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Corporate Overview

Chunghwa Telecom was officially established in 1996 as part of corporatization efforts by the government of the Republic of China in accordance with the "Three Telecom Laws." On August 12, 2005, Chunghwa Telecom became a privatized company by way of reduced ownership of the government to less than 50%.

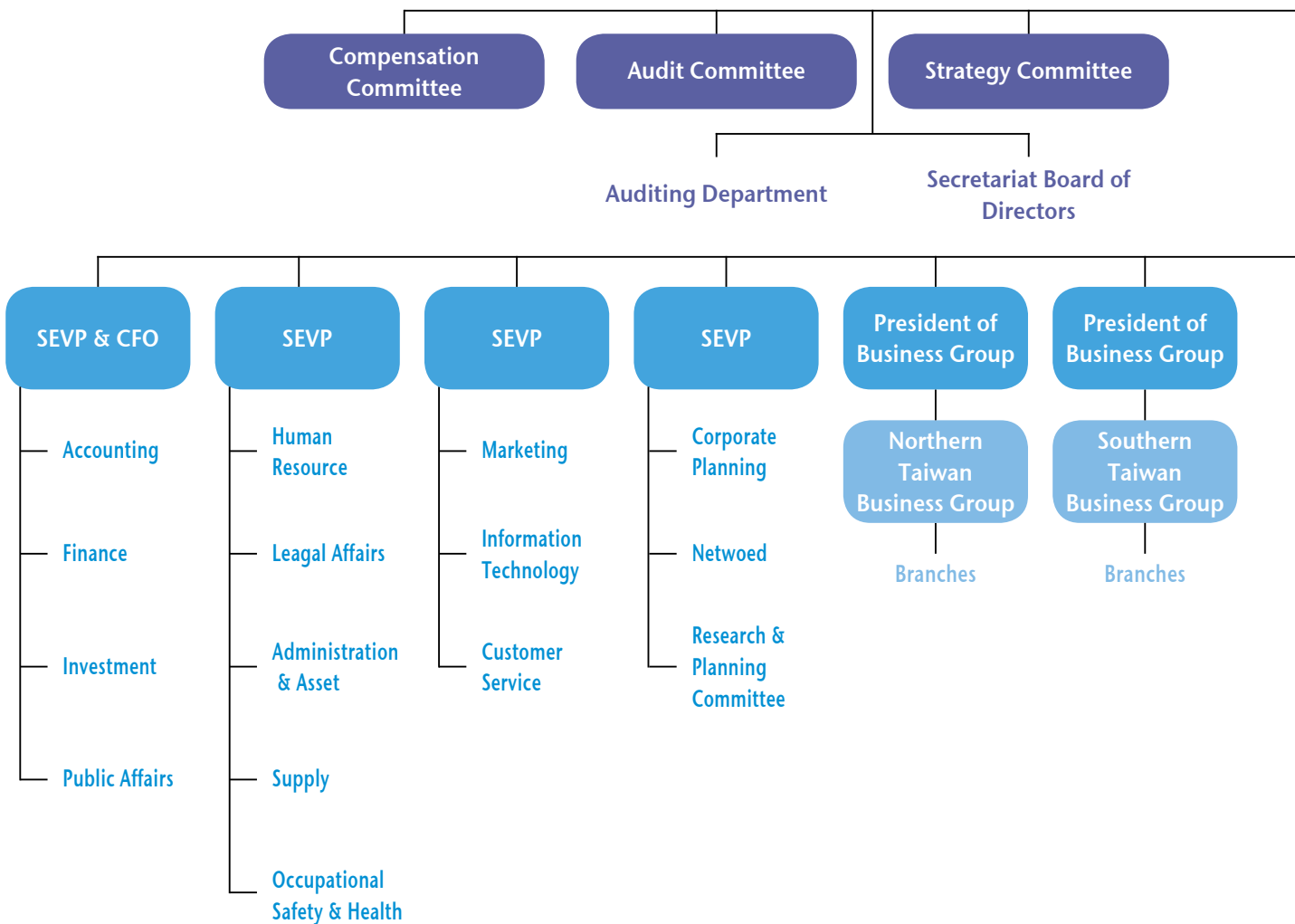
Our main operation site is in Taiwan, and head office is in 21-3, Sec. 1, Hsinyi Road, Taipei, Taiwan. We are the largest integrated telecom carrier in Taiwan providing fixed, mobile, and data communication services. With the best networking and service quality, we are guaranteed to provide the best services to meet consumers' demand.

