

F A R E A S T O N E

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**4904 (OTCT)
2004 Result Investor Update**

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President

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Agenda



I. Market Overview

II. Operational Performance

III. Financial Performance

IV. Investment Highlights

Balanced Taiwan Wireless Market Continue to Show Stable and Rational

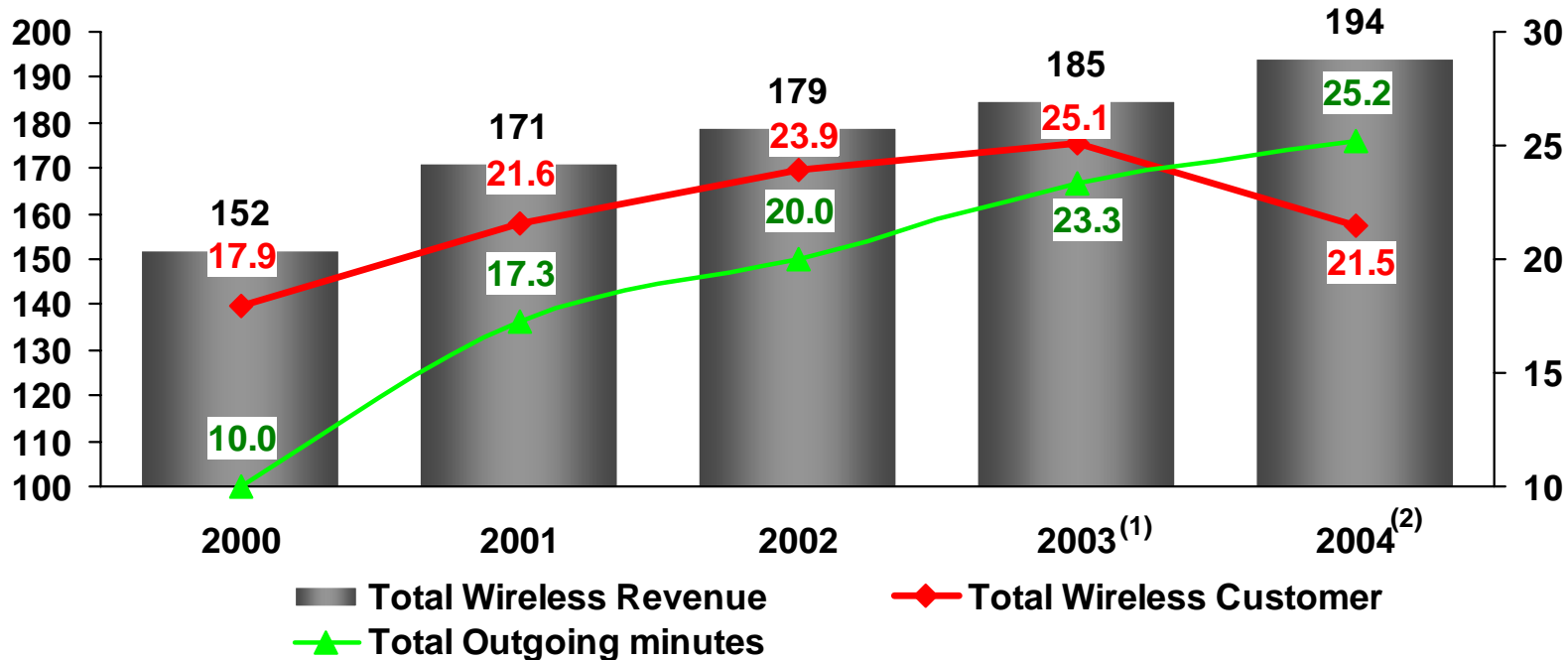
Wireless Market Revenue & Subs & Outgoing Minutes

Total market service revenue **↑ 5.3%** (2004 vs. 2003) while FET+KGT **↑ 9.4%**
 Total market outgoing minutes **↑ 8.3%** (2004 vs. 2003) while FET+KGT **↑ 12.3%**
Only total market sub ↓ 14.2%

Service Revenue (NT\$ billion)

Subscribers (in millions)

Outgoing Minutes (in billions)

