



Tai Tung Communication

Year 2016 Operations & Performance

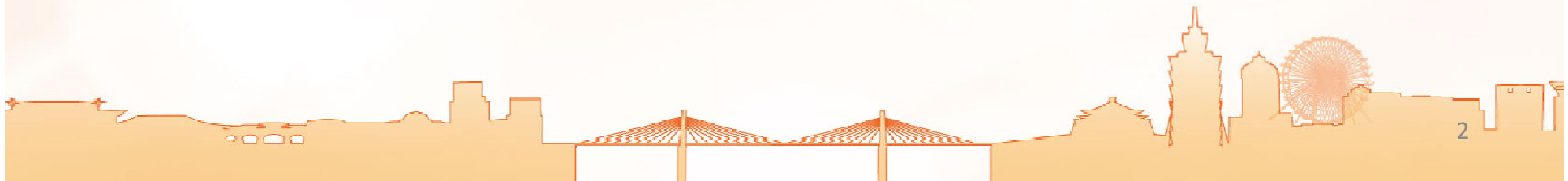
Mar. 2017





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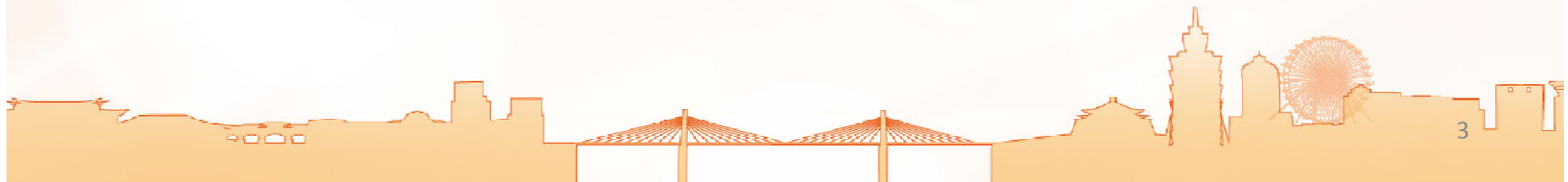
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Agenda

- Company Overview
- Financial Highlights
- Subsidiaries Taifo Company Business Development