Business Philosophy

To cope with the trend of splendid lifestyles and upgrading of business operations set off by the extensive use of mobile communication and the internet, we continue to strengthen core competence, and expand the integration of telecom networks and information technology through alliances, cooperation, mobile commerce development, internet use, and broadband media services, in hopes to provide services to meet the needs of the public and become a business partner of the majority of corporations.

To fulfill CSR, Chunghwa Telecom is dedicated to utilize its core competence, and creating digital opportunity, environment sustainability, consumer care and employee care, so as to demonstrate corporate citizenship behavior that goes beyond regulatory requirements.

Organizational Chart ^{G4-9}

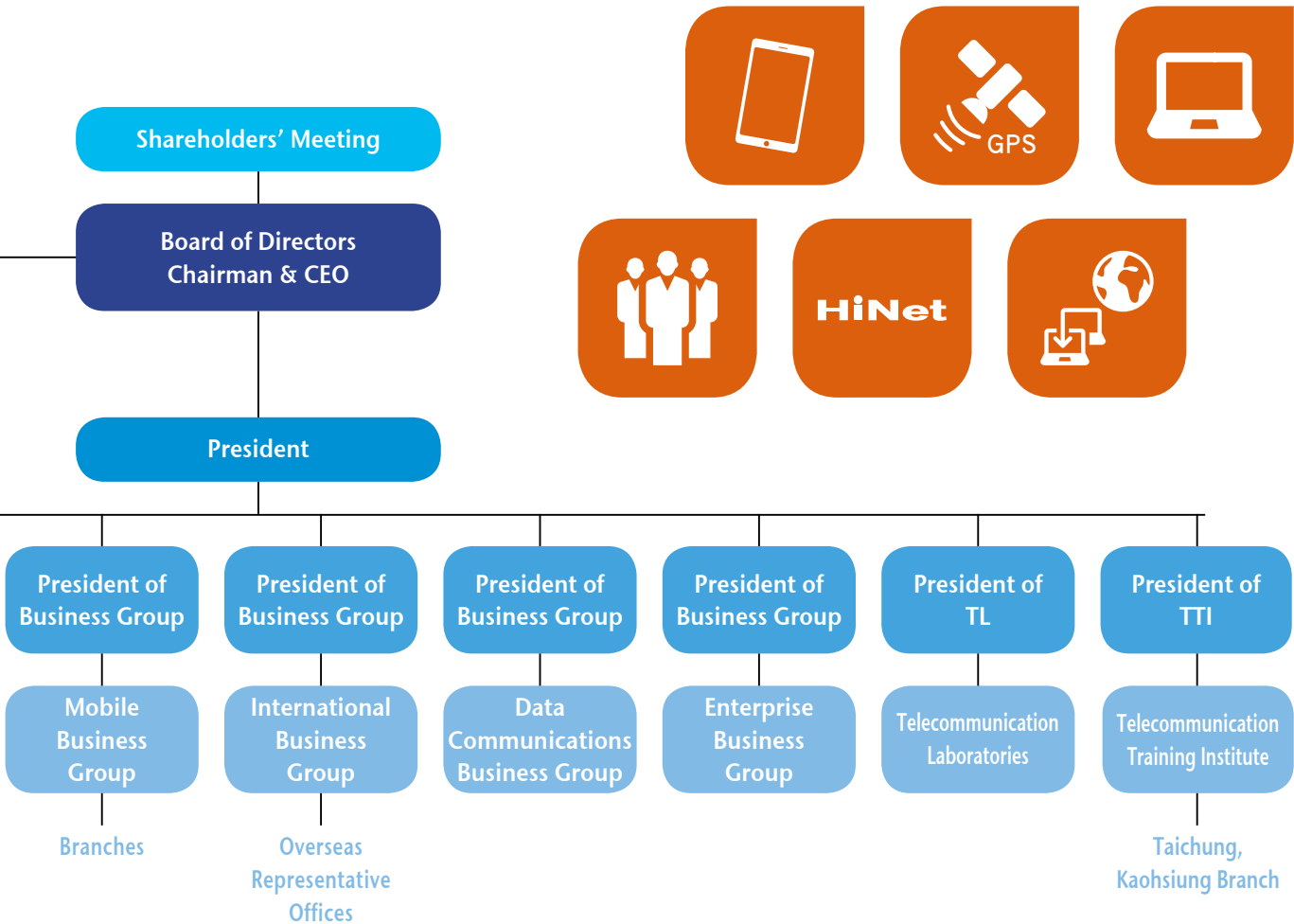


*SEVP:Senior Executive Vice President

*CFO: Chief Financial Office

With Our Services

- We enhance the operational efficiency of corporations.
- We create a gateway to an enjoyable digital life for people
- We facilitate industry scale to expand in a good way with our contribution
- We facilitate industry scale to expand in a good way with our contribution



The First 4G Service Provider in Taiwan

With NT\$ 39.07 billion, we have won the right of 35 MHz in bandwidth in the 4G license auction in 2013 which made us the largest spectrum telecom carrier in Taiwan. The blocks we acquired include B2 block in the 900MHz frequency band, and the C2 and C5 blocks for 1800 MHz; while C2 is currently used for our 2G service, C5 block will be used for 4G networks and terminal equipment. This new addition will continue from our existing 2G system into a 4G system in the future.

Chunghwa Telecom lead the market by establishing 4G at C5 block, and is the first provider of 4G service launched on May 29, 2014, at the same time, we are speeding up to establish 4G base stations, with expected radio coverage reaching population of at least 99% in 2015, so as to providing quality 4G mobile communication services.

Create Shareholder Value ^{G4-9}

The penetration and rapid growth of smart mobile devices has shaped the world into continuous development of innovative applications to meet the demand. In the midst of a market full of opportunities and challenges, Chunghwa Telecom is determined to contribute its full efforts on the deployment of mobile and fixed broadband networks, while providing products and services to meet customers' satisfaction, so as to stabilize its market-leading position and demonstrate good business performance.

