in equity	(11,955)	21,464
Unrealized gains on financial instruments	<u>\$ 99,351</u>	<u>111,306</u>

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

q. Income tax expense

- (1) The reconciliation of imputed income taxes on pretax income at the statutory tax rate to income tax expense was as follows:

	Years ended December 31	
	2012	2011
Tax on pretax income at statutory tax rate	\$ 5,225,039	4,526,503
Add (deduct) tax effects of:		
Permanent differences		
Investment income from domestic investees accounted for using the equity method	(2,140,037)	(1,747,968)
Others	(1,083)	200,974
Temporary differences	(252,326)	(421,760)
Deferred income taxes	271,927	436,627
Prior years' adjustment	(32,717)	(470,963)
Prior years' loss carryforwards	(11,226)	(13,771)
Investment tax credits	(4,437)	(7,253)
Income tax expense	\$ 3,055,140	2,502,389

- (2) Deferred income tax assets (liabilities) were as follows:

	December 31	
	2012	2011
Unrealized loss on retirement of property and equipment	\$ 674,977	846,775
Amortization of goodwill	(594,229)	(468,873)
Difference in the estimated lives of property and equipment	133,362	134,993
Provision for doubtful accounts	125,200	134,067
Prior years' loss carryforwards	35,830	47,056
Provision for impairment losses on idle assets	20,303	20,979
Others	166,280	95,075
	561,723	810,072
Less valuation allowance	(257,383)	(233,805)
	\$ 304,340	576,267

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31	
	2012	2011
Deferred income tax assets		
Current	\$ 46,640	28,391
Non-current	496,957	743,916
	\$ 543,597	772,307
Deferred income tax liabilities		
Current	\$ (94)	(193)
Non-current	(239,163)	(195,847)
	\$ (239,257)	(196,040)

(3) The loss carryforwards of the Group as of December 31, 2012, were as follows:

Year	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
2006	\$ 2,602	-	2016
2007	125,042	79,903	2017
2008	62,074	61,817	2018
2009	1,124	-	2019
2010	13,050	71	2020
2011	72,907	68,974	2021
	\$ 276,799	210,765	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Integrated income tax information was as follows:

	December 31	
	2012	2011
Balance of imputation credit account (ICA)		
The Corporation	\$ 1,096,985	2,394,350
TCC	15,020	277
WMT	35,208	-
GWMT	1,549	1,624
GFMT	184	89
TDC	747	18
TCCI	1,457	134,533
TID	-	-
TSB	283	5
TFN	1,006,694	665,825
TT&T	5,452	5,629
TUI	-	-
WTVB	-	-
TFNM	366,249	93,389
UCTV	7,481	7,167
YJCTV	48,482	39,570
MCTV	13,257	12,027
PCTV	24,983	18,470
GCTV	24,692	23,371
TKT	12	-
FMT	143,563	140,878
FST	3,615	757
FLI	3,442	3,410
FPI	3,467	3,823
TFMT	Not applicable	6,978
TWTV	Not applicable	-
FJLMT	Not applicable	-
FSMT	Not applicable	2,181

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2012, there were no unappropriated earnings generated before December 31, 1997. The estimated and actual creditable ratios for the 2012 and 2011 earnings appropriation, respectively, were as follows:

	<u>2012</u>	<u>2011</u>
The Corporation	17.92%	23.73%
TCC	17.81%	13.97%
WMT	20.48%	20.48%
GWMT	20.48%	20.48%
GFMT	-	-
TDC	20.48%	20.44%
TCCI	1.13%	11.51%
TID	-	-
TSB	20.48%	20.48%
TFN	20.48%	20.48%
TT&T	20.48%	20.48%
TUI	-	-
WTVB	-	-
TFNM	20.50%	4.74%
UCTV	12.34%	10.85%
YJCTV	20.49%	20.48%
MCTV	20.53%	20.53%
PCTV	20.54%	20.54%
GCTV	20.49%	20.49%
TKT	12.87%	-
FMT	20.48%	20.50%
FST	20.48%	20.48%
FLI	20.48%	20.48%
FPI	20.48%	20.48%
TFMT	Not applicable	3.94%
TWTV	Not applicable	-
FJLMT	Not applicable	-
FSMT	Not applicable	23.93%

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 2012 earnings appropriation may be adjusted when the imputation credits are distributed.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	<u>Year</u>
The Corporation	2010
The former TransAsian Telecommunications Inc. (The former TAT)	All applicable
TransAsian Telecommunications Inc. (TAT)	2007
Mobitai Communications (Mobitai)	All applicable
TCC	2010
WMT	2010
GWMT	2010
GFMT	2010
TDC	2010
TCCI	2010
TID	2010
TSB	2010
The former TFN	All applicable
TFN	2009
TTN	2007
TT&T	2010
TUI	2010
TFNI	2008
WTVB	2010
TFNM	2010, only 2008 not applicable (not yet authorized)
UCTV	2010
YJCTV	2010
MCTV	2010
PCTV	2010
GCTV	2010
TKT	2010
FMT	2010
FST	2010
FLI	2010
FPI	2010
TWTV	2012, only 2011 not applicable (not yet authorized)
TFMT	2011
FJLMT	2010
FSMT	2010

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Corporation's income tax returns for the years up to 2010 had been examined by the tax authorities. The Corporation disagreed with the following examination results of the income tax returns and had requested for a reexamination for the years 2006, 2008, 2009 and 2010. The Corporation also filed for a correction of its 2006 income tax returns.

The former TAT's income tax returns up to 2006 had been examined by the tax authorities. The former TAT had filed for corrections of its 2002 through 2004 income tax returns.

TAT's income tax returns up to 2007 had been examined by the tax authorities. TAT disagreed with the examination results of the income tax returns for 2006 and 2007 and had filed an appeal.

Mobitai's income tax returns up to 2007 had been examined by the tax authorities. Mobitai disagreed with the examination results on the income tax return for 2006 and 2007 and requested a reexamination.

The former TFN's income tax returns up to 2007 had been examined by the tax authorities. The former TFN disagreed with the examination result of the income tax return for 2007 and had filed for correction.

TFN's income tax returns up to 2009 had been examined by the tax authorities. TFN disagreed with the examination results of the income tax return for 2008 and 2009 and requested a reexamination.

TFNM's income tax returns up to 2010 had been examined by the tax authorities, except for 2008. TFNM disagreed with the examination results of the income tax returns and requested an appeal for 2006 and 2007.

UCTV's income tax returns up to 2010 had been examined by the tax authorities. UCTV disagreed with the examination results for 2006 to 2009 and had requested a reexamination. UCTV also had prepared to request a reexamination for 2010.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

r. Earnings per share

	<u>Amounts (Numerator)</u>			<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Shares (Denominator) (Thousands)</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Years ended December 31, 2012</u>					
Basic EPS					
Income of common shareholders	\$ 16,384,842	14,691,605	2,690,107	<u>\$ 6.09</u>	<u>\$ 5.46</u>
Add effect of dilutive potential common stock – bonus to employees	<u>-</u>	<u>-</u>	<u>5,649</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 16,384,842</u>	<u>14,691,605</u>	<u>2,695,756</u>	<u>\$ 6.08</u>	<u>\$ 5.45</u>
<u>Years ended December 31, 2011</u>					
Basic EPS					
Income of common shareholders	\$ 14,842,996	13,468,763	2,863,715	<u>\$ 5.18</u>	<u>\$ 4.70</u>
Add effect of dilutive potential common stock – bonus to employees	<u>-</u>	<u>-</u>	<u>6,030</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 14,842,996</u>	<u>13,468,763</u>	<u>2,869,745</u>	<u>\$ 5.17</u>	<u>\$ 4.69</u>

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

s. Financial instrument transactions

(1) Fair value information

	December 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial instruments</u>				
<u>Assets</u>				
Cash and cash equivalents	\$7,223,640	7,223,640	6,693,992	6,693,992
Financial assets at fair value through profit or loss – current	-	-	60,186	60,186
Available-for-sale financial assets – current	205,397	205,397	217,351	217,351
Notes receivable	42,710	42,710	23,423	23,423
Accounts receivable (including related parties)	8,014,018	8,014,018	7,800,537	7,800,537
Other receivables	331,767	331,767	235,044	235,044
Restricted assets (including current and non-current portions)	516,560	516,560	163,886	163,886
Financial assets carried at cost – non-current	1,093,791	-	1,098,739	-
Bonds measured at amortized cost – non-current	500,000	-	500,000	-
Refundable deposits	574,301	574,301	516,978	516,978
<u>Liabilities</u>				
Short-term borrowings	3,158,440	3,158,440	9,000,000	9,000,000
Short-term notes and bills payable	-	-	899,273	899,273
Notes payable	360,669	360,669	641,166	641,166
Accounts payable (including related parties)	7,419,294	7,419,294	5,703,992	5,703,992
Income taxes payable	1,523,604	1,523,604	1,331,623	1,331,623
Accrued expenses	6,281,866	6,281,866	6,131,719	6,131,719
Other payables	3,063,441	3,063,441	3,594,997	3,594,997
Guarantee deposits	810,436	810,436	738,932	738,932
Bonds payable (including current portion)	12,995,180	13,071,134	8,000,000	8,192,952

(2) The methods and significant assumptions applied for determining fair values of financial instruments were as follows:

- (a) Financial assets at fair value through profit or loss-current and available-for-sale financial assets-current – based on quoted prices in an active market at the balance sheet date
- (b) Financial assets carried at cost – non-current and bonds measured at amortized cost – non-current – based on the net worth of the investee or estimated book value; this is because there is no active market for unlisted stocks, and a reliable fair value could only be verified at a more than reasonable cost
- (c) Bonds payable – based on the over-the-counter average quotations in December

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (d) The book values of short-term financial instruments approximate their fair value due to their short maturities. Short-term financial instruments include cash and cash equivalents, receivables, pledged time deposits, refundable deposits, other assets – restricted assets, short-term borrowings, short-term notes and bills payable, payables, and guarantee deposits
- (3) The fair values of financial assets and liabilities were not simultaneously determined by quoted prices in active markets and by estimations using a valuation technique.
- (4) The financial assets exposed to fair value interest rate risk amounted to \$3,480,906 thousand and \$2,861,092 thousand as of December 31, 2012 and 2011, respectively, and the financial liabilities exposed to fair value interest rate risk amounted to \$15,995,180 thousand and \$17,899,273 thousand as of December 31, 2012 and 2011, respectively. The financial assets exposed to cash flow interest rate risk amounted to \$3,946,856 thousand and \$3,812,744 thousand as of December 31, 2012 and 2011, respectively, and the financial liabilities exposed to cash flow interest rate risk amounted to \$158,440 thousand and zero as of December 31, 2012 and 2011, respectively.

(5) Information on financial risks

(a) Market risk

The Corporation did not enter into any financial derivative transactions which would cause significant exposure to exchange rate, fair value of interest rate, and price risks. Therefore, the overall market risk is not significant.

(b) Credit risk

Credit risk represents the potential impacts on financial assets that the Group might encounter if counter-parties or third parties breach the contracts. Factors that affect the impacts include credit risk concentration, components of financial instruments, contract amount, and other receivables. The Group's evaluation of credit risk exposure as of December 31, 2012 and 2011 was zero because all counter-parties were reputable financial institutions with good credit ratings.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
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The credit risk amount listed above is an evaluation of the contracts with positive fair value at the balance sheet date and the contracts with off-balance-sheet commitments and guarantees. Significant concentration of credit risk exists when financial instrument transactions significantly concentrate on one counter-party, 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 by 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 a single client or counter-party or clients in the same region.

(c) Liquidity risk

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

5. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation
Taiwan Mobile Foundation (TWM Foundation)	Over one-third of the Foundation's funds came from the Corporation
Taipei New Horizons Co., Ltd. (TNH)	Equity-method investee
Taiwan Pelican Express Co., Ltd. (TPE)	FMT's equity-method investee (since August 10, 2012)
Kbro Media Co., Ltd.	TFNM's equity-method investee (since August 10, 2012)
Fubon Life Assurance Co., Ltd. (FLA)	Related party in substance
Fubon Securities Investment Trust Co., Ltd.	Related party in substance
Fubon Marketing Co., Ltd. (FMC)	Related party in substance
Fubon Financial Venture Capital Co., Ltd. (FFVC)	Related party in substance
Fubon Multimedia Technology Co., Ltd. (FMT)	Related party in substance (changed relationship from substance to subsidiary since July 13, 2011)
Fubon Asset Management Co., Ltd.	Related party in substance
Chung Hsing Constructions Co., Ltd.	Related party in substance
Fubon Land Development Co., Ltd.	Related party in substance
Fubon Financial Holding Company (FFH)	Related party in substance
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Related party in substance
Fubon Securities Co., Ltd. (FSC)	Related party in substance

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Related Party	Relationship with the Corporation
Fubon Future Co., Ltd.	Related party in substance
Fubon Investment Services Co., Ltd.	Related party in substance
Fubon Insurance Co., Ltd. (Fubon Ins.)	Related party in substance
Fubon Property Management Co., Ltd. (FPM)	Related party in substance
Fubon Real Estate Management Co., Ltd.	Related party in substance
Taiwan Sport Lottery Corporation (TSL)	Related party in substance
Fubon Venture Capital Consulting Co., Ltd.	Related party in substance (dissolved on June 30, 2011)
Dai-Ka Ltd. (DKL)	Related party in substance
Fu Sheng Life Insurance Agency Co., Ltd.	Related party in substance
Fu Sheng General Insurance Agency Co., Ltd.	Related party in substance
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related party in substance

b. Significant transactions with related parties are summarized below:

(1) Operating revenues

	Years ended December 31			
	2012		2011	
	Amount	% of Total Revenues	Amount	% of Total Revenues
TFCB	\$ 74,748	-	82,364	-
FLA	52,569	-	59,406	-
TSL	28,008	-	28,366	-
Fubon Ins.	23,170	-	23,369	-
FSC	18,460	-	19,576	-
FFH	15,506	-	14,109	-
FMC	5,309	-	10,121	-
FMT	-	-	64,503	-
	\$ 217,770		301,814	

The Group mainly rendered telecommunication services to the above companies. The average collection period for notes and accounts receivable was based on regular terms.

(2) Operating costs

	Years ended December 31			
	2012		2011	
	Amount	% of Total Costs	Amount	% of Total Costs
TPE	\$ 292,422	-	-	-
DKL	147,764	-	148,181	-
Fubon Ins.	40,782	-	44,062	-
	\$ 480,968		192,243	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The above companies mainly rendered logistics, TV program licensing services and insurance to the Group. The average payment term for notes and accounts payable was based on regular terms.

