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**4904 (OTCT)
2004 1H Investor Update**

Jan Nilsson
President

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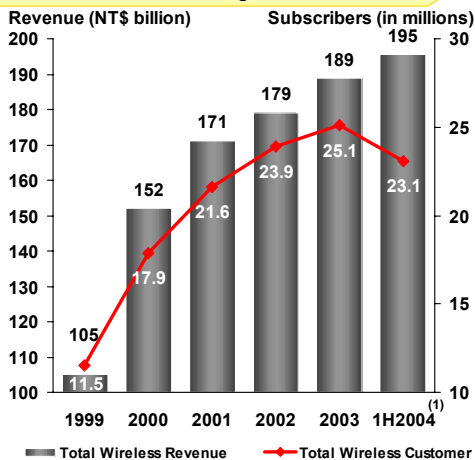
Agenda

- ▶ I. Market Overview
- II. Operational Performance
- III. Financial Performance
- IV. Investors' FAQs

Taiwan Wireless Market Rationalizing Industry Structure

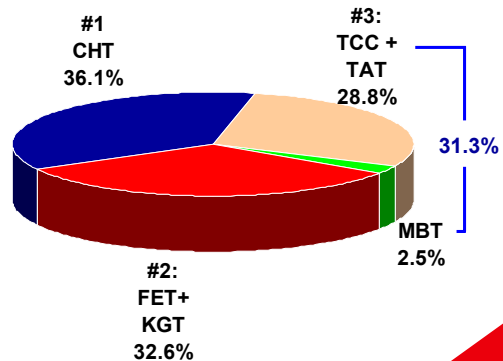
Wireless Market Revenue & Subs

Total market revenue grew 6.0% (1H'04 vs. 1H'03) while FET+KGT grew **12.8%**



2004 1H Service Revenue Share

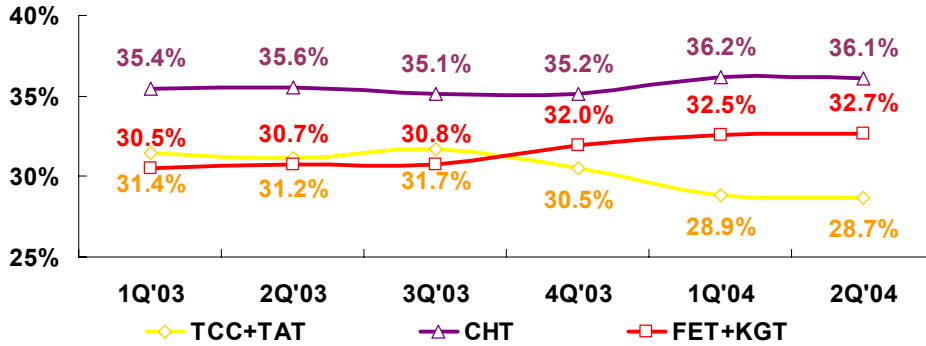
2004 Service Revenue Share of 3 BIG players: CHT 36.1% > **FET+KGT 32.6%** > TCC+TAT 28.8%



Taiwan Wireless Market

FET Gaining Market Share – Closing the Gap on CHT

Quarterly Service Revenue Market Share



Source: FET KGT Service Rev, others fm DGT statistics

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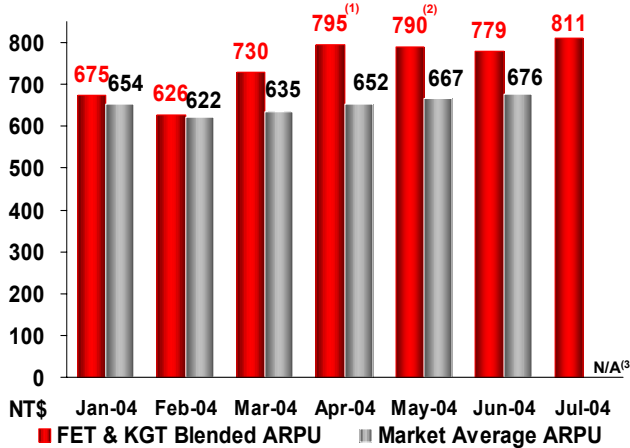
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Operational Performance

High Quality Customer Base with Marketing Leading ARPUs

FET & KGT Blended ARPU vs. Market Avg ARPU



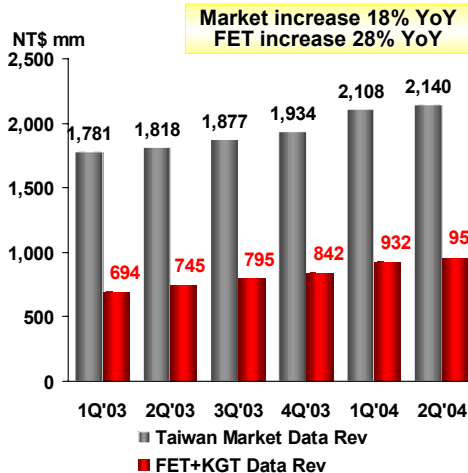
- FET & KGT Blended ARPU: **15% higher** than Taiwan wireless market average
- On a standalone basis, FET & KGT ARPUs have both steadily increased since 1Q2003

