

## Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal:

In 2014, the Company will continue to leverage mobile internet products to expand its wireless market share. As demand for smart devices expands, the Company aims to invest in value-added services to tap into this market's full growth potential. The Company will focus on developing the latest top-of-the-line mobile value-added services, such as mobile shopping, video/audio services and myBook store (an e-book platform), to satisfy customers' demand in order to boost revenue and increase average revenue per user. The Company will make full use of its potential and competitive edge in handset procurement to raise its cost-efficiency so as to meet its profit target.

## Cash Flow Analysis

### Consolidated cash flow analysis

1. Increase in cash outflow from investment activities: Cash outflow rose due to the payment of 4G license fees.
2. Increase in cash inflow from financing activities: Cash inflow rose due to increased bank borrowings.

#### 2012 – 2013 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2012	2013	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	25,984,728	24,833,011	(1,151,717)	(4.43)
Cash inflow (outflow) from investment activities	(10,227,809)	(42,345,998)	(32,118,189)	(314.03)
Cash inflow (outflow) from financing activities	(16,132,067)	19,267,519	35,399,586	NM
Impact from changes in exchange rate	(5,904)	8,622	14,526	NM
Net cash increase (decrease)	(381,052)	1,763,154	2,144,206	NM

### Stand-alone cash flow analysis

1. Decrease in cash inflow from operating activities: Cash inflow decreased due to increasing operating expenditure from expanding scale of business.
2. Increase in cash outflow from investment activities: Cash outflow rose due to the payment of 4G license fees.
3. Increase in cash inflow from financing activities: Cash inflow rose due to increased bank borrowings.

#### 2012 – 2013 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2012	2013	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	17,863,604	12,197,463	(5,666,141)	(31.72)
Cash inflow (outflow) from investment activities	(8,278,465)	(32,140,946)	(23,862,481)	(288.25)
Cash inflow (outflow) from financing activities	(9,307,302)	19,389,851	28,697,153	NM
Net cash increase (decrease)	277,837	(553,632)	(831,469)	NM

**Plans to improve negative liquidity:** Not applicable

## Consolidated projected cash flow for 2014

1. Projected cash inflow from operating activities: Expected to remain stable
2. Projected cash outflow from investment activities: For capital expenditure
3. Projected cash outflow from financing activities: For cash dividend distribution

### 2014 Consolidated Projected Cash Flow Analysis

Unit: NT\$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
7,954,294	26,194,429	26,048,724	8,099,999	—	—

**Source of funding for negative cash flow in 2014:** Not applicable

## Analysis of Major Capex and its Impact on Finance and Operations

Given stable operations and operating cash inflows, the Company funds its major capex with its own working capital, thus, having a minimal impact on its financials.

## Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan

All of TWM's long-term holdings are strategic investments. The Company is committed to promoting digital convergence and becoming a leading player in the T.I.M.E (telecommunication, internet, media and entertainment) era. In 2013, on a consolidated basis, TWM's losses from long-term investments under the equity method amounted to NT\$55,403,000, as many of these investments were still in the initial stage. The Company expects return on investment to improve going forward. It will also continue to make prudent strategic investments.

## Risk Management

### Impact of inflation, interest and exchange rate fluctuations, and preventive measures:

#### 1. Impact of interest rate fluctuations

Interest rate fluctuations had a minimal impact on TWM's 2013 short-term bank borrowings, as interest rates remained low and stable because of the global economic slowdown. The Company issued straight corporate bonds and signed a mid-term loan agreement with banks to lock in mid-to-long-term interest rates and minimize impacts from interest rate fluctuations.

#### 2. Impact of exchange rate fluctuations

The Company's main service area is Taiwan. Except for its international roaming business, all operating revenues and expenses are denominated in NT dollars. However, some of the Company's expenditures are denominated in euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign exchange spot market transactions. Overall, exchange rate fluctuations had a minimal impact on the Company.