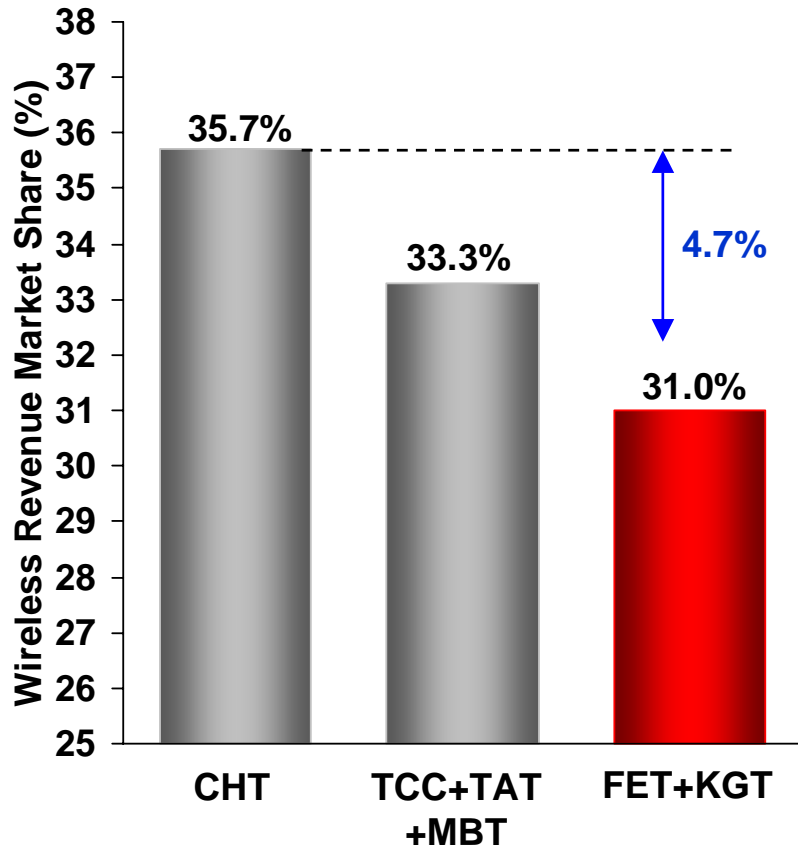


(1)(2) Based on service revenue from operators' factsheets
 Source: data from DGT Statistics