The consolidated revenue of Chunghwa Telecom decreased 0.6% YoY to NT\$ 226.6 billion in 2014, exceeding forecast by 99.3%. Whereas the prevailing of smart mobile devices and growth of both value-added revenue and sales revenue, not to mention the growth in the revenue of information and communication project, the impact of decreasing in the revenue of voice services has become minimal. Net profit attributable to equity holders of the parent company is NT\$ 38.6 billion and EPS is NT\$ 4.98, both have exceeded 107.7% of the financial forecast.

In addition to continuous profitability and financial soundness for a stable operation over the years, we, as an honest taxpayer, have made significant and substantial contributions to the country. Despite the challenging business environment in the days to come, we are determined to focus on our profession to create maximum profit for our shareholders.

Always Ahead

Chunghwa Telecom was the first telecommunication service provider in Taiwan; this move was a milestone for the development of the mobile communication and digital convergence industry in Taiwan.

Chunghwa Telecom has enjoyed the growth of its mobile service customer population. With the state-of-the-art infrastructure, innovative businesses such as data communication and cloud service also developed at a stable pace. The successful contracting with related enterprises and the government on data communication projects implies the strong competitive power of Chunghwa Telecom in this domain.

"For you, always ahead" is our motto, showing ceaseless effort for driving toward perpetual competitiveness. Chunghwa Telecom will continue to launch fast and convenient products and services to assist the industry and society to achieve the vision of smart and low carbon development.

Risk and Opportunity ^{G4-2}

Despite the breakthrough in bandwidth and speed limitation, and much faster speed for accessing the network, 4G will trigger keener competition in more application services which in turn brings about risk and opportunity. In responding to the rapid changing competition in market, Chunghwa Telecom will continue its effort in innovative research and development (annual investment in R&D accounted for more than 1% of the overall revenue), and sustain the broad bandwidth feature of 4G so as to create a high quality 4G mobile broadband and digital convergence life.