Source: ARPU based on FET&KGT factsheet and DGT statistics; market average excludes KGT and FET
 (1)(2) KGT subscriber base reduced by 900K and 400K in March and April 2004 respectively due to one-off sanitizing of subscriber database.
 (3) Market data not available after June '04

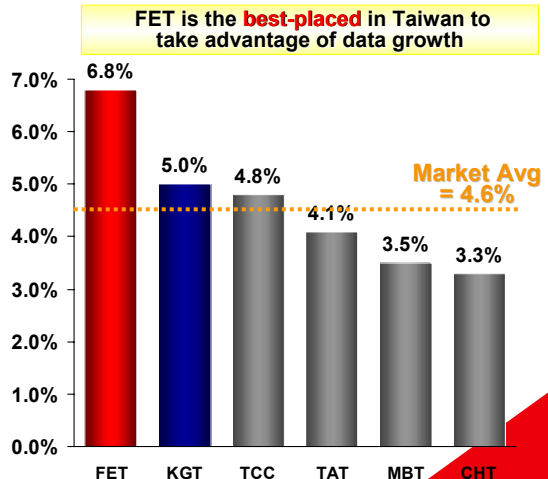
Operation Performance

Strong Data Growth

Data Growth in Taiwan Gaining Momentum



Leading in Data Usage



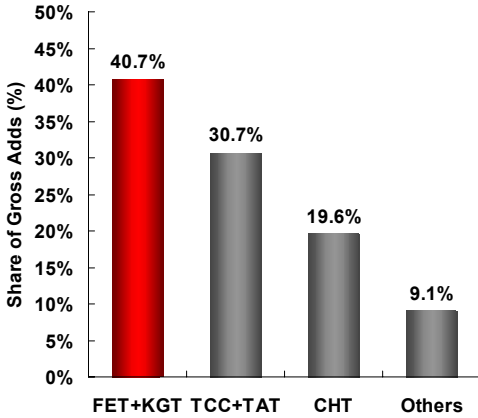
Source: Operators' factsheets or company source

Source: Operators' factsheets or company source as of 1H04

Operational Performance

Capturing A Significantly Larger Portion of Gross Adds

Up to July'04 Gross Adds (Pre & Post Paid)



Source: Synnex data compiled from all operators

Cumulative Postpaid Gross Adds

	Jan-Jul 2004	Share (%)
FET + KGT	737,421	36.7%
CHT	622,000	31.0%
TCC + TAT	404,500	20.1%
Others	244,300	12.2%
Total	2,008,221	100.0%

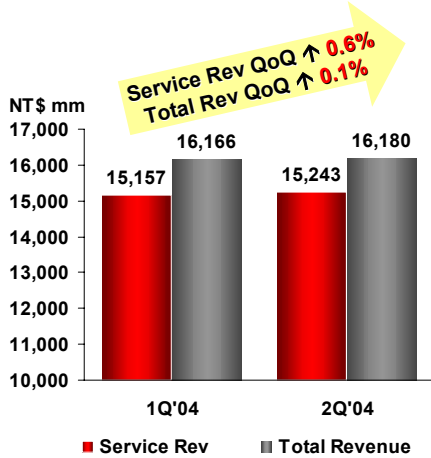
Cumulative Prepaid Gross Adds

	Jan-Jul 2004	Share (%)
FET + KGT	936,469	46.7%
TCC + TAT	780,000	38.9%
CHT	195,000	9.7%
Others	93,500	4.7%
Total	2,004,969	100.0%

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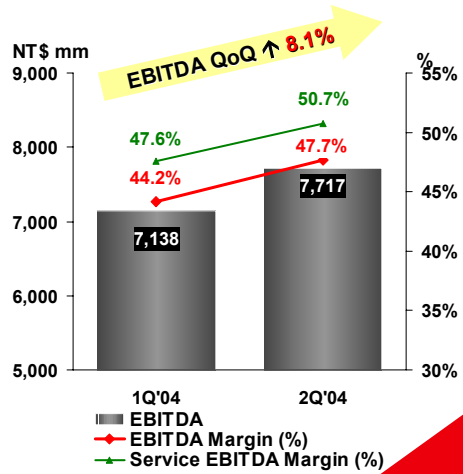
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Service Revenue



