

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Taiwan Mobile Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2021 and 2020, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pei-De Chen and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in Taiwan, the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the ROC.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' review report and consolidated financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 29)	\$ 11,355,088	6	\$ 10,777,791	6	\$ 9,101,031	5
Financial assets at fair value through other comprehensive income (Note 7)	259,289	-	245,446	-	2,829,810	2
Contract assets (Note 22)	4,566,339	3	4,617,051	3	4,788,514	3
Notes and accounts receivable, net (Note 8)	6,718,104	4	7,638,043	4	7,108,225	4
Notes and accounts receivable due from related parties (Note 29)	359,299	-	186,903	-	166,124	-
Other receivables (Note 29)	2,327,050	1	1,348,704	1	1,430,938	1
Inventories (Note 9)	4,661,611	3	5,766,264	3	3,770,454	2
Prepayments (Note 29)	626,484	-	652,375	-	665,978	-
Assets held for sale	-	-	23,005	-	-	-
Other financial assets (Notes 29 and 30)	664,513	-	677,891	-	692,163	-
Other current assets	<u>149,956</u>	<u>-</u>	<u>159,321</u>	<u>-</u>	<u>132,318</u>	<u>-</u>
Total current assets	<u>31,687,733</u>	<u>17</u>	<u>32,092,794</u>	<u>17</u>	<u>30,685,555</u>	<u>17</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 7)	2,493,387	1	2,289,746	1	1,583,446	1
Contract assets (Note 22)	4,266,636	2	3,753,081	2	3,302,355	2
Investments accounted for using equity method (Note 10)	1,555,473	1	1,966,894	1	1,412,442	1
Property, plant and equipment (Notes 12 and 29)	43,696,686	24	42,479,314	23	35,371,585	20
Right-of-use assets (Notes 13 and 29)	9,417,310	5	9,011,290	5	9,538,465	5
Investment properties (Note 14)	2,621,610	1	2,626,185	2	2,978,445	2
Concessions (Notes 15 and 30)	63,727,260	35	64,803,445	35	67,660,658	38
Goodwill (Note 15)	15,819,108	9	15,819,108	9	15,832,440	9
Other intangible assets (Note 15)	5,113,335	3	5,143,958	3	5,438,359	3
Deferred tax assets	839,121	-	883,367	-	824,214	-
Incremental costs of obtaining a contract (Note 22)	1,737,914	1	1,771,884	1	2,007,740	1
Other financial assets (Notes 29 and 30)	355,582	-	355,432	-	271,844	-
Other non-current assets (Notes 16 and 29)	<u>1,667,978</u>	<u>1</u>	<u>1,588,104</u>	<u>1</u>	<u>1,824,270</u>	<u>1</u>
Total non-current assets	<u>153,311,400</u>	<u>83</u>	<u>152,491,808</u>	<u>83</u>	<u>148,046,263</u>	<u>83</u>
TOTAL	<u>\$ 184,999,133</u>	<u>100</u>	<u>\$ 184,584,602</u>	<u>100</u>	<u>\$ 178,731,818</u>	<u>100</u>

LIABILITIES AND EQUITY	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 9,400,000	5	\$ 9,800,000	5	\$ 20,930,000	12
Short-term notes and bills payable (Note 17)	12,796,309	7	14,195,385	8	5,397,446	3
Contract liabilities (Note 22)	1,745,623	1	1,892,749	1	1,782,559	1
Notes and accounts payable	8,282,443	4	9,625,964	5	7,546,419	5
Accounts payable due to related parties (Note 29)	195,233	-	160,556	-	152,333	-
Other payables (Note 29)	10,539,785	6	11,153,442	6	7,283,354	4
Current tax liabilities	2,747,122	1	2,192,429	1	2,238,348	1
Provisions (Note 19)	66,674	-	68,531	-	69,808	-
Lease liabilities (Notes 13, 26 and 29)	3,635,045	2	3,505,968	2	3,579,174	2
Long-term liabilities, current portion (Notes 17 and 18)	2,936,844	2	2,935,405	2	303,309	-
Other current liabilities (Note 29)	<u>3,005,145</u>	<u>2</u>	<u>3,001,890</u>	<u>2</u>	<u>2,316,079</u>	<u>1</u>
Total current liabilities	<u>55,350,223</u>	<u>30</u>	<u>58,532,319</u>	<u>32</u>	<u>51,598,829</u>	<u>29</u>
NON-CURRENT LIABILITIES						
Contract liabilities (Note 22)	97,320	-	102,767	-	42,394	-
Bonds payable (Note 18)	34,974,597	19	34,973,223	19	35,883,474	20
Long-term borrowings (Note 17)	8,726,644	5	8,780,081	5	4,535,222	3
Provisions (Note 19)	1,470,484	1	1,449,171	1	1,487,831	1