(3) Rental income

	<u>Leased Sites/Equipment</u>	<u>Years ended December 31</u>	
		<u>2012</u>	<u>2011</u>
FMT	Office and appliances, etc.	<u>\$ -</u>	<u>17,524</u>

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

(4) Cash in banks

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
(a) Cash in banks				
TFCB	<u>\$ 1,627,620</u>	23	<u>836,606</u>	12
(b) Restricted deposit – current				
TFCB	<u>\$ 17,676</u>	4	<u>27,252</u>	37
(c) Restricted deposit – non-current				
FLA	<u>\$ 12,000</u>	11	<u>12,000</u>	13

(5) Receivables and payables

	<u>December 31</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
(a) Accounts receivable				
TFCB (Note)	\$ 22,792	-	54,050	1
FLA (Note)	15,030	-	17,561	-
TSL (Note)	6,759	-	15,038	-
FSC (Note)	5,679	-	17,857	-
Others	16,310	-	20,095	-
	<u>\$ 66,570</u>		<u>124,601</u>	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note: Leasehold receivables of the above-mentioned companies were as follows:

December 31, 2012	Leasehold receivable		Less unrealized interest income	
	Current Portion	Maturities of over One Year (Classified under Other Assets)	Current Portion	Maturities of over One Year (Classified under Other Assets)
TFCB	\$ 3,298	3,758	(124)	(168)
FLA	10,895	16,334	(476)	(811)
TSL	6,738	-	(63)	-
FSC	3,476	1,385	(73)	(72)
	<u>\$ 24,407</u>	<u>21,477</u>	<u>(736)</u>	<u>(1,051)</u>
December 31, 2011				
TFCB	\$ 3,027	7,825	(190)	(489)
FLA	10,843	27,299	(654)	(1,746)
TSL	15,722	4,492	(773)	(63)
FSC	6,823	3,432	(281)	(143)
	<u>\$ 36,415</u>	<u>43,048</u>	<u>(1,898)</u>	<u>(2,441)</u>

	December 31			
	2012		2011	
	Amount	%	Amount	%
(b) Other receivables				
TPE	<u>\$ 166,868</u>	50	<u>-</u>	-
(c) Prepayments				
Fubon Ins.	<u>\$ 9,758</u>	1	<u>11,244</u>	1
(d) Refundable deposits				
FLA	<u>\$ 56,306</u>	10	<u>56,201</u>	11
(e) Accounts payable				
TPE	<u>\$ 64,377</u>	1	<u>-</u>	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Financing from related parties – classified as short-term borrowings

Years ended December 31, 2012

	Actual Drawdown Amount	Ending Balance (Note 1)	Maximum Balance (Notes 1 and 2)	Interest Rate Range	Interest Expense	Ending Balance of Interest Payable
Xiamen Bank	\$ 158,440	167,186	167,186	6.30%	467	268

Note 1: Maximum balance and the ending balance represent quotas.

Note 2: Maximum Balance: the highest balance for the period.

(7) Others

	Years ended December 31	
	2012	2011
(a) Rental expense		
FLA	\$ 117,870	47,912
(b) Insurance expense		
Fubon Ins.	\$ 13,330	10,396
(c) Repairs and maintenance		
FPM	\$ 24,618	24,468
(d) Donation		
TWM Foundation	\$ 7,900	11,713
(e) Other expense		
TFCB	\$ 108,515	65,901
FPM	41,986	32,700
	\$ 150,501	98,601

(8) Stock transactions

In order to enhance cross platform synergy and mobile commerce service, the Corporation's board of directors resolved on April 8, 2011, to acquire 58,857 thousand shares, equal 51% of shares of Fubon Multimedia Technology Co., Ltd. which are hold by Fubon Financial Venture Capital Co., Ltd. and priced at \$8,347,949 thousand through its subsidiary, WMT. The authority approved the transaction on June 30, 2011, and the Corporation had paid the purchase price to complete the settlement on July 13, 2011.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

c. Compensation to directors, supervisors and managers:

	Years ended December 31	
	2012	2011
Salaries, incentives, and special compensation	\$ 145,816	154,523
Earnings paid as remunerations to directors	39,667	36,284
Earnings paid as bonus to employees	33,948	38,251
Professional fee	2,596	3,396
	\$ 222,027	232,454

6. ASSETS PLEDGED

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

	December 31	
	2012	2011
Current assets – time deposits	\$ 403,000	73,062
Other assets – time deposits	56,110	28,369
	\$ 459,110	101,431

FMT, using the above current assets – time deposits amounting to \$380,000 thousand, provided letter of credit (LC) as guarantee for Fubon Gehua (Beijing) Enterprise Ltd. Please see Note 7(e).

7. COMMITMENTS AND CONTINGENT EVENTS

- a. To enhance 3G mobile communications, expand network coverage, and increase the service functions, the Corporation entered into 3G expansion contracts with Nokia Siemens Networks Taiwan Co., Ltd. for \$6,650,000 thousand in February 2011. The Corporation increased the total amount of the contract to no higher than 14,600,000 thousand in September 2012. As of December 31, 2012, the purchase amount was \$5,526,374 thousand.
- b. The Corporation provided a maximum \$21,500,000 thousand guarantee for TFN's bank loans. Under bank practices, the Corporation also provided \$21,116,400 thousand in promissory notes outstanding for TFN's borrowings from banks. TFN had drawdown \$500 thousand from the banks within the guarantee amount.
- c. Respond to the rapid development of cloud computing technology and increased Internet Data Center service demand as a result of enterprise outsourcing, TFN entered into a purchase contract of real estate with Han Ya Co., Ltd. at the price of \$2,868,000 thousand in July 2011 and \$650,000 thousand was paid as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- d. To improve the network quality and bandwidth, TFN, its subsidiary, entered into a purchase contract of transmission facility and IP equipment with Nokia Siemens Networks Taiwan Co., Ltd. in July 2011. The total amount of the contract will be no higher than \$769,576 thousand. As of December 31, 2012, the purchase amount was \$448,776 thousand.
- e. FMT, its subsidiary, provided guarantee for Fubon Gehua (Beijing) Enterprise Ltd. (FGE) with a ceiling of US\$11,400 thousand. The amount of LC, under bank practices, was US\$11,400 thousand deriving from bank loans and the time deposit of \$380,000 thousand was pledged as guarantee for the LC. The ending drawdown balance within the guarantee and endorsement was RMB\$34,022 thousand.
- f. As of December 31, 2012, FGE, its subsidiary, had a commitment for office decoration and film studio construction for RMB\$16,177 thousand and the outstanding amount is RMB\$1,996 thousand.
- g. Future minimum rental payments as of December 31, 2012, for significant operating lease agreements, are summarized as follows:

<u>Year of maturities</u>	<u>Amount</u>
2013	\$ 436,830
2014	491,053
2015	331,861
2016	298,939
2017	280,656

8. SIGNIFICANT CASUALTY LOSS: NONE

9. SIGNIFICANT SUBSEQUENT EVENTS: NONE

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

10. THE ADOPTION OF IFRSs ON DISCLOSURE IN ADVANCE

- a. Under the order No. 0990004943 issued by Financial Supervisory Commission (FSC) on February 2, 2010, starting 2013, the Corporation is required to prepare the financial report in conformity with the International Financial Reporting Standards (IFRSs), Standing Interpretations Committee (which is the predecessor of IFRIC), and the International Financial Reporting Interpretations Committee endorsed by the Financial Supervisory Commission. To respond to the requirement, the Corporation had established an ad hoc group which is in charged with developing the plan for adopting IFRSs that is being led by the supervisor of Finance Group. The content of the plan, completion date, and implementation status are described in the table below.

Content of the plan	Implementation Units	Implementation Situation
(a) Assessment Stage		
-Educated employee about financial accounting standards	Accounting Division	Completed
-Established the plan on adopting IFRSs and ad hoc group	Accounting Division	Completed
-Compared and analyzed differences between IFRSs and current financial accounting standards	Accounting Division	Completed
-Adjustment for current financial accounting standards	Accounting Division	Completed
-Evaluated applicability of First-time Adoption of IFRSs	Accounting Division	Completed
-Evaluated adjustment for information system and internal control	Finance Group, Business Groups, Information Group, Internal Audit Office	Completed
(b) Preparation Stage		
-Decided how to adjust current accounting policy in conformity with IFRSs	Accounting Division	Completed
-Decided how to adopt "First-time Adoption of IFRSs"	Accounting Division	Completed
-Adjusted for related information system and internal control	Finance Group, Business Groups, Information Group, Internal Audit Office	Completed
(c) Implementation Stage		
-Tested operation of related information system	Finance Group, Business Groups, Information Group, Internal Audit Office	Completed
-Gathered data to prepare balance sheet and compared the financial statements in conformity with IFRSs at the beginning of the year	Accounting Division	Completed
-Prepared comparative financial statements in conformity with IFRSs	Accounting Division	Prepared financial statements compliance with IFRSs as for the year ended December 31, 2012

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b. As of December 31, 2012, the potential significant differences between current accounting policies and IFRSs for preparing financial statements as evaluated by the Group are listed below:

(a) Reconciliation of Balance Sheet, starting January 1, 2012

(In Thousands of New Taiwan Dollars)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Items	Amount	Difference of recognition and measurement	Difference of presentation	Amount	Items	Interpretation
CURRENT ASSETS:						
Cash and cash equivalents	\$ 6,693,992	-	-	6,693,992	Cash and cash equivalents	
Financial assets at fair value through profit or loss – current	60,186	-	-	60,186	Financial asset at fair value through profit or loss	
Available-for-sale financial assets – current	217,351	-	-	217,351	Available-for-sale financial assets – current	
Notes receivable	23,423	-	-	23,423	Notes receivable	
Accounts receivable, net	7,675,936	-	-	7,675,936	Accounts receivable, net	
Accounts receivable – related parties	124,601	-	-	124,601	Accounts receivable – related parties	
Other receivables	235,044	-	-	235,044	Other receivables	
Inventories	2,070,536	-	-	2,070,536	Inventories	
Prepayments	877,470	(263,048)	8,214	622,636	Prepayments	2 and 12
Deferred income tax assets – current	28,391	-	(28,391)	-		13
Restricted assets and other current assets	119,103	-	-	119,103	Other current assets	
Total current assets	18,126,033	(263,048)	(20,177)	17,842,808		
INVESTMENTS:						
Investments accounted for using the equity method	562,812	-	-	562,812	Investments accounted for using the equity method	
	-	1,123,144	-	1,123,144	Available-for-sale financial assets – non-current	3
Financial assets carried at cost – non-current	1,098,739	(912,463)	-	186,276	Financial assets carried at cost – non-current	3
Bonds measured at amortized cost – non-current	500,000	-	-	500,000	Bonds measured at amortized cost – non-current	
Total investments	2,161,551	210,681	-	2,372,232		
NET PROPERTY AND EQUIPMENT	40,801,447	-	679,468	41,480,915	Property and equipment	10, 11 and 12
		-	302,799	302,799	Investment Property	
INTANGIBLE ASSETS						
Trademarks	2,516,674	-	-	2,516,674	Trademarks	
3G concession license	5,233,964	-	-	5,233,964	3G concession license	
Computer software cost	587,814	-	(3,379)	584,435	Computer software	11 and 12
Goodwill	15,846,068	(138)	-	15,845,930	Goodwill	8
Customer relationship	2,168,107	-	-	2,168,107	Customer relationship	
Operating rights	1,382,000	-	-	1,382,000	Operating rights	
Other intangible assets	26,047	(25,409)	-	638	Other intangible assets	6
Total intangible assets	27,760,674	(25,547)	(3,379)	27,731,748		

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Items	Amount	Difference of recognition and measurement	Difference of presentation	Amount	Items	Interpretation
OTHER ASSETS:						
Assets leased to others	302,799	-	(302,799)	-		9
Idle assets	99,813	-	(99,813)	-		10
	-	-	11,755	11,755	Prepayments for equipment	11
Refundable deposits	516,978	-	-	516,978	Refundable deposits	
Deferred charges	596,245	-	(596,245)	-		12
Deferred income tax assets – non-current	743,916	75,133	362,336	1,181,385	Deferred income tax assets	13
Others	684,912	(8,504)	-	676,408	Others	6
Total other assets	<u>2,944,663</u>	<u>66,629</u>	<u>(624,766)</u>	<u>2,386,526</u>		
TOTAL	<u>\$ 91,794,368</u>	<u>(11,285)</u>	<u>333,945</u>	<u>92,117,028</u>		
CURRENT LIABILITIES:						
Short-term borrowings	\$ 9,000,000	-	-	9,000,000	Short-term borrowings	
Short-term notes and bills payable	899,273	-	-	899,273	Short-term notes and bills payable	
Notes payable	641,166	-	-	641,166	Notes payable	
Accounts payable	5,703,992	-	-	5,703,992	Accounts payable	
Income taxes payable	1,331,623	-	-	1,331,623	Current tax liability	
Accrued expenses and other payables	9,654,514	61,140	-	9,715,654	Other payables	4, 5, and 8
Demolition process payable	72,202	-	-	72,202	Provision – current	
Current portion of long-term liabilities	4,000,000	-	-	4,000,000	Current portion of long-term liabilities	
Advance receipts and other current liabilities	4,802,996	38,172	-	4,841,168	Advance receipts and other current liabilities	1
Deferred income tax liability – current	193	-	(193)	-		13
Total current liabilities	<u>36,105,959</u>	<u>99,312</u>	<u>(193)</u>	<u>36,205,078</u>		
LONG-TERM LIABILITIES:						
Bonds payable	4,000,000	-	-	4,000,000	Bonds payable	
OTHER LIABILITIES:						
Accrued pension liabilities	-	106,748	-	106,748	Accrued pension liabilities	6
Guarantee deposits	738,932	-	-	738,932	Guarantee deposits	
Deferred income tax liability – non-current	195,847	(13,212)	334,138	516,773	Deferred income tax liability	13
Others	689,745	-	-	689,745	Others	
TOTAL OTHER LIABILITIES	<u>1,624,524</u>	<u>93,536</u>	<u>334,138</u>	<u>2,052,198</u>		
TOTAL LIABILITIES	<u>41,730,483</u>	<u>192,848</u>	<u>333,945</u>	<u>42,257,276</u>		
SHAREHOLDERS' EQUITY						
Capital stock						
Common stock	34,208,328	-	-	34,208,328	Common stock	
Capital surplus						
From convertible bonds	8,775,819	-	-	8,775,819	From convertible bonds	
From treasury stock transactions	3,639,302	-	-	3,639,302	From treasury stock transactions	
From long-term investments	4,485	(4,485)	-	-	Adjustments to changes in equity to affiliated companies in equity-method investments	7
	-	3,890	-	3,890	Difference between proceeds of disposal and carrying amount	7
Others	12,840	-	-	12,840	Others	
Retained earnings						
Legal reserve	16,715,018	-	-	16,715,018	Legal reserve	
Special reserve	821,741	-	-	821,741	Special reserve	
Unappropriated earnings	15,735,518	(438,166)	-	15,297,352	Unappropriated earnings	
Other equity						
Cumulative translation adjustments	17,612	16,619	-	34,231	The effects of changes in foreign exchange rates	8
Net loss not recognized as pension cost	(16,775)	16,775	-	-		6
Unrealized gains on financial instruments	111,306	210,681	-	321,987	Unrealized gains on available-for-sale financial asset	3
Treasury stock	(31,077,183)	-	-	(31,077,183)	Treasury stock	
Minority interest	48,948,011	(194,686)	-	48,753,325		
	1,115,874	(9,447)	-	1,106,427	Non-controlling interest	
TOTAL SHAREHOLDERS' EQUITY	<u>50,063,885</u>	<u>(204,133)</u>	<u>-</u>	<u>49,859,752</u>		
TOTAL	<u>\$ 91,794,368</u>	<u>(11,285)</u>	<u>333,945</u>	<u>92,117,028</u>		

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Reconciliation of Balance Sheet, as of December 31, 2012