Risk	There are six 4G service providers in Taiwan, which drove this service into an era of acute competition.
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Opportunity	The business opportunity of smart city and Internet of Things (IoT) allowed variety of big data products, which will help Chunghwa Telecom in the development and offering related application products and services.
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Target	Annual growth rate at 3% is the goal for the development of value-added application service.
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Three Main Markets and Services



Household Market

- Domestic fixed network service
- Domestic leased line service
- Internet and value adding service
- MOD (IPTV) service
- International fixed network service



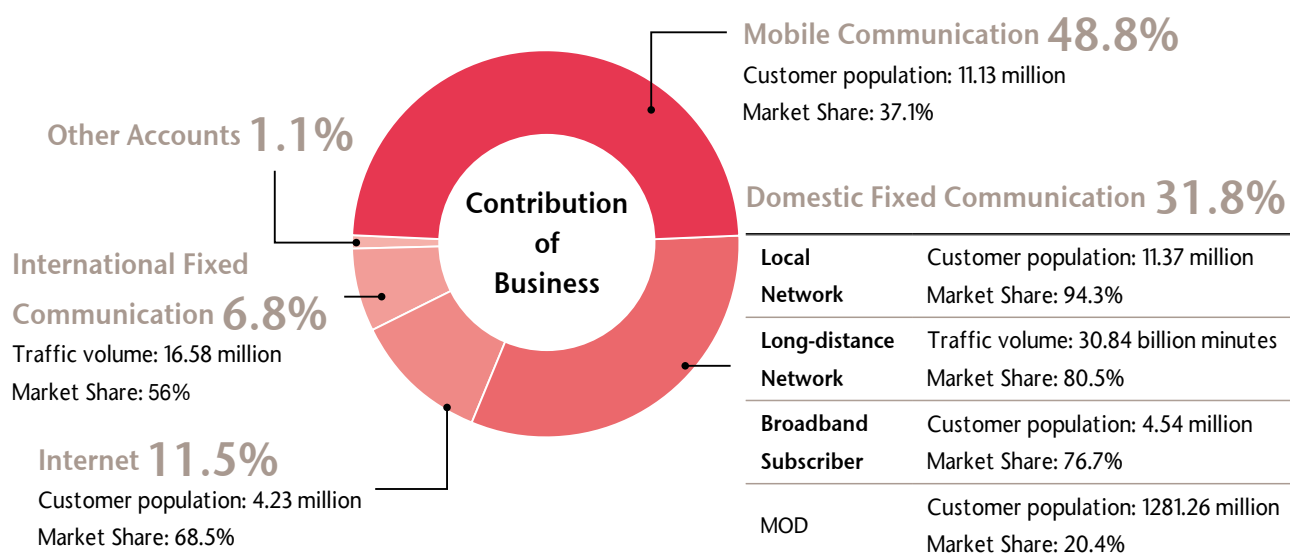
Personal Market

- Mobile communication service
- Wi-Fi service
- International fixed network service



Corporate Market

- Integrated service
- Data security service
- Mobile service
- Data service
- International service
- Diversified integrated payment and collection service



Products and Services



Mobile Subscriber

Customer population: 11.13 million
Result of Operation:
Annual growth rate at 4.4%



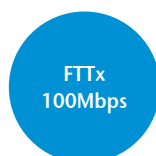
FTTx

Customer population: 3.12 million
Result of Operation:
Annual growth rate at 5.6%



Mobile Internet

Customer population: 5.16 million
Result of Operation:
Annual growth rate at 31.0%



FTTx 100Mbps

Customer population: 870 thousand
Result of Operation:
Annual growth rate at 132%



Customer population: 1.33 million
Result of Operation:
Market Share 38.6%



HiNet/Broadband

Customer population: 3.79 million
Result of Operation:
Annual growth rate at 0.2%

