

TRADING

1.Stocks

The Fully Automated Securities Trading (FAST) system completed 163 million transactions in 248 trading days in 2006. The total value of shares traded during the year was NT\$23,900.4 billion (US\$ 733 billion), up by 27.00% from 2005. The total trading volume amounted to 732.5 billion shares, 10.39% higher than that of the previous year. The average daily trading value and volume was NT\$96.4 billion (US\$ 2.96 billion) and 3 billion shares respectively. The month with the highest average daily trading value in 2006 was May, while the lowest was July.

2.Taiwan Depository Receipts (TDRs)

The total trading value of TDRs traded in 2006 was NT\$29 billion (US\$ 0.89 billion) and the trading volume was 5,358 million units. This represents an increase of 51.10% and 80.23% respectively, compared with 2005.

3.Beneficiary Certificates

The trading value of ETFs totaled NT\$75.2 billion (US\$ 2.3 billion) in 2006, down by 5.32% from 2005. The trading volume totaled 1,533 million units in 2006, also down by 8.20% from 2005. Creation and redemption by participating dealers (PD) totaled 872.50 million units.

The trading value of closed-end beneficiary certificates totaled NT\$0.56 billion (US\$ 0.02 billion) in 2006, 52.86% less than that of a year ago. The trading volume of 63 million units was 68.85% lower than that of the previous year.

4.Beneficiary Securities

The trading value of beneficiary securities totaled NT\$24.98 billion (US\$ 0.77 billion), and the trading volume totaled 2,346 million units in 2006. This represents an increase of 103.61% and 94.02% respectively, compared with the previous year.

5.Warrants

The trading value of call/put warrant transactions totaled NT\$175.07 billion (US\$ 5.37 billion) in 2006, up by 22.97% from the previous year. The trading volume totaled 149,112 million units in 2006, 21.58% less than that of a year ago.

6.Bonds

The trading value of convertible bonds and government bonds totaled NT\$0.1 billion (US\$ 3 million) in 2006, 79.51% less than that of a year ago.

Overall, the total trading value of stocks, TDRs, beneficiary certificates, beneficiary securities, warrants and bonds amounted to NT\$24.21 trillion (US\$ 742.7 billion) in 2006, an increase of 26.90% compared with 2005.

SECURITIES BORROWING AND LENDING SYSTEM (SBL)

TSEC established a securities borrowing and lending system on June 30, 2003 to satisfy transaction demand and the exercise of derivatives by institutional investors. 1,455 transactions were recorded in 2006, with 2,761 million shares transacted, valued at NT\$87.3 billion (US\$ 2.68 billion) on each day's closing price. As for settlement demand from investors, 3,938 transactions were recorded in 2006, with 53 million shares transacted.

PRICE MOVEMENTS

TAIEX began the year with capital inflows of foreign investment. Nevertheless, negatively affected by the overall slump of international stock markets, anxieties about the unstable domestic political situation, and worry over employee stock bonuses being priced at market value, as well as changes in the minimum tax regulations coming into effect, TAIEX dropped to an annual low of the year at 6,257.80 on July 17 and struggled at around 6,500 points



with weakened investor's confidence. Not until the fourth quarter did TAIEX resume its surge. Stimulated by the elimination of political uncertainties, the downturn of the price in crude oil and the expected excellent earnings performance of most listed companies in 2006, TAIEX reached the year's end at 7,823.72 on December 29, a gain of 1,275.38 points, or 19.48%, compared with 2005's close.

Comparing the prices of individual stocks at the end of 2006 with those of the previous year-end, 514 rose, 159 fell, and 19 were not available for comparison.

SECURITIES FIRMS

As of the end of 2006, 104 securities firms had contracts with TSEC to operate in the market. 47 of them restricted themselves to brokerage operations, and 57 ran a combination of brokerage, dealer or underwriter businesses, with 37 of these offering margin-financing services. The number of brokerage branch establishments in Taiwan totaled 1,006, with the majority located in Taipei City, followed by Taipei County, Kaohsiung City, Taichung City, Taoyuan County and Tainan City. 12 foreign securities firms also ran operations in Taiwan in 2006.

The top five securities companies in 2006 in terms of market share were Yuanta Core Pacific (7.92%), Fubon (6.07%), Taiwan (4.92%), Capital Securities (4.29%), and SinoPac (4.23%).