(In Thousands of New Taiwan Dollars)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Items	Amount	Difference of recognition and measurement	Difference of presentation	Amount	Items	Interpretation
CURRENT ASSETS:						
Cash and cash equivalents	\$ 7,223,640	-	-	7,223,640	Cash and cash equivalents	
Available-for-sale financial assets – current	205,397	-	-	205,397	Available-for-sale financial assets – current	
Notes receivable	42,710	-	-	42,710	Notes receivable	
Accounts receivable, net	7,947,448	-	-	7,947,448	Accounts receivable, net	
Accounts receivable –related parties	66,570	-	-	66,570	Accounts receivable – related parties	
Other receivables	331,767	-	-	331,767	Other receivables	
Inventories	2,627,754	-	-	2,627,754	Inventories	
Prepayments	1,120,289	(400,336)	1,410	721,363	Prepayments	2 and 12
Deferred income tax assets – current	46,640	-	(46,640)	-		13
Restricted assets and other current assets	484,971	-	-	484,971	Other current assets	
Total current assets	20,097,186	(400,336)	(45,230)	19,651,620		
INVESTMENTS:						
Investments accounted for using the equity method	1,248,562	-	-	1,248,562	Investments accounted for using the equity method	
	-	1,127,655	-	1,127,655	Available-for-sale financial assets – non-current	3
Financial assets carried at cost – non-current	1,093,791	(912,463)	-	181,328	Financial assets carried at cost – non-current	3
Bonds measured at amortized cost – non-current	500,000	-	-	500,000	Bonds measured at amortized cost – non-current	
Total investments	2,842,353	215,192	-	3,057,545		
NET PROPERTY AND EQUIPMENT	39,834,181	-	758,992	40,593,173	Property and equipment	10, 11 and 12
		-	299,991	299,991	Investment Property	9
INTANGIBLE ASSETS						
Trademarks	2,516,890	-	-	2,516,890	Trademarks	
3G concession license	4,486,254	-	-	4,486,254	3G concession license	
Computer software cost	537,303	-	(105,797)	431,506	Computer software	11 and 12
Goodwill	15,844,964	966	-	15,845,930	Goodwill	8
Customer relationship	1,988,999	-	-	1,988,999	Customer relationship	
Operating rights	1,382,000	-	-	1,382,000	Operating rights	
Other intangible assets	24,614	(22,039)	-	2,575	Other intangible assets	6
Total intangible assets	26,781,024	(21,073)	(105,797)	26,654,154		

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

ROC GAAP		Effect of transition to IFRSs		(In Thousands of New Taiwan Dollars)		
		IFRSs				
Items	Amount	Difference of recognition and measurement	Difference of presentation	Amount	Items	Interpretation
OTHER ASSETS:						
Assets leased to others	\$ 299,991	-	(299,991)	-		9
Idle assets	99,685	-	(99,685)	-		10
	-	-	111,821	111,821	Prepayments for equipment	11
Refundable deposits	574,301	-	-	574,301	Refundable deposits	
Deferred charges	666,741	-	(666,741)	-		12
Deferred income tax assets – non-current	496,957	122,230	453,107	1,072,294	Deferred income tax assets	13
Others	682,625	(21,050)	-	661,575	Others	6
Total other assets	<u>2,820,300</u>	<u>101,180</u>	<u>(501,489)</u>	<u>2,419,991</u>		
TOTAL	<u>\$ 92,375,044</u>	<u>(105,037)</u>	<u>406,467</u>	<u>92,676,474</u>		
CURRENT LIABILITIES:						
Short-term borrowings	\$ 3,158,440	-	-	3,158,440	Short-term borrowings	
Notes payable	360,669	-	-	360,669	Notes payable	
Accounts payable	7,354,917	-	-	7,354,917	Accounts payable	
Accounts payable – related parties	64,377	-	-	64,377	Accounts payable – related parties	
Income taxes payable	1,523,604	-	-	1,523,604	Current tax liability	
Accrued expenses and other payables	9,263,639	67,449	-	9,331,088	Other payables	
Demolition process payable	81,668	-	-	81,668	Provision – current	4, 5 and 8
Current portion of long-term liabilities	4,000,000	-	-	4,000,000	Current portion of long-term liabilities	
Advance receipts and other current liabilities	4,942,098	42,224	-	4,984,322	Advance receipts and other current liabilities	1
Deferred income tax liability	94	-	(94)	-		13
Total current liabilities	<u>30,749,506</u>	<u>109,673</u>	<u>(94)</u>	<u>30,859,085</u>		
LONG-TERM LIABILITIES:						
Bonds payable	8,995,180	-	-	8,995,180	Bonds payable	
OTHER LIABILITIES:						
Accrued pension liabilities	-	116,237	-	116,237	Accrued pension liabilities	6
Guarantee deposits	810,436	-	-	810,436	Guarantee deposits	
Deferred income tax liability – non-current	239,163	4,351	406,561	650,075	Deferred income tax liability	13
Others	774,939	-	-	774,939	Others	
TOTAL OTHER LIABILITIES	<u>1,824,538</u>	<u>120,588</u>	<u>406,561</u>	<u>2,351,687</u>		
TOTAL LIABILITIES	<u>41,569,224</u>	<u>230,261</u>	<u>406,467</u>	<u>42,205,952</u>		
SHAREHOLDERS' EQUITY						
Capital stock						
Common stock	34,208,328	-	-	34,208,328	Common stock	
Capital surplus						
From convertible bonds	8,775,819	-	-	8,775,819	From convertible bonds	
From treasury stock transactions	3,639,302	-	-	3,639,302	From treasury stock transactions	
From long-term investments	4,485	(4,485)	-	-	Adjustments to changes in equity to affiliated companies in equity-method investments	7
	-	3,890	-	3,890	Difference between proceeds of disposal and carrying amount	7
Others	12,840	-	-	12,840	Others	
Retained earnings						
Legal reserve	18,061,894	-	-	18,061,894	Legal reserve	
Unappropriated earnings	16,021,036	(587,634)	-	15,433,402	Unappropriated earnings	
Other equity						
Cumulative translation adjustments	2,115	23,368	-	25,483	The effects of changes in foreign exchange rates	8
Net loss not recognized as pension cost	(24,050)	24,050	-	-		6
Unrealized gains on financial instruments	99,351	215,192	-	314,543	Unrealized gains on available-for-sale financial asset	3
Treasury stock	(31,077,183)	-	-	(31,077,183)	Treasury stock	
Minority interest	49,723,937	(325,619)	-	49,398,318		
	1,081,883	(9,679)	-	1,072,204	Non-controlling interest	
TOTAL SHAREHOLDERS' EQUITY	<u>50,805,820</u>	<u>(335,298)</u>	<u>-</u>	<u>50,470,522</u>		
TOTAL	<u>\$ 92,375,044</u>	<u>(105,037)</u>	<u>406,467</u>	<u>92,676,474</u>		

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Reconciliation of comprehensive income statement, year ended December 31, 2012

(In Thousands of New Taiwan Dollars)

ROC GAAP		Effect of transition to IFRSs		IFRSs		
Items	Amount	Difference of recognition and measurement	Difference of presentation	Amount	Items	Interpretation
OPERATING REVENUES	\$ 98,140,954	(4,052)	(644,327)	97,492,575	OPERATING REVENUES	1 and 14
OPERATING COSTS	62,733,818	(8,273)	(644,327)	62,081,218	OPERATING COSTS	4, 5, 6 and 14
GROSS PROFIT	35,407,136	4,221	-	35,411,357	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Marketing	12,434,471	140,605	-	12,575,076	Marketing	2, 4, 5 and 6
Administrative	4,792,207	(7,026)	128	4,785,309	Administrative	4, 5, 6, 8 and 10
	17,226,678	133,579	128	17,360,385		
OPERATING INCOME	18,180,458	(129,358)	(128)	18,050,972	OPERATING INCOME	
NON-OPERATING INCOME AND GAINS						
Income from penalty charge	640,822	-	-	640,822	Income from penalty charge	
Interest income	55,503	(6)	-	55,497	Interest income	8
Rental income	33,825	-	-	33,825	Rental income	
Others	110,960	-	-	110,960	Other gains and losses	
Total non-operating income and gains	841,110	(6)	-	841,104		
NON-OPERATING EXPENSES AND LOSSES:						
Loss on disposal and retirement of property and equipment	591,714	-	-	591,714	Other gains and losses	
Interest expense	328,162	-	-	328,162	Financial cost	
Investment loss recognized under the equity method	10,502	-	-	10,502	The shares of loss of investment in associating and joint ventures	
Others	119,768	7,576	(128)	127,216	Other gains and losses	8 and 10
Total non-operating expenses and losses	1,050,146	7,576	(128)	1,057,594		
INCOME BEFORE INCOME TAX	17,971,422	(136,940)	-	17,834,482	INCOME BEFORE INCOME TAX	
INCOME TAX EXPENSE	3,055,140	(22,177)	-	3,032,963	INCOME TAX EXPENSE	
CONSOLIDATED NET INCOME	\$ 14,916,282	(114,763)	-	14,801,519	NET INCOME	
				(13,663)	The effects of changes in foreign exchange rates	
				(7,444)	Unrealized gains on available-for-sale financial asset	
				(35,927)	Actuarial gains and losses on defined benefit plans	
				(57,034)	Total other comprehensive income for the period	
				\$ 14,744,485	Total comprehensive income for the period	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

c. Explanation to the reconciliation of primary significant differences

(1) Customer Loyalty Programmers

Under ROC GAAP, expenses arising from the credit award plan is estimated and recognized in financial statement as obligation of the plan has incurred. After the adoption of IFRSs, credit award, which is allocated based on the relative fair value method, should be included in deferred revenue and recognized as revenue when the third party fulfills the redemption obligations in accordance with IFRIC No. 13, "Customer Loyalty Programs."

As of January 1, 2012, and December 31, 2012, the above adjustments increased the Corporation's original deferred income by \$38,172 thousand and \$42,224 thousand, respectively. In addition, the operating revenues were adjusted to decrease by \$4,052 thousand for the year ended December 31, 2012.

(2) Prepaid Card Commission

ROC GAAP adopts a revenue and cost matching principle. Revenue from selling prepaid cards and its corresponding commission are recognized as revenue received in advance and expense payment in advance, which will then be recognized as service revenue and selling expense, respectively, based on customer's usage. After the adoption of IFRSs, upon the sales of prepaid cards to customers, the commission paid to the distributors shall be recognized as commission expense, in accordance with IAS (International Accounting Standards) No. 38, "Intangible Assets."

As of January 1, 2012, and December 31, 2012, the above adjustments decreased the Corporation's prepaid commissions by \$263,048 thousand and \$400,336 thousand, respectively. In addition, the commission expense was adjusted to increase by \$137,288 thousand for the year ended December 31, 2012.

(3) Financial Assets – Equity Instruments

Based on SFAS No. 34 and its related regulations, if the fair value of the financial instruments cannot be measured objectively (including the emerging and non-listed stocks), the instruments should be measured at cost. Should any objective evidence of impairment occur, an impairment loss should be recognized. After the adoption of IFRSs, if the fair value (such as market prices) of financial instruments can be obtained, the instruments should be reclassified as available-for-sale financial assets with subsequent re-evaluation based on their fair value. After adopting IFRSs, the Group reclassified the portion of financial assets carried at cost – non-current into available-for-sale financial assets – non-current. The relevant adjustments are as follows:

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

ROC GAAP		IFRS		
Item	Amount of measurement	Item	Amount of measurement	Difference
As of January 1, 2012				
		Available-for-sale financial assets – non-current	1,123,144	1,123,144
Financial assets carried at cost – non-current	1,098,739	Financial assets carried at cost – non-current	186,276	(912,463)
	<u>1,098,739</u>		<u>1,309,420</u>	<u>210,681</u>
As of December 31, 2012				
		Available-for-sale financial assets – non-current	1,127,655	1,127,655
Financial assets carried at cost – non-current	1,093,791	Financial assets carried at cost – non-current	181,328	(912,463)
	<u>1,093,791</u>		<u>1,308,983</u>	<u>215,192</u>
The above adjustment of difference:			As of	As of
Other equity – unrealized gains on available-for-sale financial assets			December 31, 2012	January 1, 2012
			<u>215,192</u>	<u>210,681</u>

(4) Employee Benefits – Compensated Absences

Under ROC GAAP, there are no regulations regarding the accumulated compensated absences. After the adoption of IFRSs, if employees' vacation rights are form of accumulated compensated absences, the expected cost of accumulated compensated absences should be recognized when the employees render service and thus increasing future compensated absence rights, in accordance with IAS No. 19, "Employee Benefits."

As of January 1, 2012, and December 31, 2012, the above adjustments increased the Group's accrued salary by \$39,046 thousand and \$39,596 thousand, respectively. In addition, the salary was adjusted to increase by \$550 for the year ended December 31, 2012.

(5) Leases

Under ROC GAAP, the period rental of the leased objective is recognized as expense. After the adoption of IFRSs, it has to be recognized as expense using the straight-line basis in accordance with the amount of contract or the amount of actual hike over the lease term in accordance with IAS No. 17, "Leases."

As of January 1, 2012, and December 31, 2012, the above adjustments increased the Group's accrued rent by \$22,088 thousand and \$27,853 thousand, respectively. In addition, the rent was adjusted to increase by \$5,765 thousand for the year ended December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Employee Benefits – Post-Employment Defined Benefits Plan

- (a) Under ROC GAAP, the pension cost and pension liability under the defined benefit pension plan are recognized on the basis of actuarial calculations. After the adoption of IFRSs, the actuarial calculation for the defined benefit obligation is determined in accordance with IAS No. 19, “Employee Benefits.”
- (b) Under ROC GAAP, unrecognized net transition assets or obligations is amortized on a straight-line basis over the employee’s remaining service period. After the adoption of IFRSs, the aforementioned assets or obligations shall be recognized as addition/deduction of retained earnings on the date of transition to IFRSs due to the absence of the requirement under IAS No. 19, “Employee Benefits.”
- (c) Under ROC GAAP, pension actuarial gain and loss is recognized as current pension cost by corridor approach in the income statement. After the adoption of IFRSs, the abovementioned gain or loss shall be recognized as other comprehensive income in the statement of comprehensive income, in accordance with IAS No. 19, “Employee Benefits.”

As of January 1, 2012, and December 31, 2012, the above adjustments decreased the Group’s prepaid pension cost by \$8,504 thousand and \$21,050 thousand, respectively; decreased deferred pension cost by \$25,409 thousand and \$22,039 thousand; increased accrued pension liabilities by \$106,748 thousand and \$116,237 thousand, respectively; decreased net loss not recognized as pension costs by \$16,775 thousand and \$24,050 thousand. In addition, the pension expense was adjusted to decrease by \$17,334 thousand and the actuarial loss on defined benefit plans was adjusted to increase by \$35,927 thousand, respectively, for the year ended December 31, 2012.

(7) Affiliated Companies

Under ROC GAAP, the proportion of share equity arising from additional share issuance by affiliated companies in which the original shareholders acquire new shares un-proportionately will be adjusted as additional paid-in capital or retained earnings. After the adoption of IFRSs, the resulting difference between the net fair value of the identifiable assets in excess of liabilities and the investment cost is included in profit and loss for the current year.

As of January 1, 2012, and December 31, 2012, the above adjustments decreased the Group’s APIC (additional paid-in capital) and increased unappropriated earning by \$595 thousand.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Functional Currency

Under ROC GAAP, the investment holding companies which are the consolidated entities used US dollars as their functional currency. After the adoption of IFRSs, they have to determine the functional currency based on the requirement under IAS No. 21 “The Effects of Changes in Foreign Exchange Rates.”

As of January 1, 2012, and December 31, 2012, due to the change of the functional currency, the effect of subsidiaries were as follows: the goodwill was decreased by \$138 thousand and increased by \$966 thousand, respectively; other payables increased by \$6 thousand and zero, respectively; the effects of changes in foreign exchange rates increased by \$16,619 thousand and \$23,368 thousand, respectively; for the year ended December 31, 2012, the adjustment of amortization was decreased by \$963 thousand; interest income was decreased by \$6 thousand and other losses – currency exchange losses was increased by \$7,576 thousand with subsidiaries as mentioned above.