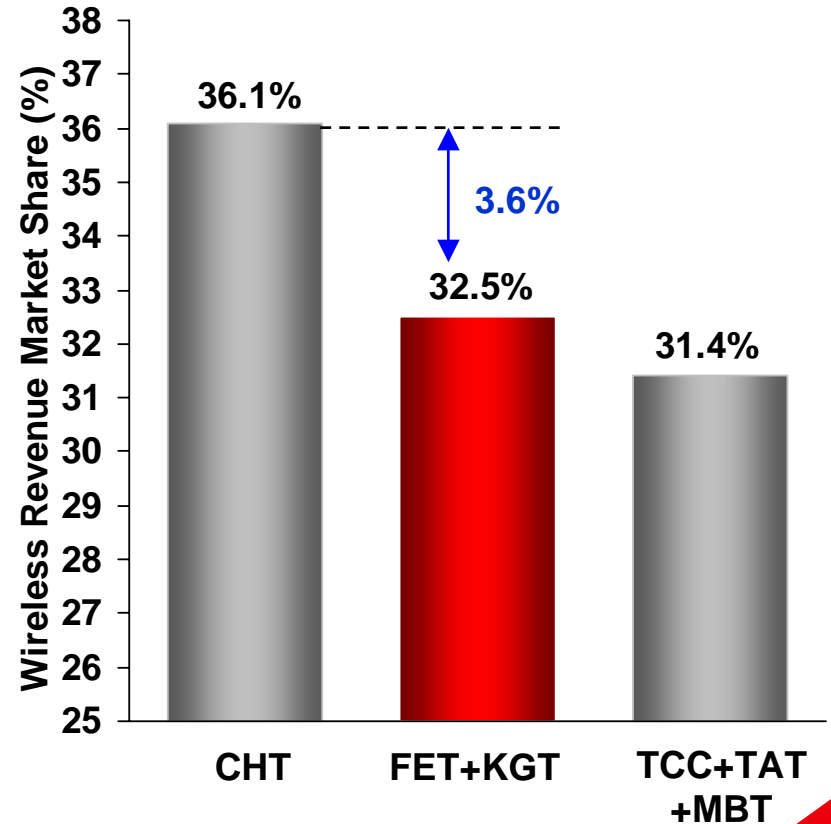
Gaining Market Share

Solid #2 position – Closing the Gap on CHT

2003 Service Revenue Share



2004 Service Revenue Share



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I. Market Overview

 *II. Operational Performance*

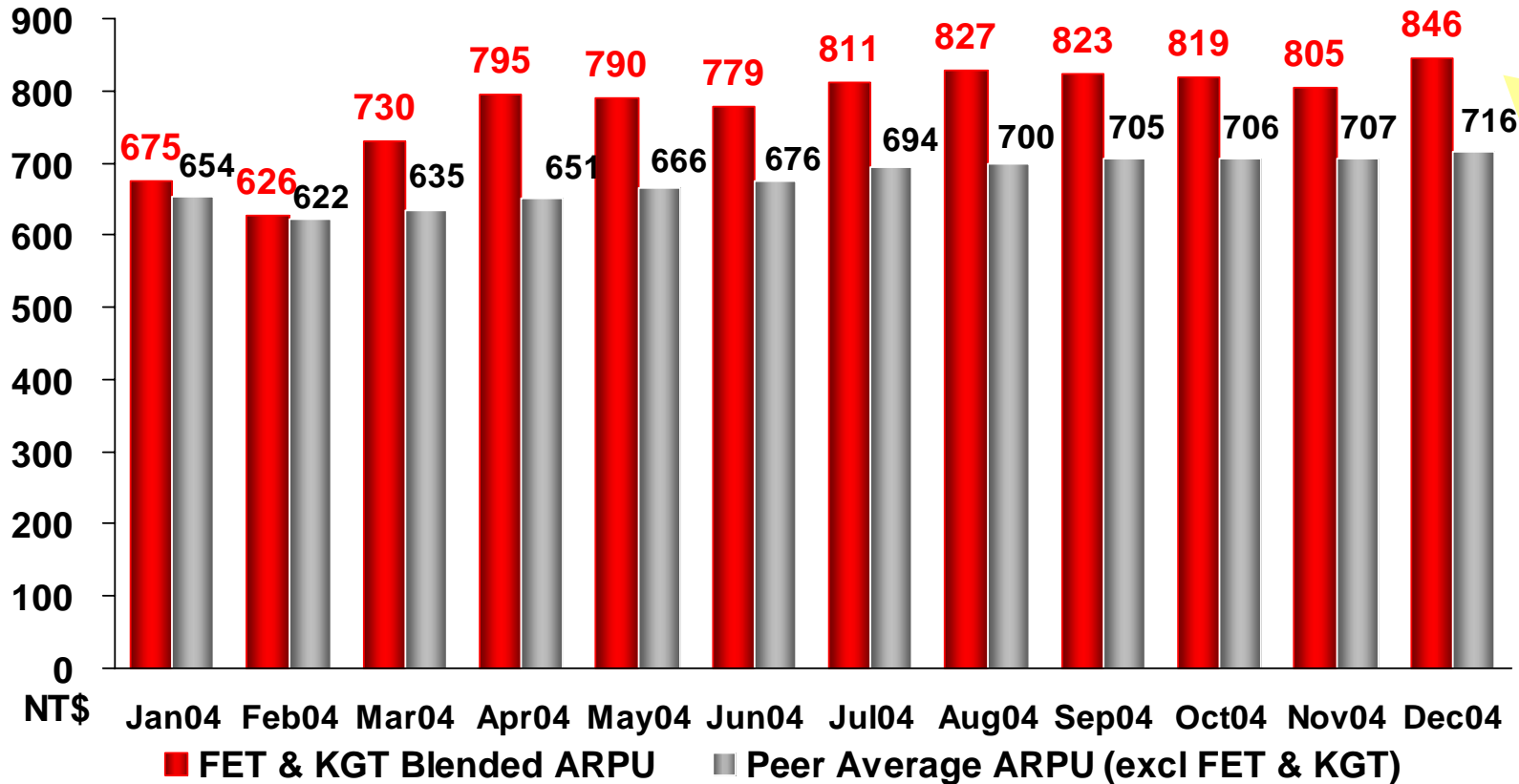
