

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

In 2017, the Company will continue to leverage its 4G high-speed mobile internet service to expand its market share. As demand for smart devices increases, the Company will invest in value-added services to tap into this market's full growth potential. It will focus on developing and enhancing top-of-the-line mobile value-added services, including mobile shopping, mobile payment, video/audio services and myBook store (an e-book platform), to satisfy customer demand and boost 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 inflow from operating activities: Cash inflow increased due to better cash collection.
2. Decrease in cash outflow from investment activities: Cash outflow declined as acquisitions of property, plant and equipment dropped in 2016.
3. Increase in cash outflow from financing activities: Cash outflow increased as the Company paid down bank borrowings.

2015 – 2016 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2015	2016	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	25,805,736	31,830,164	6,024,428	23.35
Cash inflow (outflow) from investment activities	(15,179,543)	(11,527,956)	3,651,587	(24.06)
Cash inflow (outflow) from financing activities	(9,948,924)	(21,170,963)	(11,222,039)	112.80
Impact from changes in exchange rate	(1,624)	(6,150)	(4,526)	278.69
Net cash increase (decrease)	675,645	(874,905)	(1,550,550)	NM

Stand-alone cash flow analysis

1. Increase in cash inflow from operating activities: Cash inflow rose due to higher revenue collection.
2. Decrease in cash outflow from investment activities: Cash outflow declined because acquisitions of property, plant and equipment dropped in 2016.
3. Increase in cash outflow from financing activities: Cash outflow increased as the Company paid down bank borrowings.

2015 – 2016 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2015	2016	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	16,554,741	22,475,739	5,920,998	35.77
Cash inflow (outflow) from investment activities	(4,547,144)	(2,471,192)	2,075,952	(45.65)
Cash inflow (outflow) from financing activities	(11,629,231)	(20,065,912)	(8,436,681)	72.55
Net cash increase (decrease)	378,366	(61,365)	(439,731)	NM

Plans to improve negative liquidity: Not applicable

Consolidated projected cash flow for 2017

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

2017 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
7,704,517	28,787,520	28,630,859	7,861,178	—	—

Source of funding for negative cash flow in 2017: 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, which therefore has 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 & Entertainment, E-Commerce) era. In 2016, on a consolidated basis, TWM's investment income from long-term investments under the equity method amounted to NT\$51,824 thousand as the operations of said investments stabilized. For future investments, TWM will continue to make decisions based on prudent strategic assessments.