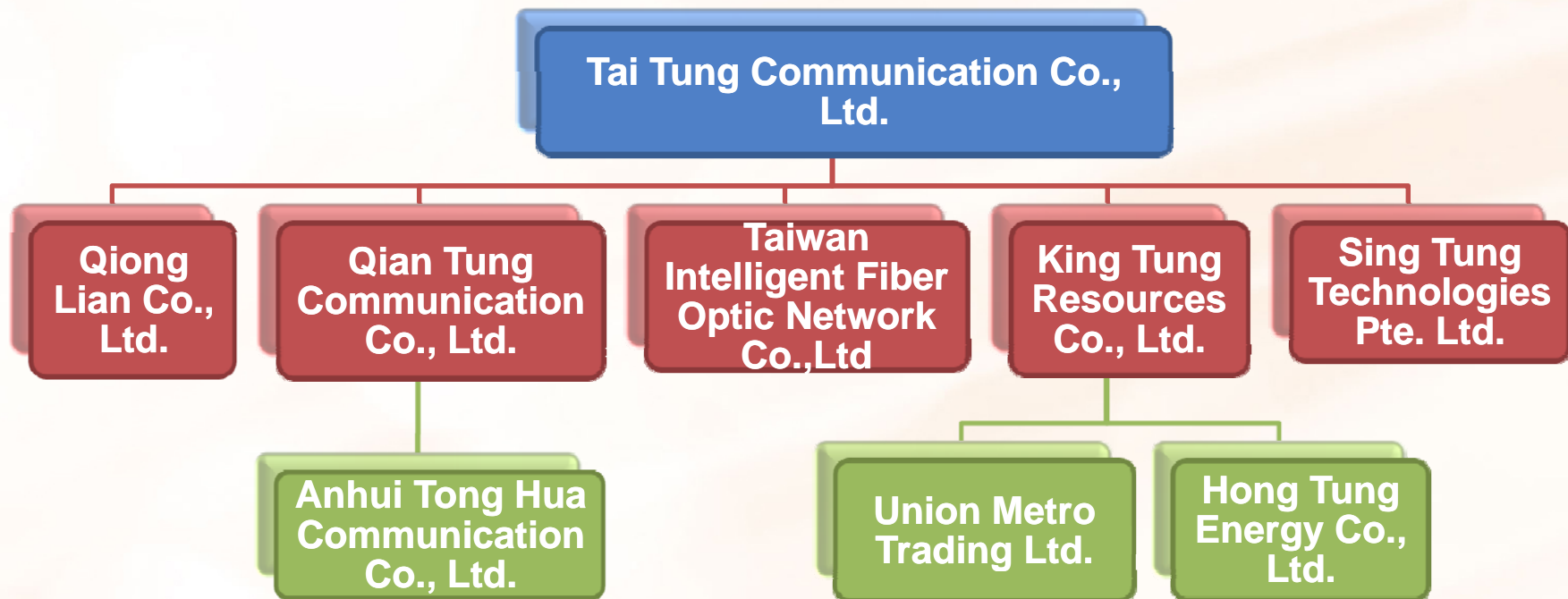
Company Overview

- Date of establishment : Dec,1981
- Paid-up capital : NTD1,019M
- Head office : No.3, Lane12, Wuquan 3rd Road, Xinzhuang District, New Taipei City
- Main business : Fiber optical cable & Passive component 、 Communication cable 、 Smart City fiber optic network construction project
- Major customers :





Organization Structure





Taifo

- Date of establishment : Jan, 2012
- Paid-up capital : NTD2,450M · TCC Holding 64.43% 。
- Majority shareholder : Hon-Hai Holding 23.11% 。
- Signed a 25-year fiber network BOT project with Taipei City Government, an important investment toward fiber optic broadband services.
- Main business: Taipei City Optical Ultra-Fast Broadband Network , Smart City System Integration



King Tung

- Date of establishment : Jun, 2014
- Paid-up capital : NTD1,000M · holding 65% 。
- Main business: Raw Materials trading (Iron ore 、 Coal and Cement etc.) 、 Railway Industry.





4Q2016 Consolidated Income Statement

In NT Millions

	4Q2016		3Q2016		4Q2015	
	金額	%	金額	%	金額	%
Operating revenue	58,686	100	50,281	100	45,779	100
Operating costs	44,113	76	41,748	83	38,409	84
Gross profit	14,573	24	8,533	17	7,370	16
Operating expenses	8,270	14	6,531	13	7,053	15
Non-operating income and expenses	-799	-1	-976	-2	57	-
Profit before tax	5,504	9	1,026	2	374	1
Net profit	4,119	7	114	-	-353	-1
Net Profit attributable to owners of the parent	5,129	9	2,094	4	1,363	3
Net Profit attributable to non-controlling interest	-1,010	-2	-1,980	-4	-1,716	-4
Basic EPS (NT\$)	0.50		0.21		0.08	



2016 Consolidated Income Statement

In NT Millions

	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Operating revenue	184,714	100	159,660	100	204,836	100
Operating costs	151,038	82	134,916	85	168,943	83
Gross profit	33,676	18	24,744	15	35,893	17
Operating expenses	28,400	15	29,427	18	33,026	16
Non-operating income and expenses	-1,297	-1	-1,319	-1	4,349	2
Profit before tax	3,979	2	-6,002	-4	7,216	3
Net profit	675	-	-7,828	-5	2,181	1
Net Profit attributable to owners of the parent	7,452	4	354	-	12,105	6
Net Profit attributable to non-controlling interest	-6,777	-4	-8,182	-5	-9,924	-5
Basic EPS (NT\$)	0.73		0.03		1.38	