TSEC Market in 2006

LISTING

1. Stocks

a) Listed Companies

692 common and preferred stocks, issued by 688 companies, were listed on TSEC as of the end of 2006. The total year-end market capitalization was NT\$19,377 billion (US\$ 594.46 billion), represented by 549 billion outstanding shares.

b) Newly Listed Companies

11 new companies, with total year-end market capitalization of NT\$444 billion (US\$ 13.63 billion), joined the main board listing in 2006, three of which were previously listed on the GreTai Securities Market (GTSM). These newly listed companies accounted for an increase of 6.5 billion shares on the market and the amount of funds raised from IPO totaled NT\$32.15 billion (US\$0.99 billion).

c) New Shares Issued by Listed Companies

New offerings issued by listed companies in 2006 accounted for an increase of 24.2 billion shares and total funds raised amounted to NT\$44.22 billion (US\$1.36 billion) excluding stock dividends.

d) Delistings and Suspensions

14 companies were delisted in 2006. Trading in shares of three companies was suspended as of the end of 2006.

2. Taiwan Depository Receipts (TDRs)

As of the end of 2006, a total of five TDRs were listed on TSEC, with 1,695 million units and market capitalization in NT\$10.11 billion (US\$ 0.31 billion).

3. Beneficiary Certificates

A total of three Exchange Traded Funds (ETFs) were listed, with 747 million outstanding units and AUM of NT\$40.22 billion (US\$ 1.23 billion) at the end of 2006. One closed-end beneficiary certificate was listed, with 500 million units and AUM of NT\$5.49 billion (US\$ 0.17 billion), at the end of the year.

4. Beneficiary Securities

Six beneficiary securities (REITs) were listed, with 4,941 million units at the end of the year and valued at NT\$ 56.31 billion (US\$ 1.73 billion) by year-end prices.

5. Warrants

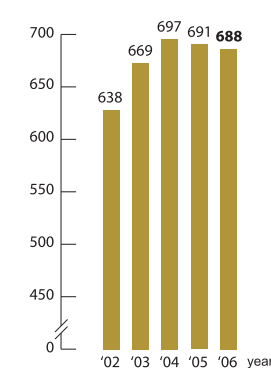
913 new call warrants were issued in 2006 by 24 securities firms, while 717 call warrants expired. 32 put warrants were issued in 2006 by six securities firms, while 34 put warrants expired. A total of 22,650 million units were issued as of the end of the year.

6. Bonds

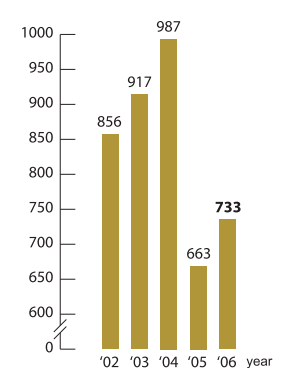
a) Government Bonds

10 government bonds were listed in 2006 in addition to eight delistings. This represented a net addition of NT\$241 billion (US\$ 7.40 billion) in government issued public debts. A total of 90 government bonds were listed at the end of 2006, with an aggregate outstanding value of NT\$ 3,382.5 billion (US\$ 103.78 billion).

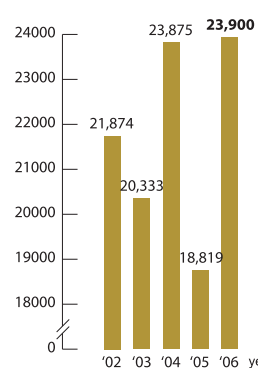
No. of Listed Companies



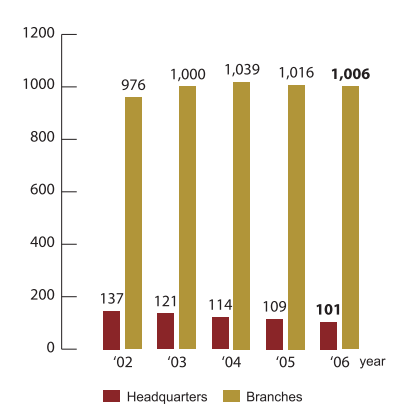
Trading Volume billion shares



Trading Value NTS billion



No. of Securities Brokerage Firms



b) Corporate Bonds

No new convertible bonds were listed in 2006; delisted issues totaled four. At the end of the year, three listed convertible corporate bonds were outstanding, totaling NT\$ 9 million (US\$ 0.28 million). This represents a net reduction of outstanding corporate bonds by NT\$204 million (US\$ 6.26 million) compared with 2005.

c) Foreign Bonds

One foreign bond was delisted in 2006. At the end of the year, no listed foreign bonds were outstanding.