(9) Classification of Leased Assets

Under ROC GAAP, leased offices are classified as leased assets under other assets. After the adoption of IFRSs, they are classified as investment properties in accordance with IAS No. 40, “Investment Property.” Therefore, the leased assets of the Group amounting to \$302,799 thousand and \$299,991 thousand, respectively, were reclassified as investment property as of January 1, 2012, and December 31, 2012.

(10) Classification of Idle Assets

Under ROC GAAP, idle assets are classified as other assets. After the adoption of IFRSs, they are reclassified as property, plant and equipment, depending on their nature in accordance with IAS No. 16, “Property, Plant and Equipment.” Therefore, the idle assets of the Group amounting to \$99,813 thousand and \$99,685 thousand, respectively, were reclassified as property, plant and equipment as of January 1, 2012, and December 31, 2012; the amount of depreciation which was reclassified from non-operating expense and losses to operating expense was \$128 thousand for the year ended December 31, 2012.

(11) Classification of Prepayments of Property, Plant and Equipment and Computer Software Costs

Under ROC GAAP, the prepaid item for purchasing property, plant and equipment and computer software costs are classified as fixed assets and computer software costs. Under IFRSs, they are reclassified as prepaid item in the category of other assets. Therefore, prepaid fixed assets and computer software costs of the Group amounting to \$11,755 thousand and \$111,821 thousand, respectively, were reclassified as prepaid item in the category of other assets as of January 1, 2012, and December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(12) Classification of Deferred Charges

Under ROC GAAP, deferred charges are classified as other assets. Under IFRSs, they are reclassified as prepayments, computer software costs and property, plant and equipment. Therefore, deferred charges of the Group amounting to \$596,245 thousand and \$666,741 thousand, respectively, were reclassified as prepayments, computer software costs and property, plant and equipment as of January 1, 2012 and December 31, 2012.

(13) Classifications of Deferred Income Tax Assets/Liabilities and Valuation Allowance

Under ROC GAAP, deferred income tax assets or liabilities are classified as current or non-current according to the classification of related assets or liabilities. However, if deferred income tax assets or liabilities do not relate to assets or liabilities in the financial statements, they are classified as either current or non-current based on the expected length of time before realized. After the adoption of IFRSs, deferred tax assets or liabilities are all classified as non-current assets or liabilities. Only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and meets other related requirements may the Group offset deferred tax assets and deferred tax liabilities.

Currently, valuation allowance is provided for deferred income tax assets to the extent that more likely than not such assets will not be realized. Under IFRSs, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient tax benefits and the valuation allowance account is no longer used. As of January 1, 2012, and December 31, 2012, the Group reclassified deferred income tax assets and liabilities – current as non-current assets, reversed deferred income tax assets and liabilities which were settled on a net basis under ROC GAAP, and increased deferred income tax assets and liabilities – non-current amounting to \$362,336 thousand and \$453,107 thousand, respectively.

(14) Revenue Recognition

There are some differences between the judgment of clients and agents under ROC GAAP and the requirement of IFRSs. After the adoption of IFRSs, a re-judgment is required in accordance with IAS No. 18, “Revenue.” If the transaction is agent relationship, commission will be recognized as revenue instead of the amounts received from clients.

Under ROC GAAP, the slotting fee, promotion fee and others, which were charged from the suppliers, are classified as operating revenue. Under IFRSs, the above-mentioned linked transactions should be recognized as purchase discounts and allowances in accordance with IAS No. 18, “Revenue.”

Therefore, its subsidiaries’ operating revenue and cost were both reclassified by decreasing \$644,327 thousand for the year ended December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- d. According to IFRS No. 1, except for the optional exemptions and mandatory exceptions, the Group applies the accounting policies which complies with each IFRS effective reporting period and applies them retroactively to the difference between IFRSs and ROC GAAP in its first IFRS financial statement.

The optional exemptions are set out as follows:

(1) Business Combination

The Group elects not to apply IFRS No. 3 and IAS No. 27, "Consolidated and Separate Financial Statements" retroactively to business combination that occurred prior to the date of transition, including investments in associates.

- (2) The Group elects to recognize all unrecognized accumulated actuarial gain and loss arising from the pension plan as retained earnings at the date of transition.

- e. The Group conducted the evaluation above in accordance with the 2010 editions of IFRSs, the IASs (International Accounting Standards), and the standards interpretations issued by IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretation Committee), all of which have been approved by the FSC, and the revised "Guidelines Governing the Preparation of Financial Reports by Securities Issuers." The preliminary estimates of the aforementioned assessments are all based on the current environment and circumstances of the Group, and are subject to future IFRSs amendments and potential regulation revisions made by authorities.

11. OTHERS

a. Labor cost, depreciation, and amortization

	Years ended December 31					
	2012			2011		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 1,852,119	3,640,139	5,492,258	1,563,787	3,248,799	4,812,586
Labor and health insurance	148,881	284,460	433,341	116,013	221,220	337,233
Pension	75,653	165,325	240,978	72,612	120,439	193,051
Others	82,146	167,035	249,181	68,666	146,018	214,684
Depreciation	7,566,836	499,044	8,065,880	7,483,385	395,808	7,879,193
Amortization	1,167,255	511,859	1,679,114	1,100,591	514,114	1,614,705

b. Reclassification

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2011, have been reclassified to conform to the presentation of consolidated financial statements as of and for the year ended December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

12. ADDITIONAL DISCLOSURES

The followings 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. Accumulated acquisition and disposal of the same 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: Table 5 (attached)
- f. Disposal of individual real estate at prices of at least \$100 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 7 (attached)
- i. Names and locations of, and related information on investees (on which the Corporation exercised significant influence): Table 8 (attached)
- j. Derivative transactions: None
- 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 9 (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 10 and Table 11 (attached)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. SEGMENT INFORMATION

(In Millions of New Taiwan Dollars)

	Consumer Business Group (CBG)	Enterprise Business Group (EBG)	Home Business Group (HBG)	Fubon Multimedia Technology (FMT)	Adjustments and Eliminations	Consolidated
Year ended December 31, 2012						
Operating Revenues	\$ 62,903	10,391	6,122	18,923	(198)	98,141
Operating Costs	36,838	6,905	2,716	16,266	9	62,734
Operating Expenses	13,493	1,022	743	2,028	(59)	17,227
Operating Income	12,572	2,464	2,663	629	(148)	18,180
EBITDA (Note)	20,477	3,393	3,238	816	4	27,928
Total Assets	-	-	-	-	-	92,375
Year ended December 31, 2011						
Operating Revenues	\$ 58,091	9,877	5,914	7,574	(87)	81,369
Operating Costs	33,024	6,710	2,627	6,261	19	48,641
Operating Expenses	12,614	1,196	759	886	(317)	15,138
Operating Income	12,453	1,971	2,528	427	211	17,590
EBITDA (Note)	20,395	2,779	3,038	516	359	27,087
Total Assets	-	-	-	-	-	91,794

The Group's reportable segments are determined by types of customers to whom it provides different services and products. The Group divides its business into four reportable segments with different market attributes and marketing strategies. The four segments are described as follows.

CBG: Providing voice and data mobile services for individual users.

EBG: Providing integrated mobile and fixed-line services for enterprise users.

HBG: Providing pay TV and cable broadband services for home users.

FMT: TV shopping / E-shopping / Catalog shopping / Physical channel marketing

Note: The Group uses EBITDA as the measurement for segment profit and the basis of performance assessment.

a. Foreign operations

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

b. Foreign revenues

The Corporation has no foreign revenues.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	Years ended December 31			
	2012		2011	
		Percentage of Operating Revenue		Percentage of Operating Revenue
Company	Amount		Amount	
Chunghwa Telecom Co., Ltd.	<u>\$ 5,843,988</u>	6	<u>6,184,364</u>	8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 1

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
												Item	Value		
0	Taiwan Mobile Co., Ltd. (the "Corporation")	TFN Media Co., Ltd.	Other receivables	\$ 4,500,000	\$ 3,600,000	\$ 1,800,000	1.186%~1.199%	Short-term financing	-	Operation requirements	-	-	-	\$ 19,889,575 (Note 2)	19,889,575 (Note 2)
		Global Wealth Media Technology Co., Ltd.	Other receivables	10,000	10,000	-	1.206%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Wealth Media Technology Co., Ltd.	Other receivables	600,000	600,000	-	1.193%~1.208%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Win TV Broadcasting Co., Ltd.	Other receivables	550,000	-	-	1.092%~1.190%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
		Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	100,000	30,000	1.193%	Short-term financing	-	Operation requirements	-	-	-	19,889,575 (Note 2)	19,889,575 (Note 2)
1	Taiwan Cellular Co., Ltd.	The Corporation	Other receivables	900,000	800,000	800,000	1.195%~1.199%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
		Taiwan Digital Communications Co., Ltd.	Other receivables	200,000	200,000	53,000	1.198%~1.6%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
		TFN Media Co., Ltd.	Other receivables	5,000,000	-	-	1.493%~1.564%	Short-term financing	-	Operation requirements	-	-	-	34,076,600 (Note 2)	34,076,600 (Note 2)
2	Taiwan Fixed Network Co., Ltd.	The Corporation	Other receivables	7,500,000	6,000,000	6,000,000	1.19%~1.208%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
		TFN Union Investment Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
		Taiwan Cellular Co., Ltd.	Other receivables	8,170,000	-	-	1.093%~1.164%	Short-term financing	-	Operation requirements	-	-	-	20,536,348 (Note 2)	20,536,348 (Note 2)
3	TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Other receivables	500	-	-	1.087%	Short-term financing	-	Operation requirements	-	-	-	12,893,299 (Note 2)	12,893,299 (Note 2)
4	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	715,000	175,000	-	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	750,171 (Note 3)	13,500,000 (Note 3)
5	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	250,000	250,000	250,000	1.087%~1.190%	Short-term financing	-	Repayment of financing	-	-	-	273,845 (Note 4)	504,922 (Note 4)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2012

No.	Lending Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Financing Purpose	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits
6	Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	\$ 596,000	\$ 560,000	\$ 560,000	1.092%~1.190%	Transactions	\$ 568,433	Business requirements	\$ -	-	-	\$ 12,000,000 (Note 5)	\$ 12,000,000 (Note 5)
7	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Other receivables	544,000	400,000	400,000	1.092%~1.208%	Transactions	521,749	Business requirements	-	-	-	24,000,000 (Note 5)	24,000,000 (Note 5)
8	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	Other receivables	600,000	600,000	50,000	1.593%~1.608%	Short-term financing	-	Operation requirements	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
		Global Wealth Media Co., Ltd.(Note 6)	Other receivables	10,000	-	-	1.087%	Short-term financing	-	Repayment of financing	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
		Tai Fu Media Technology Co., Ltd. (Note 7)	Other receivables	50,000	-	-	1.186%	Short-term financing	-	Operation requirements	-	-	-	6,380,113 (Note 2)	6,380,113 (Note 2)
9	TFN Media Co., Ltd	Taiwan Kuro Times Co., Ltd.	Other receivables	100,000	-	-	1.578%~1.590%	Short-term financing	-	Repayment of financing	-	-	-	3,643,643 (Note 3)	15,000,000 (Note 3)

Note 1: Maximum amount for the period and the ending balance represent quotas, not actual appropriation.

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

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be both limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings. A) 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 lending company's capital, or 2) the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 4: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaning funds shall be limited to the total amount of business dealing and 40% of the lending company's net worth. A) For reasons of business dealings: the individual lending amount and the aggregate amount of loaning funds shall not exceed the amount of business dealing. B) For short-term financing needs: the individual lending amount and the aggregate amount of loaning funds shall not exceed 40% of the lending company's net worth.

Note 5: Where funds are loaned for reasons of business dealings, the individual lending amount and the aggregate amount of loaning funds shall both be limited to the higher amount of the following items: 1) a multiple of the lending company's capital, or 2) the amount of business dealings.

Note 6: Wealth Media Technology Co., Ltd. assumed the amount of financing from related parties derived from TFMT because of the merge.

Note 7: TFMT was dissolved due to the merging on March 1, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
ENDORSEMENT/ GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 2

(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantor (A)	Receiving Party		Maximum Guarantee/ Endorsement Amount That Can Be Provided to Each Receiving Party	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Value of Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Worth of the Guarantor (Note 1)	Maximum Guarantee/ Endorsement That Can Be Provided by the Guarantor/Endorser
		Name (B)	Nature of Relationship (B is A's)						
0	Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	(Note 2)	\$ 42,000,000 (Note 3)	\$ 21,151,925	\$ 21,116,400	\$ -	42.47%	\$ 49,723,937 (Note 3)
1	Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	(Note 2)	357,753 ((Note 4)	333,450	331,056	331,056	15.41%	2,147,665 (Note 4)

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

Note 2: Direct/indirect subsidiary.

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

Note 4: FGE is directly and indirectly owned by FMT more than 50%. The aggregate endorsement/guarantee amount provided by FMT shall be limited to the net worth of FMT, and the individual amount shall be limited to the investment amount in FGE. The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

TABLE 3

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

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Mobile Co., Ltd. (the "Corporation")	<u>Stock</u> Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets – current	2,174	\$ 205,397	0.028	\$ 205,397 (Note 5)	
	Bridge Mobile Pte Ltd.	-	Financial assets carried at cost – non-current	2,200	50,324	10	- (Note 3)	
	Yes Mobile Holdings Company	-	Financial assets carried at cost – non-current	74	-	0.19	- (Note 3)	
	Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	39,065	15,950,282	100	15,950,282	
	Taiwan Cellular Co., Ltd.	Subsidiary	Long-term investments – equity method	370,896	17,653,627 (Note 4)	100	85,191,500	
	Taipei New Horizons Co., Ltd.	Equity-method investee	Long-term investments – equity method	92,315	811,841	49.9	811,841	
Wealth Media Technology Co., Ltd.	<u>Stock</u> Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	64,742	8,564,191	50.64	1,087,488	
	Win TV Broadcasting Co., Ltd.	Subsidiary	Long-term investments – equity method	18,177	257,558	100	249,941	
	TFN Media Co., Ltd.	Subsidiary	Long-term investments – equity method	230,921	6,860,143	100	9,109,106	
	Global Wealth Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	8,945	96,318	100	96,318	
	Global Forest Media Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	1,500	17,645	100	17,645	
Global Wealth Media Technology Co., Ltd.	<u>Stock</u> Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	3,825	94,773	6.83	46,765	
Global Forest Media Technology Co., Ltd.	<u>Stock</u> Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	15,868	0.76	14,306	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fu Sheng Travel Service Co., Ltd.	Subsidiary	Long-term investments – equity method	600	\$ 27,475	100	\$ 27,475	
	Fuli Life Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	12,530	100	12,530	
	Fuli Property Insurance Agent Co., Ltd.	Subsidiary	Long-term investments – equity method	300	16,671	100	16,671	
	Asian Crown International Co., Ltd.	Subsidiary	Long-term investments – equity method	47	US\$ 3,811	100	US\$ 3,811	
	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Long-term investments – equity method	17,200	359,643	20	219,360	
Asian Crown International Co., Ltd.	<u>Stock</u> Fortune Kingdom Corporation	Subsidiary	Long-term investments – equity method	14,000	US\$ 3,811	100	US\$ 3,811	
Fortune Kingdom Corporation	<u>Stock</u> Hong Kong Fubon Multimedia Technology Co., Ltd.	Subsidiary	Long-term investments – equity method	14,000	US\$ 3,811	100	US\$ 3,811	
Hong Kong Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Fubon Gehua (Beijing) Enterprise Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 2,213	80	US\$ 2,213	
Taiwan Cellular Co., Ltd.	<u>Stock</u> Arcoa Communication Co., Ltd.	-	Financial assets carried at cost – non-current	6,998	67,731	5.21	- (Note 3)	
	Parawin Venture Capital Corp.	-	Financial assets carried at cost – non-current	2,700	16,873	3	- (Note 3)	
	Transportation High Tech Inc.	-	Financial assets carried at cost – non-current	1,200	- (Note 2)	12	- (Note 3)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
Taiwan Cellular Co., Ltd.	WEB Point Co., Ltd.	-	Financial assets carried at cost – non-current	803	\$ 6,773	3.17	\$ - (Note 3)	
	TWM Holding Co. Ltd.	Subsidiary	Long-term investments – equity method	1 share	US\$ 8,338	100	US\$ 8,338	
	Taiwan Fixed Network Co., Ltd.	Subsidiary	Long-term investments – equity method	2,100,000	51,340,870	100	51,340,870	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Long-term investments – equity method	11,200	136,253	100	136,253	
	TCC Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	22,103	32,360,430	100	32,233,247	
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	2,484	100,749	100	100,749	
TWM Holding Co., Ltd.	<u>Stock</u> TWM Communications (Beijing) Co., Ltd.	Subsidiary	Long-term investments – equity method	-	US\$ 3,756	100	US\$ 2,866	
Taiwan Teleservices & Technologies Co., Ltd.	<u>Stock</u> TT & T Holdings Co., Ltd.	Subsidiary	Long-term investments – equity method	1,300	45,942	100	45,942	
	Taiwan Super Basketball Co., Ltd.	Subsidiary	Long-term investments – equity method	2,000	21,684	100	21,684	
TT&T Holdings Co., Ltd.	<u>Stock</u> Xiamen Taifu Teleservices & Technologies Co., Ltd.	Subsidiary	Long-term investments – equity method	-	45,661	100	45,661	
TCC Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	200,497	21,453,153	5.86	21,453,153 (Note 5)	
	TCCI Investment and Development Co., Ltd.	Subsidiary	Long-term investments – equity method	400	12,165,175	100	12,165,175	
	Great Taipei Broadband Co., Ltd.	-	Financial assets carried at cost – non-current	10,000	39,627	6.67	- (Note 3)	
	<u>Preferred stock</u> Taiwan High Speed Rail Corporation Unlisted Convertible Preferred Stock – Series A	-	Bonds measured at amortized cost – non-current	50,000	500,000	1.24	- (Note 3)	
TCCI Investment and Development Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	119,564	12,793,327	3.50	12,793,327 (Note 5)	