2016 Consolidated Balance Sheet

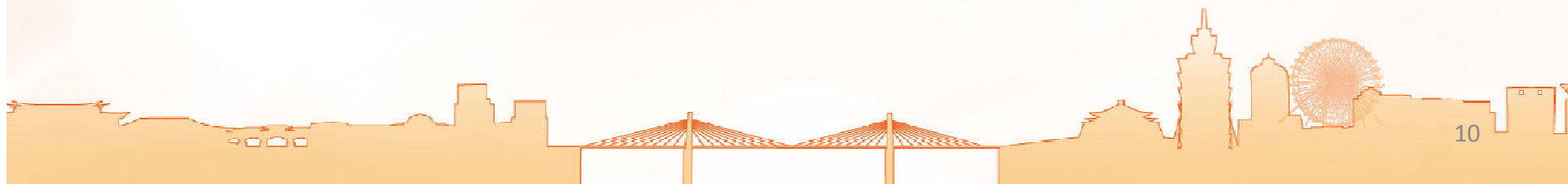
In NT Millions

	2016		2015		2014	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	77,170	13	101,657	19	182,075	34
Other current assets	128,133	22	107,404	20	85,147	17
Property, plant and equipment	154,124	27	127,275	24	123,103	23
Intangible assets	172,048	30	135,287	25	81,421	15
Other non-current assets	49,845	8	66,149	12	56,439	11
Total Assets	581,320	100	537,772	100	528,185	100
Current liabilities	70,214	12	74,425	14	97,052	18
Non-current liabilities	162,926	28	116,750	22	112,985	22
Total liabilities	233,140	40	191,175	36	210,037	40
Equity attributable to owners of the parent	242,777	42	237,014	44	219,775	41
Non-controlling interest	105,403	18	109,583	20	98,373	19
Total Equity	348,180	60	346,597	64	318,148	60



Taifo Company Business Development

- **Taifo Company Profile**
- **Taipei Fiber Network Deployment Progrss**
- **Business Overview**
- **Future Business Outlook**





Taifo Company Profile

- Date of establishment : Jan,2012
- Paid-up capital : NTD2,450M
- Head office : 4F,No.37-1, Lane11,Sec.6, Minquan E.Rd.,Neihu District, Taipei City
- Major products : Taipei City Optical Ultra-Fast Broadband City Service Network, Smart City System Integration
- Major customers : Taipei Smart City, Intelligent CCTV Security, Smart Transportation, Smart Campus, Smart Community, Smart Home and other Ultra-Fast Broadband service network to the Government, Citizen and Enterprise users.

2012/01	Taipei City Government host Project Contract Signing Ceremony for Taipei Fiber-FTTH Broadband Network
2013/04	National Communications Commission (NCC)issue a permission for Taifo to Build and Operate Service Network in Taipei City °
2014/11	Open ceremony of Neihu and Nan Gang districts to start providing public fiber optic Internet services.
2016/03	The network technology of the third phase Network Construction is qualified and approved by National Communications Commission (NCC) .
2016/03	80%The number of households coverage is qualified by Taipei City Govt.