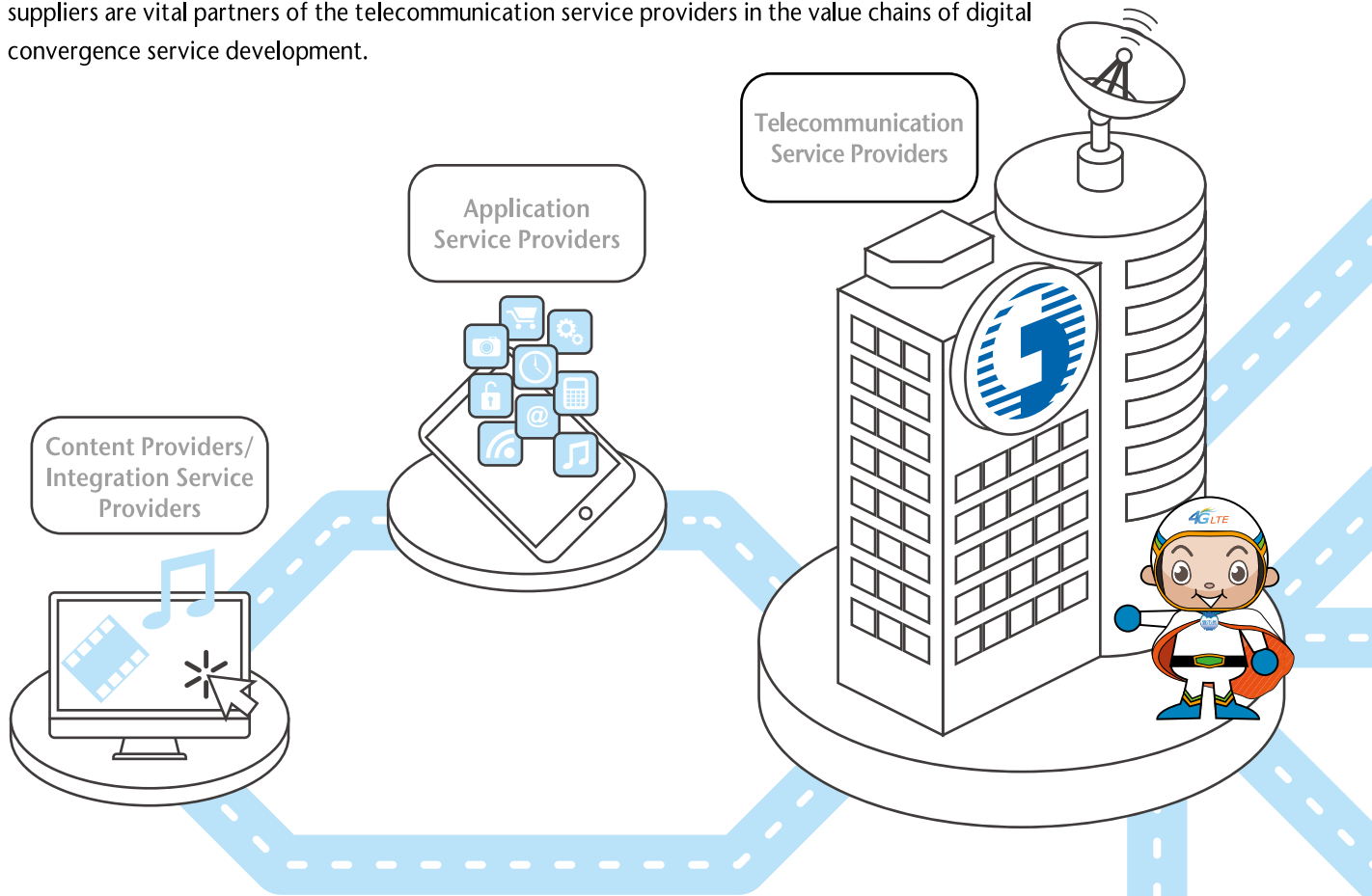
Economic Performance

Unit: NT\$ million

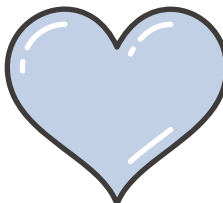



Revenue	Revenue	226,609
	Operating cost and expenses	148,379
Distribution	Employee salaries and benefits	46,622
	Dividends paid to shareholders	18,526
	Taxes	7,393
	Expenses of social investment/donation	1,472
Retained	Retained economic value	4,217