III. Financial Performance

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Operational Performance

Continue to Generate Higher ARPU

FET & KGT Blended ARPU vs. Peer Avg ARPU



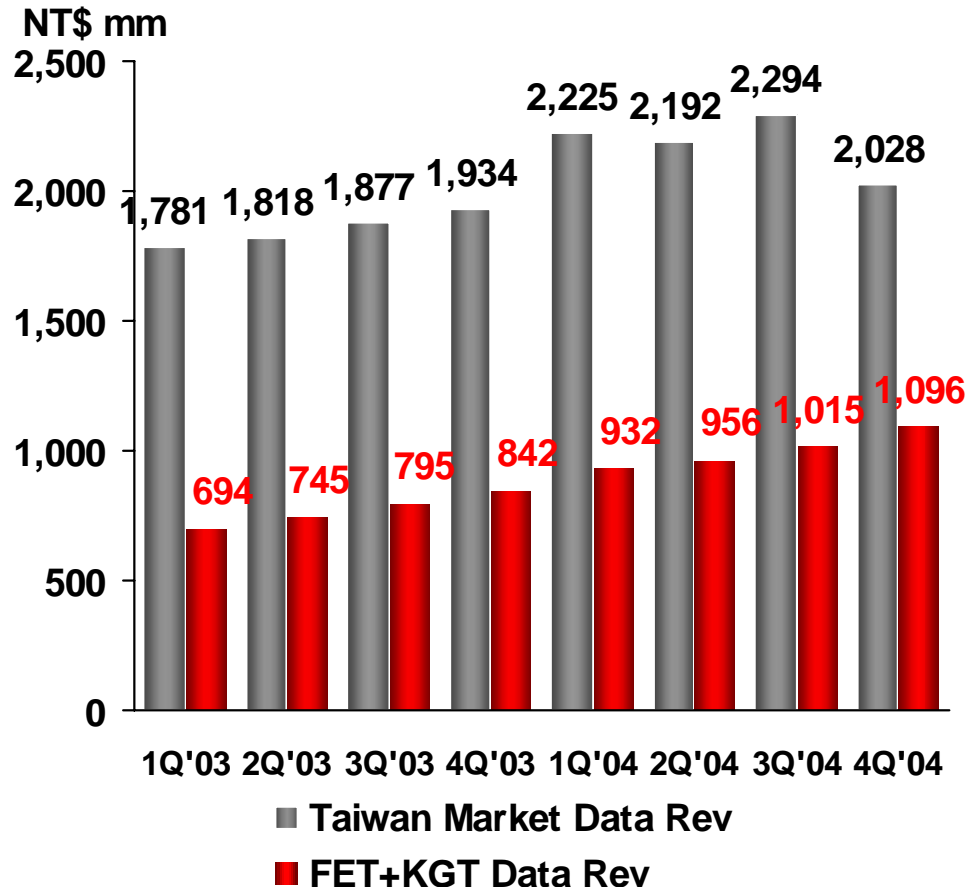
FET & KGT
Blended
ARPU:
18% higher
than Peer
average