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

Investing Company (A)	Marketable Securities Invested (B)	Relationship with the Investing Company (B is A's)	Financial Statement Account	December 31, 2012				Note
				Shares/Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value (Note 1)	
TFN Media Co., Ltd.	<u>Stock</u> Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	33,940	\$ 2,229,111	100	\$ 704,630	
	Mangrove Cable TV Co., Ltd.	Related party in substance	Long-term investments – equity method	6,248	624,883	29.53	361,708 (Note 6)	
	Phoenix Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	68,090	3,375,919	100	1,051,133	
	Union Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	169,141	2,064,066	99.22	1,860,880	
	Globalview Cable TV Co., Ltd.	Subsidiary	Long-term investments – equity method	51,733	1,254,969	92.38	632,449	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Long-term investments – equity method	14	135,330	100	36,713	
	Kbro Media Co., Ltd.	Equity-method investee	Long-term investments – equity method	7,800	77,078	32.50	76,878	
Taiwan Kuro Times Co., Ltd.	<u>Stock</u> ezPeer Multimedia Limited	Subsidiary	Long-term investments – equity method	1 share	US\$ 338	100	US\$ 338	
Taiwan Fixed Network Co., Ltd.	<u>Stock</u> TFN Union Investment Co., Ltd.	Subsidiary	Long-term investments – equity method	400	41,779,764	100	41,779,764	
	TFN HK LIMITED	Subsidiary	Long-term investments – equity method	1,300	HK\$ 2,687	100	HK\$ 2,687	
	Taiwan High Speed Rail Corporation	-	Financial assets carried at cost – non-current	225,531	912,463	3.46	- (Note 3)	
TFN Union Investment Co., Ltd.	<u>Stock</u> Taiwan Mobile Co., Ltd. (the “Corporation”)	The Corporation	Available-for-sale financial assets – non-current	410,665	43,941,185	12	43,941,185 (Note 5)	

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

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

Note 3: As of January 31, 2013, the independent auditors' report date, the investee's net worth was not available.

Note 4: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$85,191,500 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(36,922,749) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(13,848) thousand.

Note 5: Based on the closing price on December 31, 2012.

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

Note 7: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 and HK\$1 = NT\$3.747 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED OR DISPOSED AMOUNTING TO AT LEAST \$100 MILLION
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 4

(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Units (Thousands)	Amount
Taiwan Mobile Co., Ltd. (the “Corporation”)	<u>Stock</u> Wealth Media Technology Co., Ltd.	Long-term investment – equity method	Wealth Media Technology Co., Ltd.	Subsidiary	38,550	\$ 8,862,168	515 (Note 1)	\$ 5,150,000	-	\$ -	\$ -	\$ -	39,065	\$ 15,950,282 (Note 2)
	Taipei New Horizons Co., Ltd.	Long-term investment – equity method	Taipei New Horizons Co., Ltd.	Equity-method investee	64,870	562,812	27,445	274,450	-	-	-	-	92,315	811,841
Wealth Media Technology Co., Ltd.	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	20,090	215,600	6,715 (Note 3)	5,342,474 (Note 4)	26,805	-	- (Note 5)	- (Note 5)	-	- (Note 5)
Tai Fu Media Technology Co., Ltd.	<u>Stock</u> TFN Media Co., Ltd.	Long-term investment – equity method	TFN Media Co., Ltd	Subsidiary	-	-	395 (Note 1)	3,950,000	-	-	-	-	-	-
Taiwan Cellular Co., Ltd	<u>Stock</u> Tai Fu Media Technology Co., Ltd.	Long-term investment – equity method	Wealth Media Technology Co., Ltd.	Subsidiary	-	-	- (Note 6)	- (Note 6)	6,315	1,342,474	1,343,055 (Note 7)	-	-	-
TCC Investment Co., Ltd.	<u>Stock</u> Win TV Broadcasting Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	18,177	264,364	-	-	18,177	215,575	216,370 (Note 8)	-	-	-
	TFN Media Co., Ltd.	Long-term investment – equity method	Tai Fu Media Technology Co., Ltd.	Subsidiary	230,526	2,702,552	-	-	230,526	1,084,150	1,093,195 (Note 8)	-	-	-
Fubon Multimedia Technology Co., Ltd.	<u>Stock</u> Taiwan Pelican Express Co., Ltd.	Long-term investment – equity method	Teco Electric & Machinery Co., Ltd.	Third party	-	-	17,200	344,000	-	-	-	-	17,200	359,643 (Note 2)

Note 1: The shares/units of marketable securities acquired represent new shares issued for capital injection by cash.

Note 2: The ending balance includes the cumulative translation adjustments, investment income or loss recognized under the equity method, and other adjustments in long-term investment using equity method.

Note 3: The shares/units of marketable securities acquired include new shares issued for capital injection and shares by procurement.

Note 4: The amount of marketable securities acquired includes capital injection by cash and shares by procurement.

Note 5: TFMT was dissolved due to the organization reengineering, so it has no gain (loss) from disposal.

Note 6: TCC had no acquisition of marketable securities of TFMT, which came from TFMT’s acquisition of WTVB and TFNM from TCCI. Therefore, TCC’s investment on TCCI was replaced by TFMT.

Note 7: The difference between the proceeds from the disposal of stock and the book value was adjusted by an additional paid-in capital.

Note 8: On February 8, 2012, TFMT acquired WTVB and TFNM which were 100% held by TCCI and issued new shares to TCC. The difference between the selling price and the book value was adjusted by the additional paid-in capital.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ACQUISTION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 5

(In Thousands of New Taiwan Dollars)

Company Name	Type of Properties	Transaction Date	Transaction Amount	Payment Status	Counter-Party	Relationship	Where Counter-party is a Related, Details of Prior Transaction				Price Reference	Date of Acquisition and Status of Utilization	Other Commitments
							Owner	Relationships	Date of Ownership Transfer	Amount			
Taiwan Fixed Network Co., Ltd.	Land and Building	June 22, 2012	\$ 318,088	The amount has been paid as of December 31, 2012	DSM-AGI Co., Ltd.	Third party	-	-	-	-	Based on valuation report of the Top Real Estate Joint Appraisers Firm	Operating requirement	None

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 6

(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Sale	\$ (2,490,470)	(4)	Based on contract terms	-	-	\$ 389,219	6	(Note 1)
			Purchase	4,289,606	(Note 2)	Based on contract terms	-	-	(483,735)	(Note 3)	
	Taiwan Kuro Times Co., Ltd.	Subsidiary	Purchase	221,673	1	Based on contract terms	-	-	(67,186)	1	(Note 4)
	Taiwan Teleservices & Technologies Co., Ltd.	Subsidiary	Purchase	966,868	(Note 5)	Based on contract terms	-	-	(89,224)	(Note 6)	
	Taiwan Digital Communication Co., Ltd.	Subsidiary	Purchase	531,830	(Note 5)	Based on contract terms	-	-	(67,898)	(Note 6)	
Taiwan Teleservices & Technologies Co., Ltd.	The Corporation	Ultimate parent	Sale	(967,024)	(90)	Based on contract terms	-	-	89,247	92	
	Taiwan Fixed Network Co., Ltd.	Related party in substance	Sale	(110,630)	(10)	Based on contract terms	-	-	8,180	8	
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Sale	(4,278,472)	(34)	Based on contract terms	-	-	480,497	45	(Note 7)
			Purchase	2,494,313	33	Based on contract terms	-	-	(388,599)	(49)	(Note 1)
	TFN Media Co., Ltd.	Related party in substance	Sale	(114,541)	(1)	Based on contract terms	-	-	22,417	2	
	Taiwan Teleservices & Technologies Co., Ltd.	Related party in substance	Purchase	110,630	(Note 5)	Based on contract terms	-	-	(8,180)	(Note 6)	
Taiwan Digital Communication Co., Ltd.	The Corporation	Ultimate parent	Sale	(532,115)	(74)	Based on contract terms	-	-	67,898	56	
Taiwan Kuro Times Co., Ltd.	The Corporation	Ultimate parent	Sale	(222,264)	(71)	Based on contract terms	-	-	69,548	89	(Note 8)
TFN Media Co., Ltd.	Phoenix Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(486,757)	(16)	Based on contract terms	(Note 9)	(Note 9)	1,147	1	
	Yeong Jia Leh Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(444,164)	(15)	Based on contract terms	(Note 9)	(Note 9)	1,066	1	
	Union Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(227,360)	(7)	Based on contract terms	(Note 9)	(Note 9)	595	-	
	Globalview Cable TV Co., Ltd.	Subsidiary	Channel leasing fee	(197,660)	(6)	Based on contract terms	(Note 9)	(Note 9)	711	-	
	Taiwan Fixed Network Co., Ltd.	Related party in substance	Operating cost-rental	110,926	9	Based on contract terms	-	-	(21,866)	(17)	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2012

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	\$ 444,164	64	Based on contract terms	(Note 9)	(Note 9)	\$ (1,066)	\$ (11)	
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	486,757	65	Based on contract terms	(Note 9)	(Note 9)	(1,147)	(16)	
Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	227,360	59	Based on contract terms	(Note 9)	(Note 9)	(595)	(15)	
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Royalty for copyright	197,660	60	Based on contract terms	(Note 9)	(Note 9)	(711)	(10)	
Mangrove Cable TV Co., Ltd.	Dai-Ka Ltd.	Related party in substance	Royalty for copyright	162,440	59	Based on contract terms	(Note 9)	(Note 9)	-	-	
Fubon Multimedia Technology Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Equity-method investee	Purchase	292,422	2	Based on contract terms	-	-	(64,377)	(3)	

Note 1: The \$30,656 thousand accounts receivable amount was the net amount of accounts receivable \$389,219 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$358,563 thousand.

Note 2: Included operating costs and operating expenses.

Note 3: Included accrued expenses and other payable.

Note 4: The \$66,943 thousand accounts payable amount was the net amount of accounts payable \$67,186 thousand deducting accounts receivable \$243 thousand.

Note 5: Recognized as operating expenses.

Note 6: Recognized as accrued expenses.

Note 7: The \$466,778 thousand accounts receivable amount was the net amount of accounts receivable \$480,497 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$13,719 thousand.

Note 8: The \$69,305 thousand accounts receivable amount was the net amount of accounts receivable \$69,548 thousand deducting accounts payable and accrued custodial receipts/payments totaling \$243 thousand.

Note 9: The companies authorized related party to deal with the copyright fees from cable television. As said account item is the only one, there are no comparables.

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, 2012

TABLE 7

(In Thousands of New Taiwan Dollars)

Company Name (A)	Related Party (B)	Nature of Relationship (B is A's)	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Taiwan Mobile Co., Ltd. (the "Corporation")	Taiwan Fixed Network Co., Ltd.	Subsidiary	Accounts receivable	6.05	\$ -	-	\$ -	\$ -
			Other receivables		-	-	-	-
	TFN Media Co., Ltd.	Subsidiary	Other receivables		-	-	-	-
Taiwan Cellular Co., Ltd	The Corporation	Parent	Other receivables		-	-	-	-
Taiwan Fixed Network Co., Ltd.	The Corporation	Ultimate parent	Accounts receivable	9.52	-	-	9,979	-
			Other receivables		-	-	108,722	-
Phoenix Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.15	-	-	-	-
			Other receivables		-	-	-	-
Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	3.96	-	-	-	-
			Other receivables		-	-	-	-
Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	Parent	Accounts receivable	4.42	-	-	-	-
			Other receivables		-	-	-	-