Taifo -TAIPEI FIBER Core Competence-FTTH

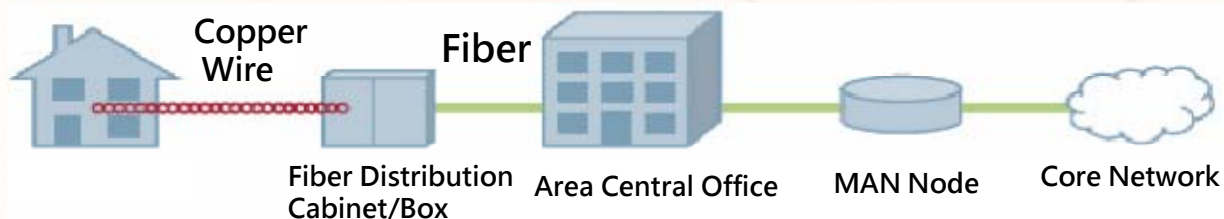
Access Network

Transmission &
Core Network

1

FTTC

- ADSL
- 3Mbps~25Mbps



X10

FTTB

- VDSL
- ~250Mbps



>X100

FTTH

- GPON
- ~2,500Mbps

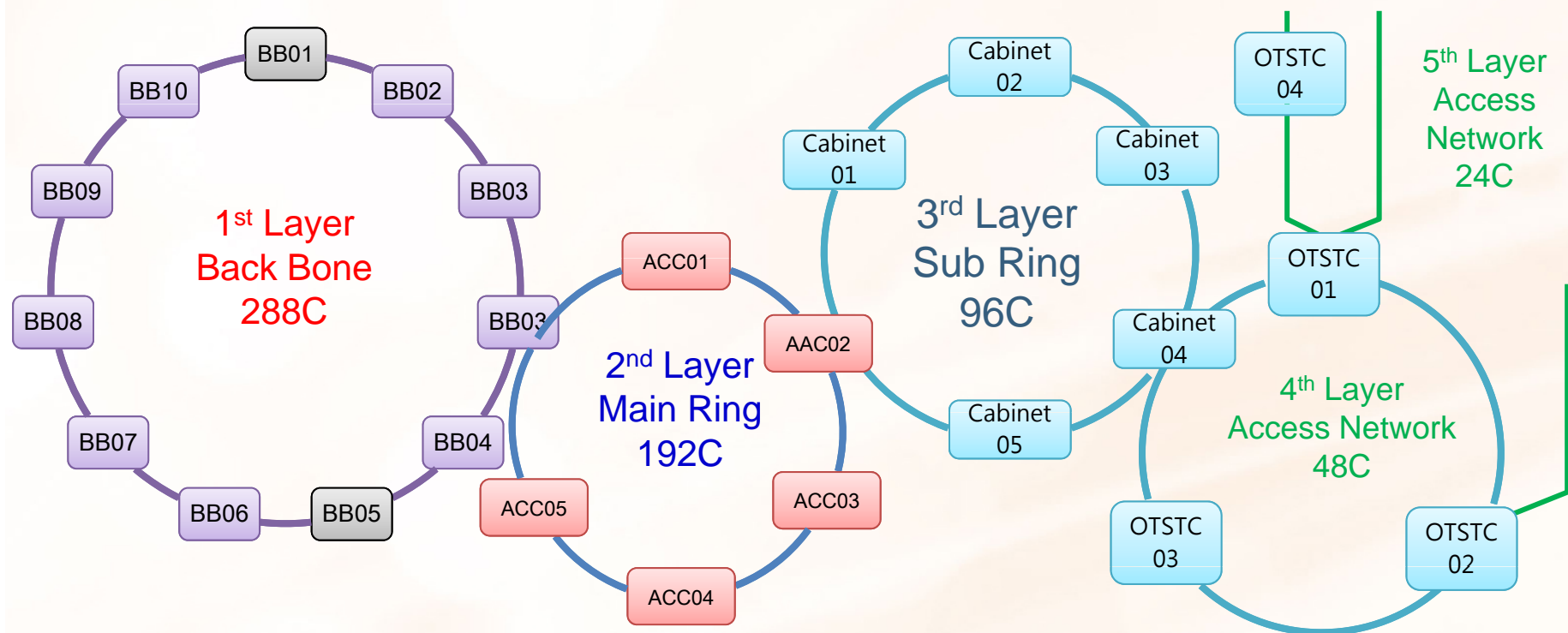


Taifo Core Competence

The closer optical fiber networks could reach,
the higher the bandwidth could provide



TAIPEI FIBER INFRASTRUCTURE PHYSICAL LAYER



1st Layer	Back Bone	288C	Main Central Office 、Redundant Control Centers 、Area Central Office
2nd Layer	Main Ring	192C	Access Center
3rd Layer	Sub Ring	96C	Ground OFC Cabinet
4th Layer	Access Ring	48/24C	Governments 、Residentials 、Buildings 、Enterprises 、Wi-Fi Backhauls