Operational Performance

Maintain Dominant Position in Data Use

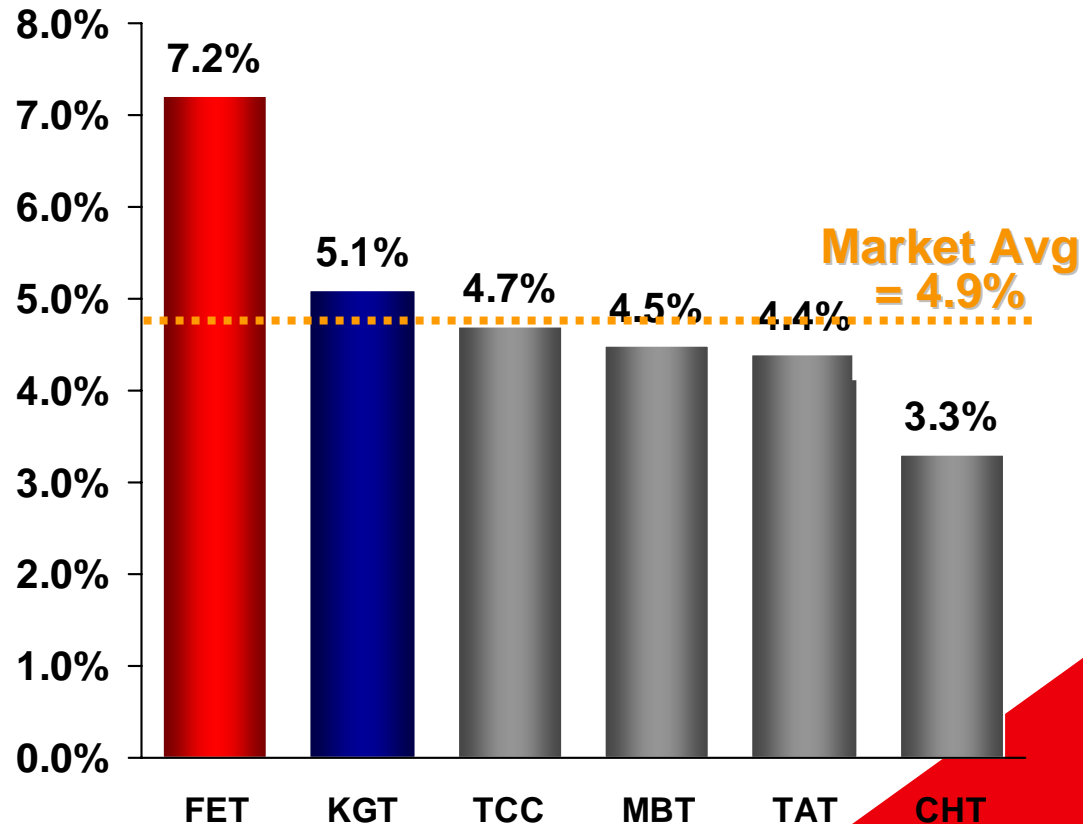
Market Data Rev vs. FET+KGT Data Rev

FET ↑ **30%** vs. Market ↑ **18%** (2004 vs. 2003)
FET commands **46%** of market data rev share



2004 Data % of Service Revenue

FET is the **best-placed** in Taiwan to take advantage of data growth



Source: Operators' factsheets or company source.
 (1) 2004 market data rev started to include MBT data rev

Source: Operators' factsheets or company source as of Dec'04

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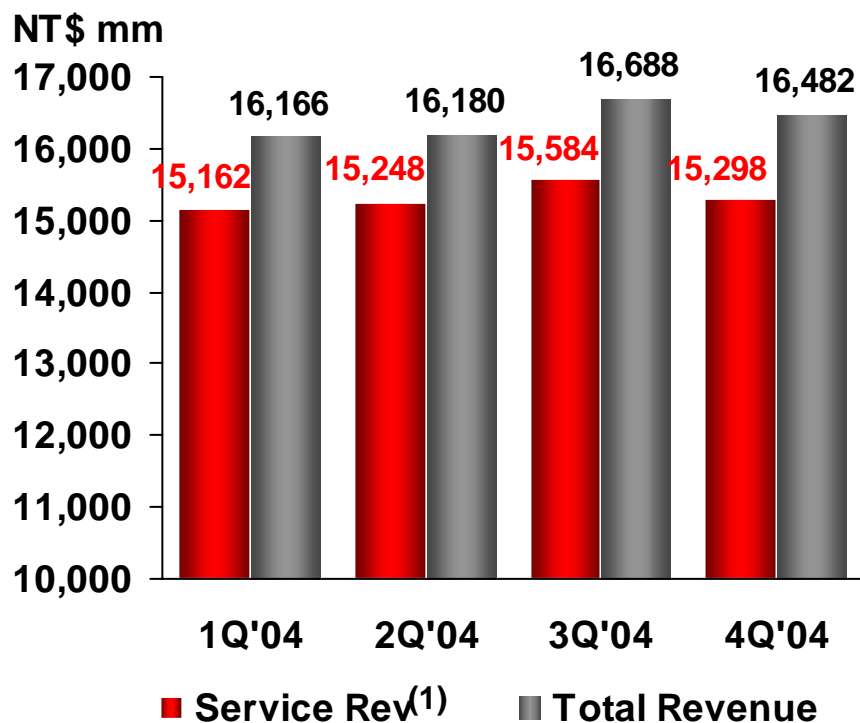
IV. Investment Highlights