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
NAMES AND LOCATIONS OF, AND OTHER INFORMATION ON INVESTEEs ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 8
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Taiwan Mobile Co., Ltd. (the “Corporation”)	Taiwan Cellular Co., Ltd.	Taipei, Taiwan	Investment	\$ 44,467,288	\$ 44,467,288	370,896	100	\$ 17,653,627 (Note 1)	\$ 3,695,248	\$ 3,705,904	
	Taipei New Horizons Co., Ltd.	Taipei, Taiwan	Real estate rental and sale	923,150	648,700	92,315	49.9	811,841	(50,945)	(25,421)	
	Wealth Media Technology Co., Ltd.	Taipei, Taiwan	Investment	13,802,000	8,652,000	39,065	100	15,950,282	2,114,687	2,114,687	
Wealth Media Technology Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	Taipei, Taiwan	Wholesale and retail sales via traditional and online shopping channels	8,347,949	8,347,949	64,742	50.64	8,564,191	558,095	NA	
	Win TV Broadcasting Co., Ltd.	Taipei, Taiwan	TV program provider	222,417	188,047 (Note 2)	18,177	100	257,558	46,983	NA	
	TFN Media Co., Ltd.	Taipei, Taiwan	Cable broadband and value added service provider	5,210,443	2,035,714 (Note 2)	230,921	100	6,860,143	2,123,878	NA	
	Global Wealth Media Technology Co., Ltd.	New Taipei City , Taiwan	Investment	92,189	84,000 (Note 3)	8,945	100	96,318	5,137	NA	
	Global Forest Media Technology Co., Ltd.	Taipei, Taiwan	Investment	16,984	15,000 (Note 3)	1,500	100	17,645	798	NA	
	Globalview Cable TV Co., Ltd.	New Taipei City , Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	94,773	78,358	NA	
Global Forest Media Technology Co., Ltd.	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,868	119,031	NA	
Fubon Multimedia Technology Co., Ltd.	Fu Sheng Travel Service Co., Ltd.	Taipei, Taiwan	Travel agent	6,000	6,000	600	100	27,475	21,269	NA	
	Fuli Life Insurance Agent Co., Ltd.	Taipei, Taiwan	Life Insurance Agent	3,000	3,000	300	100	12,530	4,483	NA	
	Fuli Property Insurance Agent Co., Ltd.	Taipei, Taiwan	Property Insurance Agent	3,000	3,000	300	100	16,671	8,639	NA	
	Asian Crown International Co., Ltd.	British Virgin Islands	Investment	US\$ 14,000	US\$ 14,000	47	100	US\$ 3,811	US\$ (6,955)	NA	
Asian Crown International Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Taipei, Taiwan	Logistics industry	344,000	-	17,200	20	359,643	236,746	NA	
	Fortune Kingdom Corporation	Samoa	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 3,811	US\$ (6,955)	NA	
Fortune Kingdom Corporation	Hong Kong Fubon Multimedia Technology Co., Ltd.	Hong Kong	Investment	US\$ 14,000	US\$ 14,000	14,000	100	US\$ 3,811	US\$ (6,955)	NA	
Hong Kong Fubon Multimedia Technology Co., Ltd.	Fubon Gehua (Beijing) Enterprise Ltd.	Beijing, China	Wholesale and retail sales	US\$ 12,319	US\$ 12,319	-	80	US\$ 2,213	US\$ (8,698)	NA	
Taiwan Cellular Co., Ltd.	TWM Holding Co. Ltd.	British Virgin Islands	Investment	US\$ 10,800	US\$ 10,800	1 share	100	US\$ 8,338	US\$ (444)	NA	
	Taiwan Fixed Network Co., Ltd.	Taipei, Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	51,340,870	3,404,872	NA	
	Taiwan Digital Communication Co., Ltd.	Taipei, Taiwan	TV program production and mobile phones wholesale	112,000	112,000	11,200	100	136,253	25,537	NA	
	TCC Investment Co., Ltd.	Taipei, Taiwan	Investment	20,680,441	22,002,255	22,103	100	32,360,430	173,959	NA	
	Taiwan Teleservices & Technologies Co., Ltd.	Taipei, Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	100,749	50,148	NA	
	TWM Holding Co. Ltd.	TWM Communications (Beijing) Co., Ltd.	Mobile application development and design	US\$ 4,936	US\$ 4,936	-	100	US\$ 3,756	US\$ (479)	NA	
Taiwan Teleservices & Technologies Co., Ltd.	TT&T Holdings Co., Ltd.	Samoa	Investment	36,284	36,284	1,300	100	45,942	(1,489)	NA	
	Taiwan Super Basketball Co., Ltd.	Taipei, Taiwan	Basketball team management	3,511	3,511	2,000	100	21,684	1,382	NA	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES AND LOCATIONS OF, AND OTHER INFORMATION ON INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE YEAR ENDED DECEMBER 31, 2012

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
TT&T Holdings Co., Ltd.	Xiamen Taifu Teleservices & Technologies Co., Ltd.	Xiamen, China	System integration, management, analysis, and development of CRM application and information consulting services	\$ 41,050	\$ 41,050	-	100	\$ 45,661	\$ (1,056)	NA	
TCC Investment Co., Ltd.	TCCI Investment and Development Co., Ltd.	Taipei, Taiwan	Investment	6,498,076	6,498,076	400	100	12,165,175	(66)	NA	
TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	2,229,111	223,437	NA	
	Mangrove Cable TV Co., Ltd	New Taipei City, Taiwan	Cable TV service provider	510,724	510,724	6,248 (Note 4)	29.53	624,883	105,533	NA	
	Phoenix Cable TV Co., Ltd.	Kaohsiung County, Taiwan	Cable TV service provider	3,261,073	3,258,135 (Note 5)	68,090	100	3,375,919	221,038	NA	
	Union Cable TV Co., Ltd.	Yilan County, Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,064,066	119,031	NA	
	Globalview Cable TV Co., Ltd.	New Taipei City, Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,254,969	78,358	NA	
	Taiwan Kuro Times Co., Ltd.	Taipei, Taiwan	Online music platform	129,900	129,900	14	100	135,330	7,262	NA	
	Kbro Media Co., Ltd.	Taipei, Taiwan	Film distribution, art and literature service and entertainer	78,000	-	7,800	32.5	77,078	(2,841)	NA	
	ezPeer Multimedia Limited	Samoa	Investment	US\$ 1,522	US\$ 1,522	1 share	100	US\$ 338	US\$ (506)	NA	
Taiwan Kuro Times Co., Ltd.	TFN Union Investment Co., Ltd.	Taipei, Taiwan	Investment	22,314,536	22,314,536	400	100	41,779,764	(66)	NA	
Taiwan Fixed Network Co., Ltd.	TFN HK LIMITED	Hong Kong	Telecommunications service provider	HK\$ 744	HK\$ 744	1,300	100	HK\$ 2,687	HK\$ 668	NA	

Note 1: The Corporation's shares held by TCCI, TID and TUI (all are subsidiaries 100% owned by TCC) are classified as treasury shares. Therefore, the Corporation's carrying cost of \$85,191,500 thousand for TCC shall be reduced by 1) downward adjusting \$(31,077,183) thousand, the carrying value of total treasury shares on the Corporation's books, 2) excluding \$(36,922,749) thousand of unrealized gain from financial asset investment, 3) adding back \$475,907 thousand of income tax expenses resulting from TFN's and TFNI's disposal gain from the Corporation's shares, and 4) excluding recognition of upstream transactions gain of \$(13,848) thousand.

Note 2: Became a subsidiary of WMT due to the spin-off of WTVB and TFNM into TFMT from TCCI on February 8, 2012. Then, TFMT was merged by WMT on March 1, 2012.

Note 3: Became a subsidiary of WMT which merged TFMT on March 1, 2012.

Note 4: 70.47% of shares are held under trustee accounts.

Note 5: FSMT originally owned 3.34% of the shares of PCTV. Then, FSMT was merged by TFNM on March 2, 2012 which subscribed all the shares.

Note 6: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 and HK\$1 = NT\$3.747 as of December 31, 2012.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2012

TABLE 9
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Xiamen Taifu Teleservices & Technologies Co., Ltd.	System integration, management, analysis, and development of CRM application and information consulting services	US\$ 1,300 (NT\$ 37,752)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Teleservices & Technologies Co., Ltd.	US\$ 1,300 (NT\$ 37,752)	\$ -	\$ -	US\$ 1,300 (NT\$ 37,752)	100% ownership of indirect investment by the Corporation's subsidiary	\$ (1,056)	\$ 45,661	\$ -
TWM Communications (Beijing) Co. Ltd.	Mobile application development and design	US\$ 3,000 (NT\$ 87,120)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Taiwan Cellular Co., Ltd.	US\$ 4,872 (NT\$ 141,483)	-	-	US\$ 4,872 (NT\$ 141,483)	100% ownership of indirect investment by the Corporation's subsidiary	US\$ (479) (NT\$ (13,910))	US\$ 3,756 (NT\$ 109,074)	-
Fubon Gehua (Beijing) Enterprise Ltd.	Wholesale and retail sales	RMB100,000 (NT\$ 465,698)	Indirect investment in Mainland China through a third place by the Corporation's subsidiary Fubon Multimedia Technology Co., Ltd.	US\$ 12,319 (NT\$ 357,744)	-	-	US\$ 12,319 (NT\$ 357,744)	80% ownership of indirect investment by the Corporation's subsidiary	US\$ (6,959) (NT\$ (202,089))	US\$ 2,213 (NT\$ 64,266)	-

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
US\$1,300 (NT\$37,752)	US\$1,300 (NT\$37,752)	\$30,483,492
US\$4,872 (NT\$141,483)	US\$4,872 (NT\$141,483)	\$51,114,900
US\$12,319 (NT\$357,744)	US\$15,000 (NT\$435,600)	\$30,483,492

Note 1: The above amounts were translated into New Taiwan dollars at the exchange rate of US\$1 = NT\$29.04 and US\$1 = RMB\$6.2358 as of December 31, 2012.

Note 2: Calculation was based on audited financial statements.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

