

Letter to Shareholders

Dear Shareholders,

As Taiwan moved into the 4G era in 2014, Taiwan Mobile (“TWM” or “the Company”) poured its resources into rolling out its Long Term Evolution (LTE) network at full speed nationwide. It was the first operator to adopt carrier aggregation, allowing it to integrate high- and low-frequency bands to achieve the best spectrum combination. With wider network coverage, deeper indoor penetration and faster download speed, TWM was able to offer 4G users the best service quality.

On March 20, 2015, the National Communications Commission granted TWM an additional license for a 5MHz x 2 spectrum, making the Company the sole proprietor of the largest contiguous 20MHz on the 700 frequency band. With a total 4G spectrum holding of 35MHz, TWM not only boasts one of the largest holdings in the nation, but its licensing cost is also NT\$6.6 billion lower than its comparable rivals’. Both demonstrate TWM’s commitment to maximizing shareholders’ interests and solidifying its leadership in the 4G field.

Taiwan Mobile’s consolidated revenue rose 4% YoY to NT\$112.6bn in 2014. EBITDA also grew 1% YoY to NT\$31.3bn. Net income was NT\$15bn, while earnings per share came in at NT\$5.56, surpassing the Company’s target. Mobile broadband services remained the main revenue growth driver, as using handheld devices to surf the internet became virtually a necessity. Leveraging its superior network performance, excellent service quality, innovative value-added products and world-class information security, TWM was able to attract a large number of mobile internet users. Following the launch of the Company’s 4G services, coupled with popular demand for Apple’s iPhone 6, TWM’s 4G user numbers surged in just a little over six months to more than 1 million by the end of 2014. The Company also saw impressive profit growth in its investments, including cable TV and e-commerce retail businesses.

As the Company steadily expanded its core business, it continued to gain recognitions for its commitment to enhancing corporate value, which included:

1. World-class corporate governance

Taiwan Mobile is committed to maintaining integrity as its 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 recognitions from domestic and international rating institutions. Last year, it received honors in the categories of Taiwan’s “Best Managed Public Companies”, “Best Corporate Governance”, “Best Investor Relations” and “Best Corporate Committed to Paying Good Dividend” in *FinanceAsia* magazine’s 2015 Asia’s Best Companies Poll. TWM was selected for the third time 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 for the second year in a row of “The Best of Asia: Icon on Corporate Governance, Taiwan region,” the highest honor given by *Corporate Governance Asia* magazine in recognition of TWM’s continuous excellent performance in winning

corporate governance awards for the last eight years. 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 ninth 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 gained wide recognitions, the “Corporate Social Responsibility Award” from *Global Views Monthly* for the seventh time last year and “Taiwan’s Top 10 Role Model Company for Sustainability,” the “Integrity and Transparency Award,” the “Role Model Award for Community Service and Outreach” and the “2014 Taiwan’s Top 50 Corporate Sustainability Report Award – Gold Award in Telecom Sector” from the Taiwan Institute for Sustainable Energy Research included. In addition, the Company’s 2013 corporate social responsibility report received the International Standards on Assurance Engagements’ 3000 certification, the first for a telecom operator in Taiwan. TWM also received the “Promoting and Deploying High-speed Broadband in Rural Areas” award from the NCC for supporting the government’s policy of narrowing the digital gap between urban and rural areas.

3. Premium services and customer satisfaction

With customer care as its core value, TWM offers premium customer services, which earned the following recognitions: Swiss SGS Qualicert certification for its direct store channels and customer service system and the “Trusted Brand Gold Award” from *Reader’s Digest* for the eleventh consecutive year. In addition, TWM’s cloud internet data center (IDC) received the “Brill Awards for Efficient IT” for its energy-saving and green design from the Uptime Institute, the world’s largest third party data center analysis institute, making it the first and the only recipient of the award in Taiwan.

Looking forward, with the extra spectrum acquired on the 700 frequency band and more spectrum slated to be released on the 1800 frequency band, TWM is confident in well positioning itself to provide excellent 4G mobile broadband services. The Company will seek to expand its 4G business by introducing even higher-speed mobile internet services, a wider variety of handset selections and innovative rate plans. In addition to improving its operating leverage and EBITDA in telecom segment, Taiwan Mobile expects to see further earnings growth from its cable TV and e-commerce retail businesses to maximize shareholders’ value in 2015.



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