Quarterly Consolidated Financial

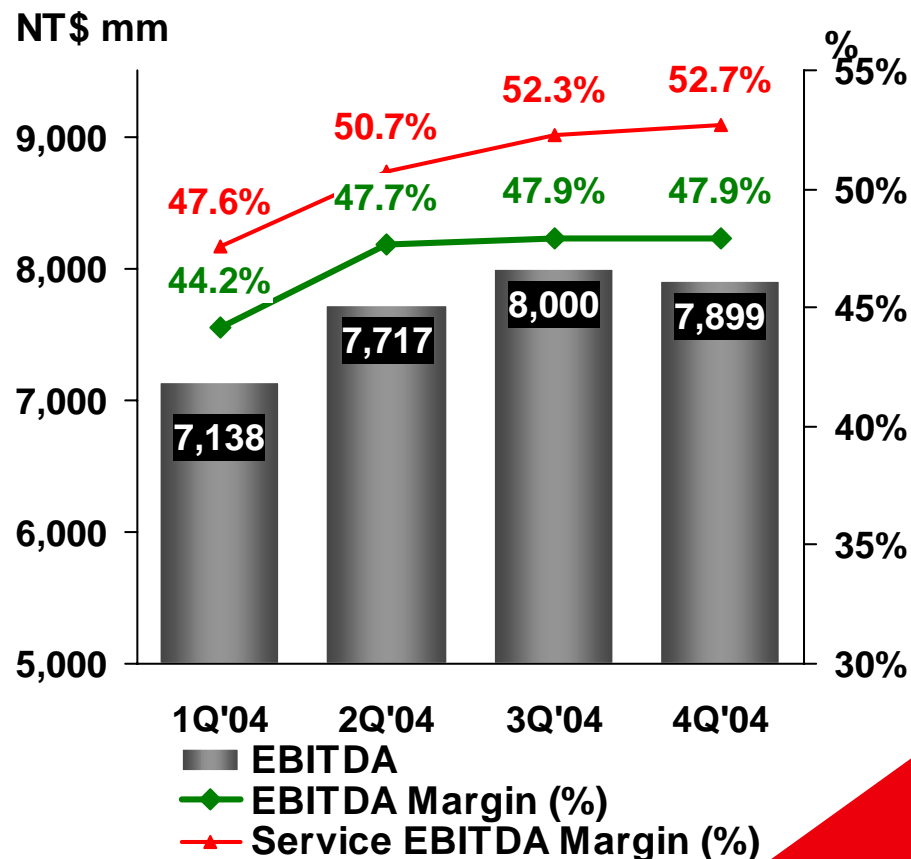
Steady Revenue and Margin Growth

Service Revenue

Service Rev QoQ ↓ 1.8%
Total Rev QoQ ↓ 1.2%



EBITDA and EBITDA Margin (%)

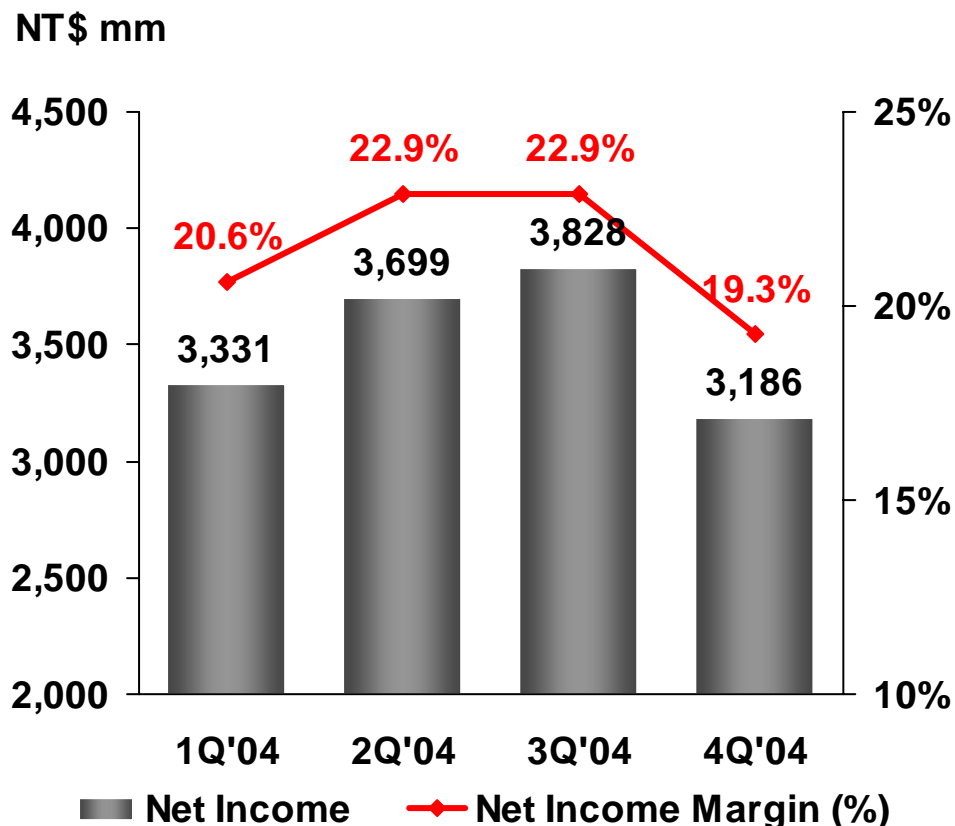


(1) Service revenue includes other revenue -- revenue from advertising inserts go with bill