TABLE 10
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
0	Taiwan Mobile Co., Ltd.	Taiwan Digital Communications Co., Ltd.	1	Accounts receivable	\$ 1,454	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	30,656	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accounts receivable	56	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	22	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts receivable	45	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Accounts receivable	8	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	37	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	13	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts receivable	1	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Accounts receivable	57	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	51,579	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	122	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Other receivables	23	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	1,804,962	Based on regular terms	2%
		Union Cable TV Co., Ltd.	1	Other receivables	54	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other receivables	106	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other receivables	27	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other receivables	88	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	11	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other receivables	30,693	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Other receivables	3,427	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	67	Based on regular terms	-
		TFN Media Co., Ltd.	1	Prepayments	1	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Prepayments	21	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Short-term borrowings	800,000	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	6,000,000	Based on regular terms	6%
		Taiwan Digital Communications Co., Ltd.	1	Accounts payable	235	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	1,070	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	23	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts payable	66,943	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Accrued expenses	1,734	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Accrued expenses	67,898	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Accrued expenses	8,606	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	487,935	Based on regular terms	1%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	89,224	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accrued expenses	312	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Accrued expenses	129	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	172	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Accrued expenses	6	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Other payables	16,436	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	113,085	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	1,059	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	2,038	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other payables	318	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	3,211	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	433	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Taiwan Kuro Times Co., Ltd.	1	Other payables	\$ 1,177	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Advanced receipts	90	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	68,365	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other current liabilities	1,943	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other current liabilities	4,607	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other current liabilities	1,374	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other current liabilities	4,635	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	1,220	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	1,614	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	830	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Operating revenues	13,750	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	2,490,470	Based on regular terms	3%
		TFN Media Co., Ltd.	1	Operating revenues	1,114	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	1,296	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	1,744	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	845	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	2,262	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	864	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Operating revenues	1,957	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Operating revenues	10,199	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Operating cost	748	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating cost	4,223,388	Based on regular terms	4%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating cost	156	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating cost	895	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating cost	1,385	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating cost	428	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating cost	143	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating cost	961	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Operating cost	221,673	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Operating cost	5	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Operating expenses	531,891	Based on regular terms	1%
		Taiwan Super Basketball Co., Ltd.	1	Operating expenses	34,425	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Operating expenses	(516)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	75,089	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	966,868	Based on regular terms	1%
		TFN Media Co., Ltd.	1	Operating expenses	19	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	3	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	10	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating expenses	1	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	10	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	3	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Operating expenses	5,806	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Operating expenses	(294)	Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating expenses	5	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Operating expenses	1,186	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Interest income	103	Based on regular terms	-
		Global Wealth Media Technology Co., Ltd.	1	Interest income	11	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Interest income	1,141	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	26,566	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Interest income	136	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	6	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Fu Jia Leh Media Technology Co., Ltd.	1	Rental income	\$ 6	Based on regular terms	-
		Fu Sin Media Technology Co., Ltd.	1	Rental income	6	Based on regular terms	-
		Global Forest Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	199	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	89,042	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Rental income	259	Based on regular terms	-
		TFN Media Co., Ltd.	1	Rental income	10,784	Based on regular terms	-
		TFN Union Investment Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TCCI Investment and Development Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Win TV Broadcasting Co., Ltd.	1	Rental income	6	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Rental income	37,423	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	2	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Miscellaneous revenue	6	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Interest expenses	7,737	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	56,301	Based on regular terms	-
1	Wealth Media Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	1	Other receivables	50,275	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	54	Based on regular terms	-
		Global Wealth Media Technology Co., Ltd.	1	Interest income	7	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Interest income	948	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Miscellaneous revenue	187	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	103	Based on regular terms	-
2	Taiwan Win TV Broadcasting Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	6	Based on regular terms	-
3	Fubon Multimedia Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	13	Based on regular terms	-
		Fuli Life Insurance Agent Co., Ltd.	1	Accounts receivable	5	Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Accounts receivable	23,539	Based on regular terms	-
		Fuli Property Insurance Agent Co., Ltd.	1	Accounts receivable	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	3,474	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	3,155	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Accounts payable	120	Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Accounts payable	267	Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Advanced receipts	3	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Leasehold payable-current	2,649	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Leasehold payable-non-current	3,948	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	1,182	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	\$ 286	Payment terms varied depend on the agreements and Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	8,140	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	47,740	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	20,261	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	1,349	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating cost	91,429	Payment terms varied depend on the agreements and Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	277	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating cost	58	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating cost	9,237	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	1,125	Payment terms varied depend on the agreements and Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating cost	58	Payment terms varied depend on the agreements and Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating cost	390	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	476	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	2	Operating expenses	187	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	7,361	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating expenses	100	Payment terms varied depend on the agreements and Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating expenses	2,010	Payment terms varied depend on the agreements and Based on regular terms	-
		Fuli Life Insurance Agent Co., Ltd.	1	Rental income	57	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	12	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Miscellaneous revenue	6	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Interest expenses	284	Payment terms varied depend on the agreements and Based on regular terms	-
4	Fu Sheng Travel Service Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Accounts receivable	59	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Fubon Multimedia Technology Co., Ltd.	2	Other receivables	\$ 210	Payment terms varied depend on the agreements and Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Accounts payable	1,186	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Accrued expenses	22,353	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Operating cost	8,140	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Rental income	2,400	Payment terms varied depend on the agreements and Based on regular terms	-
5	Fuli Life Insurance Agent Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Accounts payable	5	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Operating expenses	57	Payment terms varied depend on the agreements and Based on regular terms	-
6	Fuli Property Insurance Agent Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Accounts payable	1	Based on regular terms	-
7	Tai Fu Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	6	Based on regular terms	-
		Global Wealth Media Technology Co., Ltd.	1	Interest income	7	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	2	Interest expenses	54	Based on regular terms	-
8	Global Wealth Media Technology Co., Ltd.	Globalview Cable TV Co., Ltd.	3	Operating expenses	34	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	11	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Interest expenses	7	Payment terms varied depend on the agreements	-
		Tai Fu Media Technology Co., Ltd.	2	Interest expenses	7	Payment terms varied depend on the agreements	-
9	Fu Jia Leh Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	6	Based on regular terms	-
10	Fu Sin Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	6	Based on regular terms	-
11	Global Forest Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
12	Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other receivables	801,734	Based on regular terms	1%
		Taiwan Digital Communications Co., Ltd.	1	Other receivables	53,103	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Other receivables	28	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest income	7,737	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Interest income	475	Based on regular terms	-
		TFN Media Co., Ltd.	3	Interest income	6,776	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Miscellaneous revenue	95	Based on regular terms	-
		TT&T Holdings	1	Miscellaneous revenue	95	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	5,847	Based on regular terms	-
13	Taiwan Fixed Network Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	466,778	Based on regular terms	1%
		TFN HK	1	Accounts receivable	2	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accounts receivable	177	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Accounts receivable	8	Based on regular terms	-
		TFN Media Co., Ltd.	3	Accounts receivable	22,417	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	(27)	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Accounts receivable	147	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Accounts receivable	265	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Accounts receivable	518	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accounts receivable	236	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Accounts receivable	662	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Fubon Multimedia Technology Co., Ltd.	3	Accounts receivable	\$ 6,137	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other receivables	6,203,677	Based on regular terms	7%
		Win TV Broadcasting Co., Ltd.	3	Other receivables	487	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Other receivables	8	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Other receivables	2	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Other receivables	387	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Prepayments	90	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Refundable deposits	830	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Long-term notes, accounts and overdue receivables	3,881	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	30,036	Based on regular terms	-
		TFN Media Co., Ltd.	3	Accounts payable	12,363	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Accounts payable	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	52,198	Based on regular terms	-
		TFN HK	1	Accrued expenses	30,946	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accrued expenses	8,180	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Accrued expenses	222	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Accrued expenses	78	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Accrued expenses	39	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Accrued expenses	17	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accrued expenses	34	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Advance receipts	117	Based on regular terms	-
		TFN Media Co., Ltd.	3	Advance receipts	2	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Advance receipts	57	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Advance receipts	1	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Advance receipts	1	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Advance receipts	1	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	1	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Advance receipts	2	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Advance receipts	2	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Guarantee deposits	288	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Guarantee deposits	5	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	4,278,472	Based on regular terms	4%
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	223	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating revenues	114,541	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating revenues	4,319	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	424	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	2,479	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	5,513	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	2,085	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	5,909	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	25,381	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	2,494,313	Based on regular terms	3%
		TFN HK	1	Operating cost	72,012	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating cost	27,740	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	1,769	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating cost	1,003	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating cost	69	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	235	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating cost	369	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	85,113	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Digital Communications Co., Ltd.	3	Operating expenses	\$ 114	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	3	Operating expenses	(58)	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	110,630	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating expenses	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest income	56,301	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest income	5,847	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Interest income	284	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Rental income	19,868	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Rental income	5,330	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Rental income	9	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Rental income	3,385	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Interest expenses	6	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Interest expenses	9	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Interest expenses	2	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous expenses	(1)	Based on regular terms	-
14	Taiwan Digital Communications Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	84,569	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Short-term borrowings	53,000	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	1,393	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	62	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	103	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	532,115	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	114	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	8,268	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	5,681	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	475	Based on regular terms	-
15	TCC Investment Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	5,806	Based on regular terms	-
16	TCCI Investment and Development Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
17	Win TV Broadcasting Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Accounts receivable	420	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Accounts receivable	147	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Other current liabilities	61	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating cost	72	Based on regular terms	-
		TFN Media Co., Ltd.	3	Notes receivable	15,530	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Short-term borrowings	50,000	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	66	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Accrued expenses	275	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	487	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	3	Operating revenues	\$ 60,590	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	500	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	500	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	500	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	500	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	179	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Operating expenses	1,320	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Interest income	5	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	1,141	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Interest expenses	948	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Other payables	122	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	1,360	Payment terms varied depend on the agreements and Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	762	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	3,798	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	110	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,750	Payment terms varied depend on the agreements and Based on regular terms	-
18	TFN Media Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Other receivables	8	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other receivables	258	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	16	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other current assets	(18)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	2,063	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	12,363	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Accounts receivable	116	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	23,695	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts receivable	35,627	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Mangrove Cable TV Co., Ltd.	1	Accounts receivable	\$ 12,235	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	32,405	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	14,574	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Short-term borrowings	1,800,000	Payment terms varied depend on the agreements	2%
		Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	400,000	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	560,000	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Short-term borrowings	250,000	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Notes payable	15,530	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts payable	1,676	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	3,531	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Accounts payable	559	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	3,426	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	1,466	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	930	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	21,866	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	3,902	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Other payables	562	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	27,740	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	1,320	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating revenues	227,360	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	481,741	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	8,285	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	528,597	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Operating revenues	214,425	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	91,429	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	60,590	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Union Cable TV Co., Ltd.	1	Operating cost	\$ 22,403	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating cost	36,846	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Operating cost	6,419	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating cost	37,947	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating cost	15,404	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating expenses	1,315	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	3,210	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Operating expenses	986	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	2,101	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	1,252	Payment terms varied depend on the agreements	-
		Taiwan Kuro Times Co., Ltd.	1	Interest income	295	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	26,566	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	3	Interest expenses	6,776	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	3,322	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Interest expenses	5,036	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Interest expenses	6,849	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	2,956	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	2,104	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accrued expenses	3,147	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Accrued expenses	984	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	3,003	Payment terms varied depend on the agreements and Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	1,286	Payment terms varied depend on the agreements and Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	943	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	\$ 2,113	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	1,858	Payment terms varied depend on the agreements and Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	837	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	1,380	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	381	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	112,472	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	11,201	Payment terms varied depend on the agreements and Based on regular terms	-
19	Union Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Other receivables	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	3	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other current liabilities	15	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	3	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	415	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,177	Based on regular terms	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	19	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	2,985	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	222	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Prepayments	57	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Refundable deposits	288	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	595	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	21	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other payables	66	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	23,100	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	2,546	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	277	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	3,885	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Win TV Broadcasting Co., Ltd.	3	Operating cost	\$ 500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	227,360	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	3,322	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	4,715	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating revenues	23,699	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	1,213	Payment terms varied depend on the agreements and Based on regular terms	-
20	Yeong Jia Leh Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other current assets	39	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other current assets	2	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	11	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	100	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Other payables	420	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Other payables	1	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating revenues	48	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	521	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	48	Based on regular terms	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	48	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	8,526	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	78	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	8,612	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	6	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	1,066	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other payables	125	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,003	Payment terms varied depend on the agreements	-
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	1	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	58	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	444,164	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	37,577	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	2	Interest income	\$ 5,036	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	400,178	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	34,719	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	1,469	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating revenues	40,009	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	71	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	1,957	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	357	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating expenses	860	Payment terms varied depend on the agreements and Based on regular terms	-
21	Mangrove Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other current assets	46	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other current assets	123	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	162	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	60	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	45	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	365	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating cost	60	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	45	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	289	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating expenses	4	Based on regular terms	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	33	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,123	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	12	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	203	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	717	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	11,519	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	69	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	\$ 9,237	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	2,191	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	4,045	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	4,240	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	2,129	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	13	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	44	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other payables	33	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	429	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating revenues	7,372	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	489	Payment terms varied depend on the agreements and Based on regular terms	-
22	Phoenix Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accrued expenses	8	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	109	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other current liabilities	8	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Other current liabilities	(2)	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	10	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating revenues	249	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	715	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	249	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	981	Based on regular terms	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	29	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	7,727	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	17	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	1,147	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other payables	100	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	2	Other payables	\$ 31,258	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Advanced receipts	31	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	235	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	1,125	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	4,534	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	486,757	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	41,840	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	6,849	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Rental income	174	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Rental income	183	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	8,280	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	560,034	Payment terms varied depend on the agreements and Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	386	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating revenues	39,836	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	1,630	Payment terms varied depend on the agreements and Based on regular terms	-
23	Globalview Cable TV Co., Ltd.	Union Cable TV Co., Ltd.	3	Other receivables	1	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Other receivables	1	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Other receivables	1	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Other receivables	1	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other current liabilities	2	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Other current liabilities	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	277	Based on regular terms	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	5	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,924	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	34	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	3,587	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Win TV Broadcasting Co., Ltd.	3	Prepayments	\$ 83	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	711	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	389	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	58	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	500	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	197,660	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	16,766	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Interest income	2,956	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	3	Rental income	34	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	250,001	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	26	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other payables	12	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other payables	193	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	13,879	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	964	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating revenues	16,652	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	1,676	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	612	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	431	Payment terms varied depend on the agreements and Based on regular terms	-
24	Taiwan Kuro Times Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	69,305	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Mobile Co., Ltd.	2	Other receivables	\$ 444	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other current assets	(1)	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Refundable deposits	5	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Short-term borrowings	30,000	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	652	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	693	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	395	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accrued expenses	68	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	222,264	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	27	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	7,702	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	816	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,603	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	416	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating expenses	1	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Interest income	2	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	136	Based on regular terms	-
		TFN Media Co., Ltd.	2	Interest expenses	295	Based on regular terms	-
25	TWM Communications (Beijing) Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating revenues	748	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	100	Based on regular terms	-
26	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	89,247	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	8,180	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Accounts receivable	68	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	122	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	28	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	177	Based on regular terms	-
		TT&T Holdings	1	Accrued expenses	964	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	967,024	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	110,630	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	416	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	34	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Accrued expenses	13	Based on regular terms	-
		TT&T Holdings	1	Operating expenses	15,365	Based on regular terms	-
27	Taiwan Super Basketball Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	8,606	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	34,425	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
28	TT&T Holdings	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	964	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	15,369	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	100	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Co., Ltd.	1	Operating expenses	9,284	Based on regular terms	-
29	Xiamen Taifu Teleservices & Technologies Co., Ltd.	TT&T Holdings	2	Operating revenues	9,263	Based on regular terms	-
30	TFN HK	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	29,679	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	69,853	Based on regular terms	-
31	TFN Union Investment Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-