Source: FET 2004 1Q & 2004 1H Consolidated Financial Report

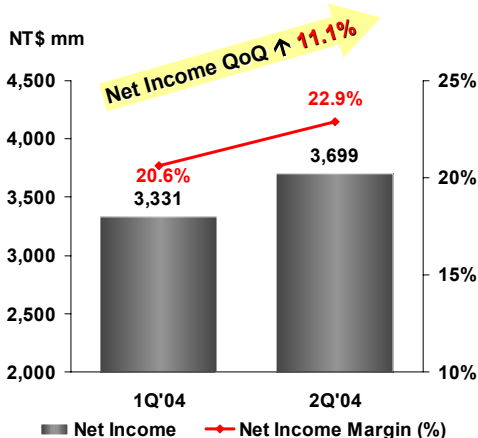
EBITDA and EBITDA Margin (%)



Source: FET 2004 1Q & 2004 1H Consolidated Financial Report

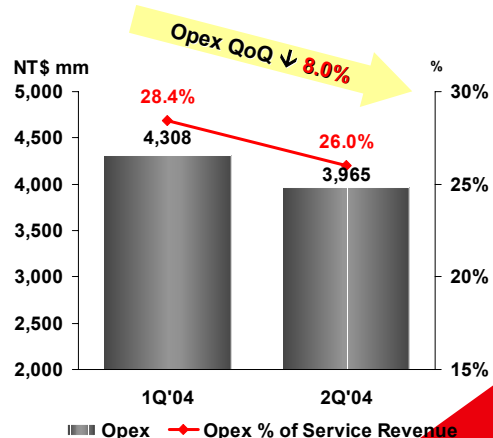
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Net Income and Net Income Margin



Source: FET 2004 1Q & 2004 1H Consolidated Financial Report

Opex & Opex % of Service Rev



Source: FET 2004 1Q & 2004 1H Consolidated Financial Report

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(NT\$ mm unless otherwise stated)

	2Q 2004	1Q 2004
Cash & Cash Equivalents	8,841	2,680
Total Borrowings	32,585	28,199
— Short Term	9,513	12,044
— Long Term	23,072	16,155
Net Debt	23,744	25,519
Shareholders' Equity	59,670	60,957
Debt/Capitalization ⁽¹⁾ Ratio		
— Gross (%)	35.3%	31.6%
— Net (%)	25.7%	28.6%
Free Cashflows - YTD	13,217	8,069
EPS (NT\$) ⁽²⁾	1.09	0.98
Diluted EPS(NT\$) ⁽³⁾	0.99	0.89

Source: Company financials

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

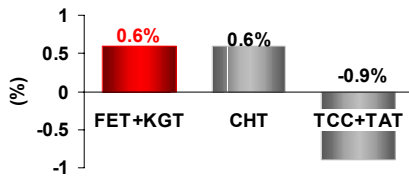
(2) EPS calculated by 3,391,871K shares as of June 30, 2004

(3) Diluted EPS calculated by 3,731,058K shares as of Dec. 31, 2004

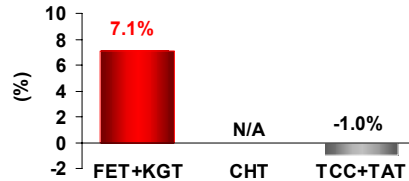
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Growth Profile Continues to be More Attractive Relative to Peers

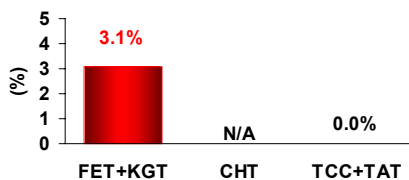
Service Revenue Growth



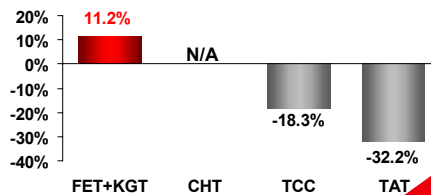
Service EBITDA Growth



Service EBITDA Margin Expansion



Pre-tax Income Growth



Source: Company's financial data and other operators' respective factsheets
(1) FET+KGT figures and TCC+TAT are both on the consolidated basis

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Investors' FAQs

Dividend Policy

- Will increase **cash portion to around 80%** of total earnings

Main Board Listing

- Will submit the application in **1Q 2005**
- Expect to get approval by **end of 2Q2005**

3G Status

- Commercial launch expected in **1H 2005**
- Approximately **NT\$3.7 bn** in 3G capex planned in 2004
- Delay in 3G launch will reduce **NT\$418 mn** of Depreciation & Amortization in 2004

Q & A

For Further Information:

Websites	Email
<p>http://www.fareastone.com.tw http://www.fetnet.net</p>	<p>Investor Relations IR@fareastone.com.tw</p>