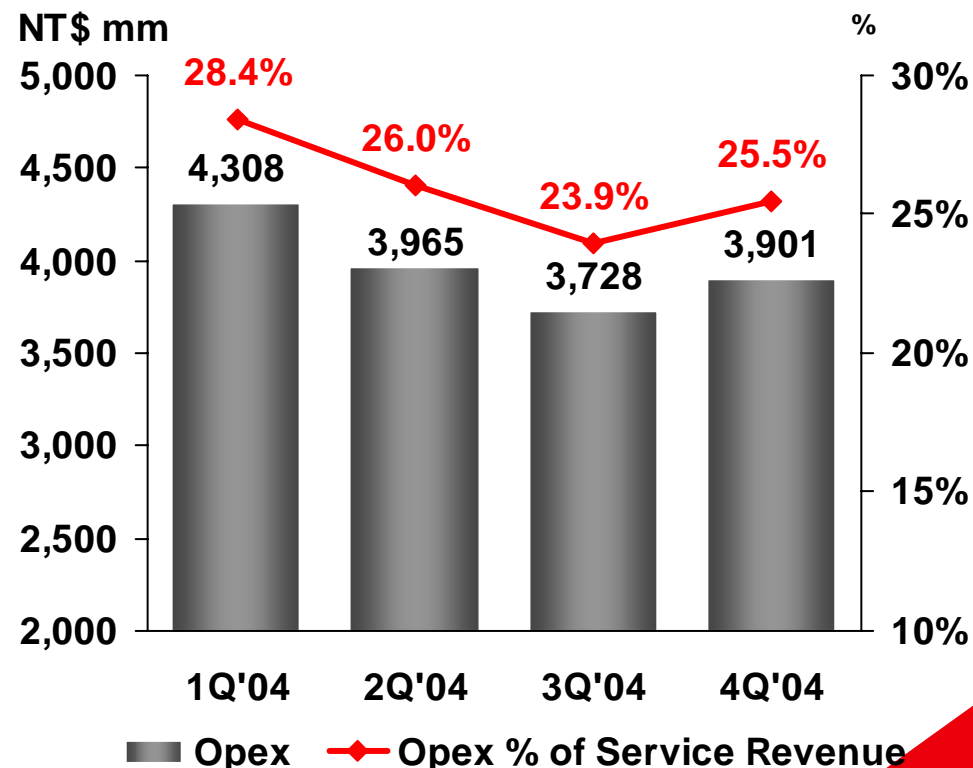
Quarterly Consolidated Financial

Maintain Profit Growth and Operation Efficiency

Net Income and Net Income Margin



Opex & Opex % of Service Rev



Quarterly Consolidated Financial

2004 Other Key Financial Stats

(NT\$ mm unless otherwise stated)	4Q 2004	3Q 2004	2Q 2004	1Q 2004
Cash & Cash Equivalents	8,503	3,601	8,841	2,680
Total Borrowing	22,783	26,320	32,585	28,199
Net Debt	14,280	22,719	23,744	25,519
Shareholders' Equity	69,712	64,396	59,670	60,957
Debt/Capitalization ⁽¹⁾ Ratio				
— Gross (%)	24.6%	29.0%	35.3%	31.6%
— Net (%)	15.4%	25.0%	25.7%	28.6%
Free Cashflows – YTD ⁽²⁾	22,624	17,608	12,017	6,021
EPS(NT\$) ⁽³⁾	0.83	1.00	0.96	0.87
YTD EPS(NT\$) ⁽³⁾	3.65			

Source: Company financials

(1) Capitalization = shareholders' equity + total debt.

(2) Free Cashflows = Operating Cash flow - Capex

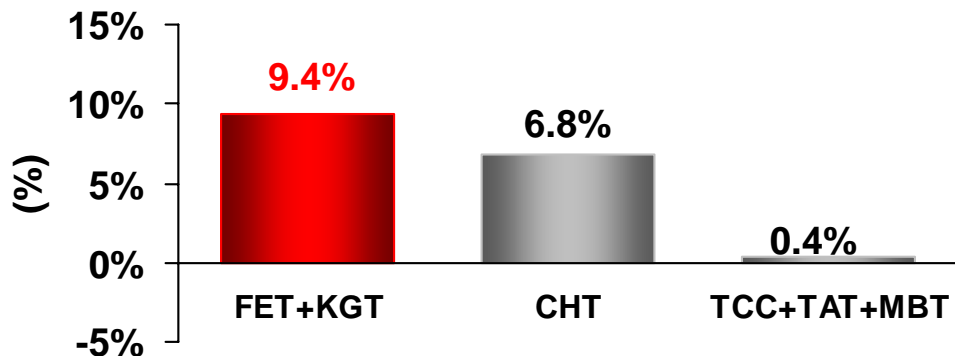
(3) EPS calculated by 3,842,311K shares as of 2004 year end

