

Letter to Shareholders

Dear Shareholders,

Taiwan Mobile's ("TWM" or "The Company") consolidated revenue rose 9% YoY to NT\$109.1bn in 2013. EBITDA also grew 1% YoY to NT\$30.8bn. Net income was NT\$15.6bn, reaching 101% of the Company's target, while earnings per share came in at NT\$5.79, in line with the Company's expectations. Mobile data service remained the main growth driver, bolstered by the Company's introduction of a variety of flexible mobile data packages as well as a wide range of flagship and mid-to-low-end smartphones to encourage user migration from feature phones. This raised its mobile internet adoption rate to 54% at the end of 2013 from 42% the previous year, and boosted its wireless value-added service (VAS) revenue by 30% YoY. Mobile VAS as a percentage of total mobile service revenue climbed to 39% at the end of 2013 and more than offset softness in mobile voice revenue.

As the Company steadily expanded its core business, it also continued to gain recognition for its commitment to enhancing corporate value. These include:

1. World-class corporate governance

Taiwan Mobile is committed to maintaining integrity as a core value and promoting corporate governance. The Company's compliance with global standards has won not only the trust of investors, but also numerous awards and recognition from domestic and international rating institutions. Last year, it was once again selected as a member of the Dow Jones Sustainability Indices' (the world's first and most widely used global sustainability benchmarks) Emerging Markets Index. The Company was also a recipient of "The Best of Asia: Icon on Corporate Governance, Taiwan region," the highest honor given by *Corporate Governance Asia* (CGA) magazine in recognition of its continuous excellence as an award winner for seven years in a row. Furthermore, TWM received an "A++" rating and was ranked among the top five listed companies in "Transparency and Information Disclosure" by the Securities and Futures Institute for the eighth consecutive year.

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 won wide recognition. These included receiving the "Corporate Social Responsibility Award" by *Global Views Monthly* for the sixth time last year – this time for education promotion; the "Excellence in Corporate Social Responsibility" award from *CommonWealth* magazine for the seventh year in a row; and the "2013 Taiwan Corporate Sustainability Awards – Excellence in Telecom Sector" as well as the "Role Model Award for Community Service and Outreach" from the Taiwan Institute for Sustainable Energy Research. In addition, the Company received an ISO 14064-1 certification for complying with greenhouse gas emissions and removals standards and an ISO 50001 certification for energy management.

3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services, including world-class information security, network quality, and product and service innovations – all of which were critical to its earning the following recognitions: being named once again the “Most Prestigious Company” in the telecom sector in an annual survey by *CommonWealth* magazine in 2013 and receiving the “Trusted Brand Gold Award” from *Reader’s Digest* for the tenth consecutive year.

Taiwan’s wireless broadband industry is entering a new era with the completion of the 4G license auction at the end of October 2013. The Company won two 15MHz x 2 blocks on the 700MHz (spectrum A4) and the 1800MHz (spectrum C1) bands, with the lowest unit spectrum cost among the big three operators. This year could be a turning point for the industry, as incumbents and new entrants compete for a slice of the 4G market. TWM and its employees are ready to meet these challenges. The Company will continue to leverage its brand and provide superior networks, products and services through innovative research and development, comprehensive distribution channels and world-class information security. TWM is committed to becoming the top choice for high-speed wireless broadband for the consumer.

A handwritten signature in black ink, appearing to read 'Richard Tsai', written in a cursive style.

Richard Tsai
Chairman