Note : 1. Parent to subsidiary

2. Subsidiary to parent

3. Between subsidiaries

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

TABLE 11
(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
0	Taiwan Mobile Co., Ltd.	Taiwan Digital Communications Co., Ltd.	1	Accounts receivable	\$ 2,332	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts receivable	37,125	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	11	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts receivable	21	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Accounts receivable	2	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	22	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	8	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts receivable	1	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Accounts receivable	1,427	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other receivables	48,058	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Other receivables	471,421	Based on regular terms	1%
		TFN Media Co., Ltd.	1	Other receivables	852,867	Based on regular terms	1%
		Union Cable TV Co., Ltd.	1	Other receivables	22	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other receivables	59	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other receivables	8	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other receivables	84	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	6	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other receivables	2,815	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Other receivables	3,067	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Prepayments	67	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Prepayments	20	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Refundable deposits	273	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accounts payable	2,365	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accounts payable	27	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Accounts payable	36,470	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Accrued expenses	78,505	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Accrued expenses	8,300	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Accrued expenses	20,646	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	399,783	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Accrued expenses	88,870	Based on regular terms	-
		TFN Media Co., Ltd.	1	Accrued expenses	321	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Other payables	778	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Other payables	20,835	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Other payables	15,559	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other payables	130,082	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other payables	653	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other payables	1,632	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other payables	194	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other payables	2,949	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other payables	306	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other payables	1,713	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Fixed Network Co., Ltd.	1	Advance receipts	\$ 90	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Other current liabilities	24,326	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other current liabilities	173	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Other current liabilities	1,736	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other current liabilities	5,375	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Other current liabilities	829	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Other current liabilities	3,822	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	1,103	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other current liabilities	1,769	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Guarantee deposits	830	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Operating revenues	4,991	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating revenues	2,372,054	Based on regular terms	3%
		TFN Media Co., Ltd.	1	Operating revenues	952	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating revenues	993	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	1,471	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	654	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	1,612	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating revenues	727	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Operating revenues	2,490	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Operating revenues	1,674	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Operating cost	1,211	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating cost	3,322,540	Based on regular terms	4%
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating cost	172	Based on regular terms	-
		TFN Media Co., Ltd.	1	Operating cost	58	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating cost	171	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Operating cost	105,157	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating cost	(1)	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating cost	(2)	Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating cost	(2)	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating cost	(5)	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating cost	(6)	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Operating expenses	237,956	Based on regular terms	-
		Taiwan Super Basketball Co., Ltd.	1	Operating expenses	33,500	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	1	Operating expenses	20,573	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Operating expenses	84,027	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Operating expenses	907,559	Based on regular terms	1%
		TFN Media Co., Ltd.	1	Operating expenses	324	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Operating expenses	5,969	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Operating expenses	1,019	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	312	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Interest income	29,220	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Interest income	279	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Interest income	1,712	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	16,760	Based on regular terms	-
		Wealth Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fu Jia Leh Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fu Sin Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Global Forest Media Technology Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Rental income	34	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Super Basketball Co., Ltd.	1	Rental income	\$ 34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Rental income	106,280	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Rental income	259	Based on regular terms	-
		TFN Media Co., Ltd.	1	Rental income	10,784	Based on regular terms	-
		TFN Union Investment Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TCCI Investment and Development Co., Ltd.	1	Rental income	34	Based on regular terms	-
		TCC Investment Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Win TV Broadcasting Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Rental income	34	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Rental income	17,524	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Miscellaneous revenue	3,696	Based on regular terms	-
		TFN Media Co., Ltd.	1	Miscellaneous revenue	11	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Miscellaneous revenue	9	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Miscellaneous revenue	109	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	1	Miscellaneous revenue	2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	18,987	Based on regular terms	-
1	Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	1	Other receivables	43,091	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Tai Fu Media Technology Co., Ltd.	1	Interest income	91	Based on regular terms	-
		Global Wealth Media Technology Co., Ltd.	1	Interest income	11	Based on regular terms	-
2	Taiwan Win TV Broadcasting Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
3	Fubon Multimedia Technology Co., Ltd.	Win TV Broadcasting Co., Ltd.	3	Accounts receivable	16	Based on regular terms	-
		Fuli Life Insurance Agent Co., Ltd.	1	Accounts receivable	5	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	2,973	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	653	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Accounts payable	1	Based on regular terms	-
		Fuli Property Insurance Agent Co., Ltd.	1	Accounts payable	136	Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Accounts payable	8,192	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Leasehold payable-current	2,772	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other current liabilities	57	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Leasehold payable-non-current	6,590	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Guarantee deposits	273	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating revenues	(44)	Payment terms varied depend on the agreements and Based on regular terms	-
		Fu Sheng Travel Service Co., Ltd.	1	Operating revenues	(13,326)	Based on regular terms	-
		Fuli Property Insurance Agent Co., Ltd.	1	Operating revenues	6	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	1,018	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	55	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Fu Sheng Travel Service Co., Ltd.	3	Operating cost	\$ 168	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	17,718	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	9,098	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	270	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating cost	43,600	Payment terms varied depend on the agreements and Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	139	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating cost	29	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating cost	4,618	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	563	Payment terms varied depend on the agreements and Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating cost	34	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	168	Based on regular terms	-
		Fu Sheng Travel Service Co.,Ltd.	1	Operating expenses	831	Based on regular terms	-
			3			Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.		Operating expenses	3,349	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.		Operating expenses	80	Based on regular terms	-
		Fuli Life Insurance Agent Co.,Ltd.	1	Rental income	24	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Miscellaneous revenue	3	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Interest expenses	294	Payment terms varied depend on the agreements	-
4	Fu Sheng Travel Service Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Accounts receivable	7,876	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Other receivables	210	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Operating cost	(13,326)	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Rental income	1,000	Payment terms varied depend on the agreements and Based on regular terms	-
5	Fuli Life Insurance Agent Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Accounts payable	136	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Accounts payable	5	Based on regular terms	-
						Payment terms varied depend on the agreements and Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	2	Operating expenses	24	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
6	Fuli Property Insurance Agent Co., Ltd.	Fubon Multimedia Technology Co., Ltd.	2	Operating cost	\$ 6	Based on regular terms	-
7	Tai Fu Media Technology Co., Ltd.	Global Wealth Media Technology Co., Ltd.	1	Other receivables	4,000	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Short-term borrowings	43,000	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Accrued expenses	91	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	1	Interest income	30	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	312	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Interest expenses	91	Payment terms varied depend on the agreements	-
8	Global Wealth Media Technology Co., Ltd.	Tai Fu Media Technology Co., Ltd.	2	Other payables	4,000	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating expenses	34	Payment terms varied depend on the agreements	-
		Wealth Media Technology Co., Ltd.	2	Interest expenses	11	Payment terms varied depend on the agreements	-
		Tai Fu Media Technology Co., Ltd.	2	Interest expenses	30	Payment terms varied depend on the agreements	-
9	Fu Jia Leh Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
10	Fu Sin Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
11	Global Forest Media Technology Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Payment terms varied depend on the agreements	-
12	Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Other receivables	778	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Other receivables	40,014	Based on regular terms	-
		TFN Media Co., Ltd.	1	Other receivables	4,124,617	Based on regular terms	5%
		Taiwan Fixed Network Co., Ltd.	1	Short-term borrowings	4,670,000	Based on regular terms	6%
		Taiwan Fixed Network Co., Ltd.	1	Accrued expenses	9,230	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	1	Interest income	14	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Interest income	558	Based on regular terms	-
		TFN Media Co., Ltd.	1	Interest income	49,369	Based on regular terms	-
		TT&T Holdings	2	Miscellaneous revenue	95	Based on regular terms	-
		TWN Communications (Beijing) Co., Ltd.	1	Miscellaneous revenue	95	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	29,220	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	1	Interest expenses	47,591	Based on regular terms	-
13	Taiwan Fixed Network Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	398,558	Based on regular terms	-
		TFN HK	2	Accounts receivable	2	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Accounts receivable	8	Based on regular terms	-
		TFN Media Co., Ltd.	3	Accounts receivable	19,362	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	59	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Accounts receivable	149	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Accounts receivable	252	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Accounts receivable	517	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accounts receivable	234	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Kuro Times Co., Ltd.	3	Accounts receivable	\$ 743	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Accounts receivable	6,722	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other receivables	157,825	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Other receivables	4,679,230	Based on regular terms	6%
		Win TV Broadcasting Co., Ltd.	3	Other receivables	464	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Other receivables	8	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Other receivables	2	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Other receivables	387	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Prepayments	90	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Refundable deposits	830	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Long-term notes , accounts and overdue receivables	6,485	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	36,283	Based on regular terms	-
		TFN Media Co., Ltd.	3	Accounts payable	23,589	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Accounts payable	1	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	48,767	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	3	Accrued expenses	159	Based on regular terms	-
		TFN HK	2	Accrued expenses	51,676	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	3	Accrued expenses	9,954	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Accrued expenses	108	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Accrued expenses	78	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Accrued expenses	17	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accrued expenses	34	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	3	Accrued expenses	2,619	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Advance receipts	83	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Advance receipts	57	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	1	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Advance receipts	44	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Guarantee deposits	1,003	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Guarantee deposits	288	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Guarantee deposits	631	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	3,388,316	Based on regular terms	4%
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	419	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating revenues	103,425	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating revenues	3,754	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	588	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	2,344	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	6,270	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	1,909	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Operating revenues	9,877	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	14,004	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	2,375,441	Based on regular terms	3%
		TFN HK	2	Operating cost	72,545	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating cost	23,581	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Operating cost	526	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating cost	975	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating cost	69	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	1,120	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating cost	369	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	102,265	Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	3	Operating expenses	1,226	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Teleservices & Technologies Co., Ltd.	3	Operating expenses	\$ 132,614	Based on regular terms	-
		TWM Communications (Beijing) Co., Ltd.	3	Operating expenses	2,713	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating expenses	2	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest income	18,987	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest income	47,591	Based on regular terms	-
		TFN Union Investment Co., Ltd.	1	Interest income	2	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Interest income	182	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Rental income	18,138	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Rental income	5,314	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Rental income	3,390	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Interest expenses	12	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	3	Interest expenses	7	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous expenses	3,697	Based on regular terms	-
14	Taiwan Digital Communications Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	99,352	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	167	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Short-term borrowings	40,000	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	2,315	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	14	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	237,956	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,226	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating revenues	30	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	2,999	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	2,026	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	279	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	14	Based on regular terms	-
15	TCC Investment Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		TCCI Investment and Development Co., Ltd.	1	Interest income	2	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Miscellaneous revenue	5,969	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	1	Miscellaneous revenue	71	Based on regular terms	-
16	TCCI Investment and Development Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		TCC Investment Co., Ltd.	2	Interest expenses	2	Based on regular terms	-
17	Win TV Broadcasting Co., Ltd.	TFN Media Co., Ltd.	3	Notes receivable	15,519	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Accounts receivable	84	Based on regular terms	-
			3	Accounts receivable	179	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.					
		Taiwan Fixed Network Co., Ltd.	3	Refundable deposits	1,003	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Short-term borrowings	470,000	Payment terms varied depend on the agreements	1%
		TCC Investment Co., Ltd.	2	Accrued expenses	16	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Accrued expenses	25	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	464	Payment terms varied depend on the agreements	-
						Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Accrued expenses	116	on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	75	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	1,389	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
18	TFN Media Co., Ltd.	Yeong Jia Leh Cable TV Co., Ltd.	3	Advance receipts	\$ 83	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Advance receipts	83	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	3	Operating revenues	61,263	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	417	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Operating revenues	1,426	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	417	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	417	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	417	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	424	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating cost	31	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	212	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	4,304	Payment terms varied depend on the agreements and Based on regular terms	-
		TCC Investment Co., Ltd.	2	Operating expenses	71	Based on regular terms	-
		TFN Media Co., Ltd.	3	Operating expenses	1,320	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	113	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,861	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Interest income	6	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	1,712	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	558	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	34	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	23,589	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
		Win TV Broadcasting Co., Ltd.	3	Accounts receivable	\$ 116	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts receivable	20,262	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts receivable	31,546	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Accounts receivable	9,762	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts receivable	27,885	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts receivable	12,350	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other receivables	327	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other receivables	31	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other receivables	332	Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Other receivables	30,120	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Short-term borrowings	850,000	Payment terms varied depend on the agreements	1%
		Taiwan Cellular Co., Ltd.	2	Short-term borrowings	4,100,000	Payment terms varied depend on the agreements	5%
		Union Cable TV Co., Ltd.	1	Short-term borrowings	645,000	Payment terms varied depend on the agreements	1%
		Yeong Jia Leh Cable TV Co., Ltd.	1	Short-term borrowings	351,000	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Short-term borrowings	580,000	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Short-term borrowings	250,000	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Notes payable	15,519	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Accounts payable	179	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accounts payable	1,952	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accounts payable	1,984	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Accounts payable	511	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Accounts payable	5,698	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Accounts payable	1,731	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	950	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	18,946	Payment terms varied depend on the agreements and Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	4,635	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Accrued expenses	7,773	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Accrued expenses	2,272	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Accrued expenses	5,259	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Globalview Cable TV Co., Ltd.	1	Accrued expenses	\$ 3,158	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	1,795	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Accrued expenses	24,617	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Accrued expenses	5	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other current liabilities	72	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Other current liabilities	160	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Other current liabilities	16	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	58	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	23,581	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating revenues	1,320	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating revenues	252,207	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating revenues	487,476	Payment terms varied depend on the agreements	1%
		Mangrove Cable TV Co., Ltd.	1	Operating revenues	6,784	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating revenues	538,401	Payment terms varied depend on the agreements	1%
		Globalview Cable TV Co., Ltd.	1	Operating revenues	218,174	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	43,600	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	61,263	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Operating cost	33,682	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating cost	54,508	Payment terms varied depend on the agreements	-
		Mangrove Cable TV Co., Ltd.	1	Operating cost	9,674	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Operating cost	55,669	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Operating cost	23,172	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	333	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	101,721	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Digital Communications Co., Ltd.	3	Operating expenses	30	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating expenses	471	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Mobile Co., Ltd.	2	Operating expenses	\$ 11,502	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,666	Payment terms varied depend on the agreements and Based on regular terms	-
		Union Cable TV Co., Ltd.	1	Operating expenses	3,079	Payment terms varied depend on the agreements and Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Operating expenses	5,850	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	1	Operating expenses	1,578	Payment terms varied depend on the agreements and Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	1	Operating expenses	4,480	Payment terms varied depend on the agreements and Based on regular terms	-
		Globalview Cable TV Co., Ltd.	1	Operating expenses	2,101	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Kuro Times Co., Ltd.	1	Interest income	120	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Interest expenses	16,760	Payment terms varied depend on the agreements	-
		Taiwan Cellular Co., Ltd.	2	Interest expenses	49,377	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	1	Interest expenses	6,459	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	1	Interest expenses	3,539	Payment terms varied depend on the agreements	-
		Phoenix Cable TV Co., Ltd.	1	Interest expenses	5,874	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	1	Interest expenses	2,502	Payment terms varied depend on the agreements	-
19	Union Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	2,335	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	108	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	6,571	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	645,020	Payment terms varied depend on the agreements and Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Prepayments	57	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Refundable deposits	288	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
20	Yeong Jia Leh Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Accounts payable	\$ 795	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	27	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	29	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Other payables	46	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	19,466	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other current liabilities	13	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,246	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	35,633	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	139	Payment terms varied depend on the agreements	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	417	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	232,629	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	373	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	3,282	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	19,577	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	883	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,212	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	6,459	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	1,127	Based on regular terms	-
		Fubon Multimedia Technology Co., Ltd.	3	Notes receivable	5	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	8,151	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	78	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	9,471	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	351,285	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	2	Other current assets	\$ 2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	6	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	2,174	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	103	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accrued expenses	167	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	75	Payment terms varied depend on the agreements	-
		Globalview Cable TV Co., Ltd.	3	Other payables	242	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	29,372	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	596	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating revenues	644	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	644	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating revenues	644	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	975	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	56,863	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	29	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating cost	596	Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Operating cost	644	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	644	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Operating cost	644	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	417	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	449,909	Payment terms varied depend on the agreements	1%
		Taiwan Mobile Co., Ltd.	2	Operating cost	484	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	224	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating expenses	1,010	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating expenses	37,577	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	1,652	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	365	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	3,539	Payment terms varied depend on the agreements	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	2	Miscellaneous revenue	\$ 3,495	Based on regular terms	-
21	Mangrove Cable TV Co., Ltd.	Phoenix Cable TV Co., Ltd.	3	Accounts receivable	338	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	314	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	2,776	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	8	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other current assets	46	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Other current assets	123	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accounts payable	836	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	311	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	90	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	22	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	8,926	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating revenues	1,708	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating revenues	1,401	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	69	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	10,420	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	4,618	Payment terms varied depend on the agreements	-
		Union Cable TV Co., Ltd.	3	Operating cost	1,708	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Operating cost	1,401	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	417	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	2,544	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	355	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	2,053	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	4,240	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	339	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	290	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		TFN Media Co., Ltd.	2	Miscellaneous revenue	\$ 832	Based on regular terms	-
22	Phoenix Cable TV Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	6,654	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	17	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	10,902	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other receivables	39	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other receivables	580,050	Payment terms varied depend on the agreements and Based on regular terms	1%
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	1,423	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	95	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	494	Payment terms varied depend on the agreements and Based on regular terms	-
		Mangrove Cable TV Co., Ltd.	3	Other payables	322	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other payables	26,463	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Other current liabilities	39	Based on regular terms	-
		Yeong Jia Leh Cable Co., Ltd.	3	Operating revenues	412	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	1,120	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	58,116	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	563	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable Co., Ltd.	3	Operating cost	412	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	417	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	496,561	Payment terms varied depend on the agreements	1%
		Taiwan Mobile Co., Ltd.	2	Operating cost	669	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	5,254	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	41,840	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	1,003	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,017	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
23	Globalview Cable TV Co., Ltd.	TFN Media Co., Ltd.	2	Interest income	\$ 5,874	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Rental income	171	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	2,032	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts receivable	1,488	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	34	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts receivable	4,830	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable Co., Ltd.	3	Other receivables	254	Based on regular terms	-
		TFN Media Co., Ltd.	2	Other receivables	250,055	Payment terms varied depend on the agreements and Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Prepayments	83	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Accounts payable	910	Payment terms varied depend on the agreements	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	26	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	190	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accrued expenses	16	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	11	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other payables	11,440	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Other current liabilities	8	Based on regular terms	-
		Yeong Jia Leh Cable Co., Ltd.	3	Operating revenues	242	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	389	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating revenues	24,101	Payment terms varied depend on the agreements	-
		Fubon Multimedia Technology Co., Ltd.	3	Operating revenues	29	Payment terms varied depend on the agreements	-
		Yeong Jia Leh Cable Co., Ltd.	3	Operating cost	242	Based on regular terms	-
		Win TV Broadcasting Co., Ltd.	3	Operating cost	417	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Operating cost	201,408	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	333	Payment terms varied depend on the agreements and Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	1,510	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Operating expenses	16,766	Payment terms varied depend on the agreements	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	422	Payment terms varied depend on the agreements and Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	\$ 410	Payment terms varied depend on the agreements and Based on regular terms	-
		TFN Media Co., Ltd.	2	Interest income	2,502	Payment terms varied depend on the agreements	-
		Global Wealth Media Technology Co., Ltd.	2	Rental income	34	Payment terms varied depend on the agreements	-
		TFN Media Co., Ltd.	2	Miscellaneous revenue	1,171	Based on regular terms	-
24	Taiwan Kuro Times Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	39,104	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	4	Based on regular terms	-
		Union Cable TV Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-
		Yeong Jia Leh Cable TV Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-
		Phoenix Cable TV Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-
		Globalview Cable TV Co., Ltd.	3	Accounts receivable	2	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Refundable deposits	631	Based on regular terms	-
		TFN Media Co., Ltd.	2	Short-term borrowings	30,000	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accounts payable	1,622	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts payable	727	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Accrued expenses	2,816	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accrued expenses	397	Based on regular terms	-
		TFN Media Co., Ltd.	2	Accrued expenses	120	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	104,673	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating cost	2,877	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating cost	11,955	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	102	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating expenses	1,928	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Interest income	7	Based on regular terms	-
		TFN Media Co., Ltd.	2	Interest expenses	120	Based on regular terms	-
25	TWM Communications (Beijing) Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	36,248	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	21,072	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	96	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	2,622	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	2,676	Based on regular terms	-
26	Taiwan Teleservices & Technologies Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	88,894	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	3	Accounts receivable	9,954	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Other receivables	2	Based on regular terms	-
		TT&T Holdings	1	Accrued expenses	5,624	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	907,732	Based on regular terms	1%
		Taiwan Fixed Network Co., Ltd.	3	Operating revenues	132,614	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		TT&T Holdings	1	Operating expenses	70,435	Based on regular terms	-
27	Taiwan Super Basketball Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Accounts receivable	8,300	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating revenues	33,500	Based on regular terms	-
		Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
28	TT&T Holdings	Taiwan Teleservices & Technologies Co., Ltd.	2	Accounts receivable	5,620	Based on regular terms	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenues or Total Assets
		Xiamen Taifu Teleservices & Technologies Co., Ltd.	1	Other receivables	\$ 2,271	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Co., Ltd.	1	Accounts payable	5,169	Based on regular terms	-
		Taiwan Teleservices & Technologies Co., Ltd.	2	Operating revenues	70,575	Based on regular terms	-
		Taiwan Cellular Co., Ltd.	2	Operating expenses	97	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Co., Ltd.	1	Operating expenses	61,857	Based on regular terms	-
		Xiamen Taifu Teleservices & Technologies Co., Ltd.	1	Miscellaneous revenue	2,208	Based on regular terms	-
29	Xiamen Taifu Teleservices & Technologies Co., Ltd.	TT&T Holdings	2	Accounts receivable	5,163	Based on regular terms	-
		TT&T Holdings	2	Other payables	2,313	Based on regular terms	-
		TT&T Holdings	2	Operating revenues	62,227	Based on regular terms	-
30	TFN HK	Taiwan Fixed Network Co., Ltd.	2	Accounts receivable	50,578	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Operating revenues	71,262	Based on regular terms	-
31	TFN Union Investment Co., Ltd.	Taiwan Mobile Co., Ltd.	2	Operating expenses	34	Based on regular terms	-
		Taiwan Fixed Network Co., Ltd.	2	Interest expenses	2	Based on regular terms	-

Note : 1. Parent to subsidiary

2. Subsidiary to parent

3. Between subsidiaries