Combined Financial Overview

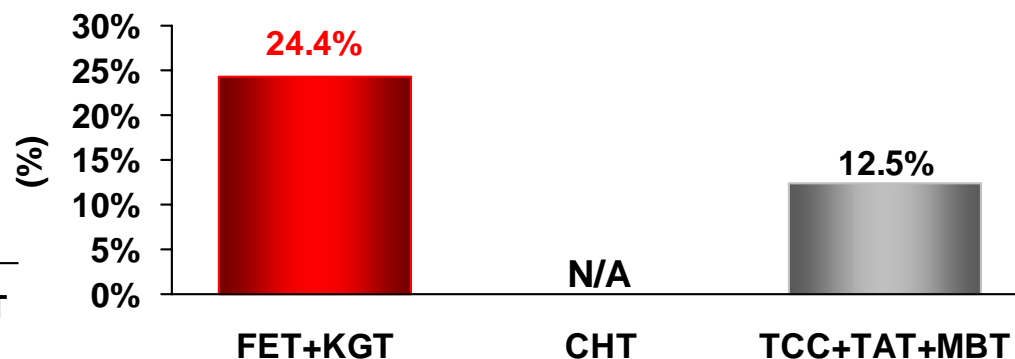
Comparison of 2003 vs. 2004

Balanced Growth & Profitability in All Aspects Compared to Peers

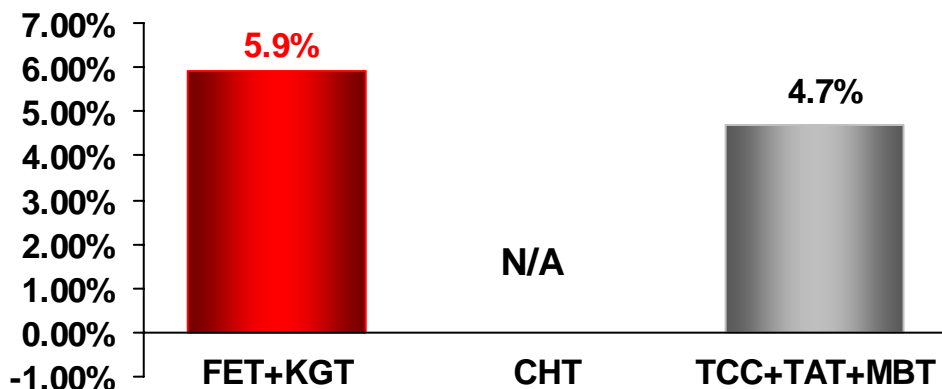
Mobile Service Revenue Growth



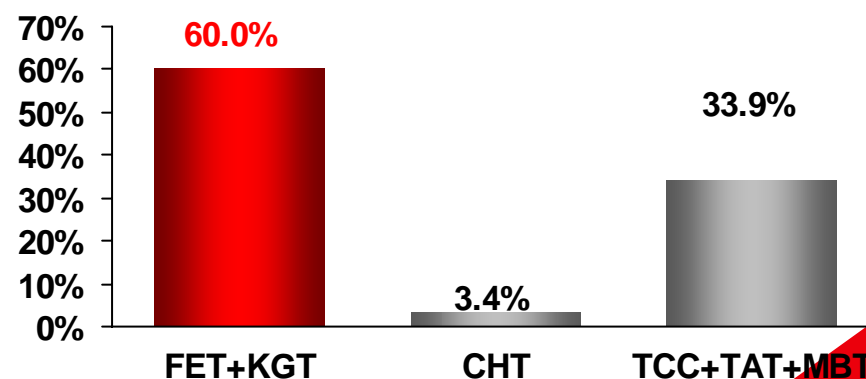
Service EBITDA Growth



Service EBITDA Margin Expansion



Pre-tax Income Growth



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Key Investment Highlights

- 1. Always deliver what we commit to the investor world**
 - ✓ Maintain investor relations, keep financial transparency
 - ✓ Achieve Financial Forecast
- 2. High Quality Customer Base**
 - ✓ **Market leading** ARPUs
 - ✓ **Leading** position in Data Usage
- 3. Strong dividend payout ratio: 80%+**
- 4. Moving to mainboard **on schedule**: before end of June**
- 5. Free Float increased to 28.5% after GDR reinsurance**

Q & A

For Further Information:

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