Taipei Fiber Coverage

2015 Taipei City Residential number

District	Area Center	Access Center	Ground Cabinet	Taipei Residential	Residential Coverage	Out of Coverage	Coverage Ratio/District	Coverage Ratio/City
Neihu(114)	1	10	84	111,457	108,503	2,954	97.35%	9.87%
Nangang(115)	1	6	33	45,966	44,665	1,301	97.17%	4.06%
Song shan(105)	1	8	39	84,284	84,090	194	99.77%	7.65%
Xinyi(110)	1	9	50	90,855	89,847	1,008	98.89%	8.18%
Zhongzheng(100)	1	7	57	70,655	70,584	71	99.90%	6.42%
Zhongshan(104)	1	7	56	133,378	132,991	387	99.71%	12.10%
Datong(103)	1	5	46	56,757	56,757	-	100.00%	5.17%
Beitou(112)	1	7	79	91,249	88,731	2,518	97.24%	8.08%
Shilin(111)	1	10	102	106,583	102,043	4,540	95.74%	9.29%
Da'an(106)	1	10	86	127,266	127,075	191	99.85%	11.57%
Wenshan(116)	1	10	61	98,558	94,842	3,716	96.23%	8.63%
Wanhua(108)	1	6	56	81,772	81,608	164	99.80%	7.43%
Total	12	95	749	1,098,780	1,081,737	17,043	-	98.45%

Expected to complete the city-wide network deployment and transfer Taipei City Gov. Service Networks to Taifo this year

end of 2016.11.25



Taifo Business Scope



High Cost Performance value - Public-Private Partnership (PPP)

Government

- TPE City Govnt. Service Network
- TPE City Police Dept. CCTV System
(15,000 Outdoor Optic Fiber Node)

Enterprise

- TPE Fixed, Mobile Telecom, CATV
Ultra-Fast BB Network Converge Center
- TPE Enterprise Ultra-Fast BB Network

Citizen

Ultra-Fast BB Network Service for Citizen
with a economic C/P



2017~2019 Taifo Strategies

Government



- 2017 (Offer Service For TCG)
 - Contract Fulfillment for TCG service Network.
 - By providing aggressive services, to attract business from central government units in Taipei City
- 2018 (Focus business in big pipe broadband requirement)
 - To convert a usually procurement model to a Rent project, cut into marketing for government Dept. high-bandwidth application integration project (CCTV, Multi-Media)
- 2019 (ICT)
 - Based on Taifo Fiber City Network services as core, to strive for Gov. ICT projects.

Enterprise



- 2017 (Cooperate with telecommunications industry)
 - Becomes priority one choice to 1st / 2nd types of ISPs, due to higher value of C/Ps and flexibility
- 2018 (SME Market Development)
 - Providing simple business solution bundle to SMEs along our existing optical fiber loops
- 2019 (ICT)
 - Large enterprise project

Citizen



- 2017 (optimized FTTH cost)
 - Follow up the city Urban renewal plans and new constructions, to reduce the cost for customer premises deployments
- 2018 (Smart Home Service)
 - Works with Hon-Hai (Foxconn) and other OTTs to provide a better broadband + media services
- 2019 (To Co-marketing with TPE City Govt.)
 - Large-scale consumer marketing



Future Business Outlook

Digital Convergence

- And actively cooperate with the major OTT operators such as Hon-Hai Group AP Telecom to provide ultra-high-speed optical broadband network platform, the public users in the Smart Home applications and Digital Content with more secure and stable better service experience by Taifo.

Mobile/Wi-Fi/ IoT Backhaul

- Own 15,000 Outdoor Gigabit optic node in TPE City overall.
- To Fully support 4G/5G small cell 、 public WiFi 、 IoT a Ultra-Fast Broadband Network.

Fixed Network

- Reduce the cost of network interconnect (peering/transit)
- Open and positive attitude cooperate with other telecommunications industry to increase market vitality

Smart Community

- Innovative FTTH architecture, unlimited by transmission distance , can strengthen and accelerate the community broadband applications as a infrastructure of smart city.

Broadband construction will promote the overall industry development

The deployment of Taifo Optical Fiber Networks provide a once-for-all, and essential infrastructure to smart city development



Marketing Expansion The public Sector application

Marketing Expansion:

Base on 15,000 Police
surveillance CCTV
optic node to develop
high capacity
bandwidth applications
In TPE City

- **Smart Governance :**
Site construction monitoring CCTV
Air pollution monitoring
Chief of Village Digital Signage
- **Smart Home :** FTTH for New Building
- **Smart Lighting :** Street Lamp
Network
- **Smart ITS Traffic :**
Control Center, Traffic System,
Bus Stop
- **Smart Electric Vehicle System:**
EV charging station Network
- **Smart Wi-Fi ,IoT City Project**



Thank You