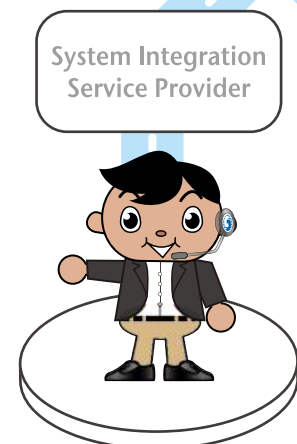
Chunghwa Telecom Value Chain and 2014 Key Performance

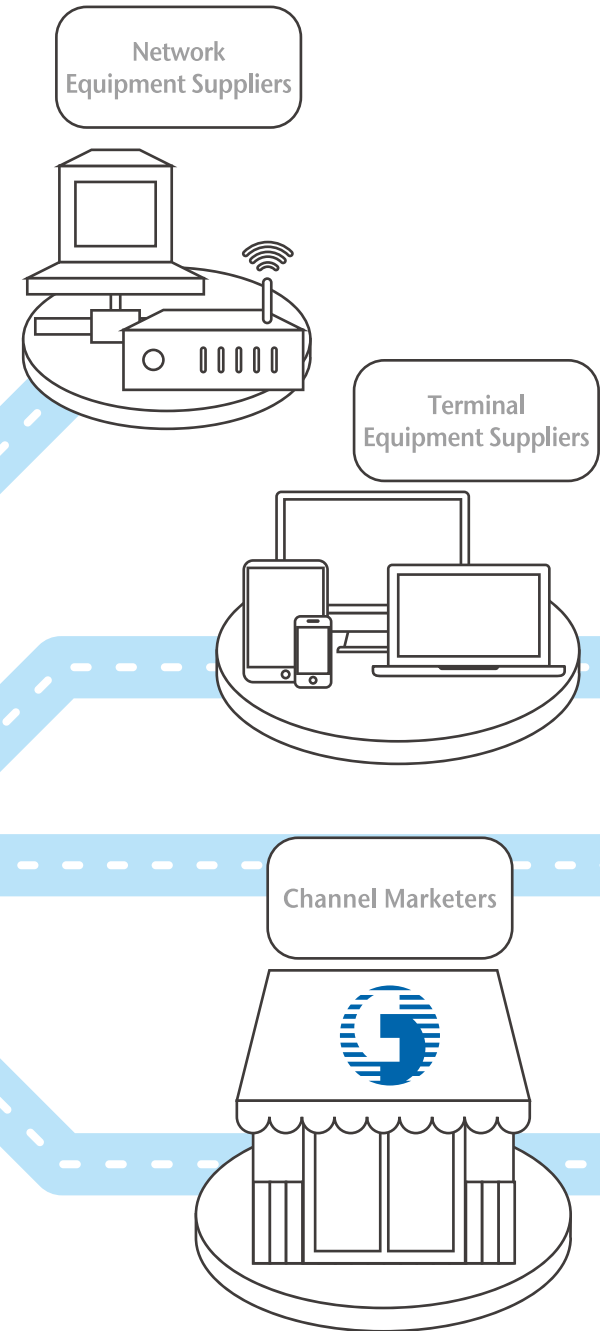
There is a combination of all markets that blurs industry boundaries due to advanced technologies. This implies cross-industry operation and cooperation becomes prevalent. Under the impact of digital convergence, the scope of the telecommunication industry value change broadened further. All service providers desire to launch innovative eICT services and provide more services to customers so as to gain a larger share of the market. Over the years, content providers/ integrators, application service provider, internet equipment suppliers, and terminal equipment suppliers are vital partners of the telecommunication service providers in the value chains of digital convergence service development.



Social Performance

<p>Social Investment</p>  <p>14.7 billion NT\$</p>	<p>Staff Turnover Rate</p>  <p>4.3 %</p>
<p>Total Training Expense</p>  <p>679 million NT\$</p>	<p>Digital Good Neighbor</p>  <p>72 locations</p>





Economic Performance

Consolidated Revenue
226,609
million NT\$

Complaints Per million Consumers

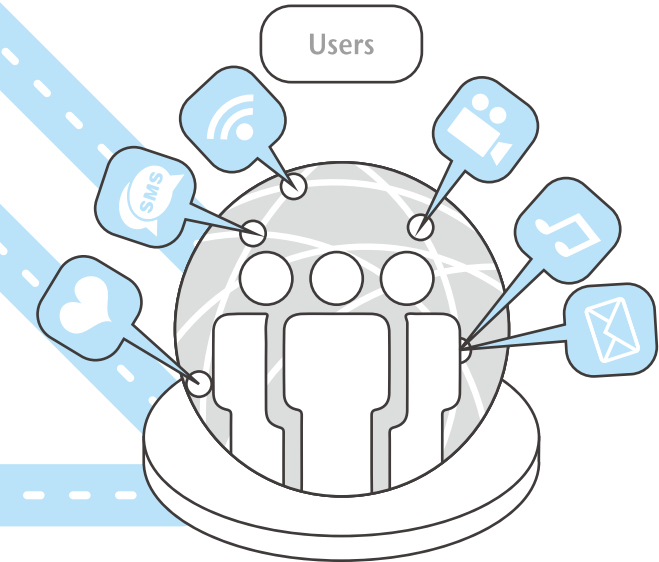
182 cases

Customer Service Satisfaction

7.3 points
10 point scale

Employee Satisfaction

78 points
100 point scale



Environment Performance

Electricity Consumption

1,422 k-MWh

GHG Emissions

839,200 t-CO_{2e}

Water Consumption Volume

2,567 m³

Waste

9,142 ton

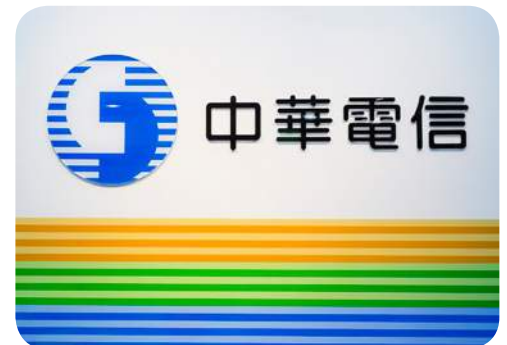
CSR Milestones in 2014

- Mobile Business Group was accredited with the ISO 50001 for its sustainability and successful performance in carbon reduction
- Won the Corporate Sustainability Bronze Award of RobecoSAM
- Received S&P long term rating of “AA” and Taiwan Ratings long term/ short term rating of “twAAA/ twA-1+”



- The only enterprise in Taiwan ranked the 384th place on the list of The World’s Top 500 Most Influential Brands
- The “Advocacy of Broadband Upgrade in Rural Area Award” by NCC

- EARTH System won winning the “EPIF 2014 International Green Classics Awards – Honor Award”



- Repeat winner of the “Gold Medal Service Award” of Common Wealth Magazine
- Repeat winner of “30 Monthly “&”Manager Today” on branding

- Information disclosure ranking of A++
- Received Reader's Digest Trusted Brand's Platinum Award – Telecommunication Communications Service
- Ranked 1st in “Digital Service Benchmark Enterprise”, and 1st place in “Information Channel and Communication Industry” in Digital Age.



- Ranked among the Top 10 Telecommunication Service Providers of the Corporate Citizen Award of Common Wealth Magazine

MEMBER OF
**Dow Jones
 Sustainability Indices**
 In Collaboration with RobecoSAM

- Data Security Expert service won the ISLA, hacker contest award, the result of international recognition
- Selected as component stocks in DJSI--World Index and DJSI--Emerging Markets Index

- Winner of the 2014 TAITRONICS in Cloud IoT and Broadband Communications
- The iEN service won the “Distinguished Company in Energy Technology Service” from Bureau of Energy, MOEA
- The benchmark telecommunication service providers on the list of “Benchmark Enterprises in 20 years” and the most preferred benchmark enterprise of Common Wealth Magazine in 2014



- Won the 12th Global Views: Five-Star Service Awards of Global View Magazine, the champion in telecommunication service
- Received 1st place in “Best Brand Award” – telecommunication sector issued from Business Today for the 7th consecutive years
- Won the “2014 Taiwan Corporate Sustainability Award” with 4 issues of CSR

- President Shi Mu-Piao was elected as a fellow to the 15th term of the Chinese Society for Management of Technology; the Telecommunication Laboratories won the “16th Technology Management Award”