Deferred tax liabilities	1,102,398	-	1,063,734	-	997,953	-
Lease liabilities (Notes 13, 26 and 29)	5,785,452	3	5,530,987	3	5,929,848	3
Net defined benefit liabilities	519,644	-	534,071	-	510,961	-
Guarantee deposits	1,182,298	1	1,165,500	1	1,106,395	1
Other non-current liabilities	<u>401,438</u>	<u>-</u>	<u>462,537</u>	<u>-</u>	<u>462,565</u>	<u>-</u>
Total non-current liabilities	<u>54,260,275</u>	<u>29</u>	<u>54,062,071</u>	<u>29</u>	<u>50,956,643</u>	<u>28</u>
Total liabilities	<u>109,610,498</u>	<u>59</u>	<u>112,594,390</u>	<u>61</u>	<u>102,555,472</u>	<u>57</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)						
Common stock	35,124,215	19	35,124,215	19	35,093,545	20
Capital collected in advance	-	-	-	-	220	-
Capital surplus	18,914,711	10	18,936,574	10	20,276,637	11
Retained earnings						
Legal reserve	30,170,398	16	30,170,398	16	28,922,281	16
Special reserve	-	-	-	-	95,381	-
Unappropriated earnings	16,156,458	9	13,300,996	7	16,223,014	9
Other equity interests	(2,302,480)	(1)	(2,449,739)	(1)	(1,118,078)	(1)
Treasury stock	<u>(29,717,344)</u>	<u>(16)</u>	<u>(29,717,344)</u>	<u>(16)</u>	<u>(29,717,344)</u>	<u>(16)</u>
Total equity attributable to owners of the parent	68,345,958	37	65,365,100	35	69,775,656	39
NON-CONTROLLING INTERESTS (Note 21)	<u>7,042,677</u>	<u>4</u>	<u>6,625,112</u>	<u>4</u>	<u>6,400,690</u>	<u>4</u>
Total equity	<u>75,388,635</u>	<u>41</u>	<u>71,990,212</u>	<u>39</u>	<u>76,176,346</u>	<u>43</u>
TOTAL	<u>\$ 184,999,133</u>	<u>100</u>	<u>\$ 184,584,602</u>	<u>100</u>	<u>\$ 178,731,818</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22, 29 and 35)	\$ 35,312,590	100	\$ 31,852,679	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	<u>27,871,248</u>	<u>79</u>	<u>23,581,453</u>	<u>74</u>
GROSS PROFIT FROM OPERATIONS	<u>7,441,342</u>	<u>21</u>	<u>8,271,226</u>	<u>26</u>
OPERATING EXPENSES (Notes 29, 33 and 35)				
Marketing	2,439,107	7	2,433,456	8
Administrative	1,292,694	4	1,318,972	4
Research and development	57,510	-	49,760	-
Expected credit loss	<u>63,127</u>	<u>-</u>	<u>34,895</u>	<u>-</u>
Total operating expenses	<u>3,852,438</u>	<u>11</u>	<u>3,837,083</u>	<u>12</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>51,260</u>	<u>-</u>	<u>47,863</u>	<u>-</u>
OPERATING INCOME (Note 35)	<u>3,640,164</u>	<u>10</u>	<u>4,482,006</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	12,493	-	18,306	-
Other income	1,447	-	1,835	-
Other gains and losses, net (Note 23)	158,521	-	(6,228)	-
Finance costs (Note 23)	(155,883)	-	(144,658)	-
Share of loss of associates accounted for using equity method	<u>(7,753)</u>	<u>-</u>	<u>(21,328)</u>	<u>-</u>
Total non-operating income and expenses	<u>8,825</u>	<u>-</u>	<u>(152,073)</u>	<u>-</u>
PROFIT BEFORE TAX	3,648,989	10	4,329,933	14
INCOME TAX EXPENSE (Note 24)	<u>382,144</u>	<u>1</u>	<u>765,417</u>	<u>3</u>
NET PROFIT	<u>3,266,845</u>	<u>9</u>	<u>3,564,516</u>	<u>11</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	168,660	1	(1,554,374)	(5)
Share of other comprehensive income of associates accounted for using equity method	21,391	-	3,576	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation	(14,345)	-	(12,964)	-
Share of other comprehensive loss of associates accounted for using equity method	<u>(1,323)</u>	<u>-</u>	<u>(136)</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>174,383</u>	<u>1</u>	<u>(1,563,898)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,441,228</u>	<u>10</u>	<u>\$ 2,000,618</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 2,832,577	8	\$ 3,314,640	10
Non-controlling interests	<u>434,268</u>	<u>1</u>	<u>249,876</u>	<u>1</u>
	<u>\$ 3,266,845</u>	<u>9</u>	<u>\$ 3,564,516</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 3,002,721	9	\$ 1,757,422	5
Non-controlling interests	<u>438,507</u>	<u>1</u>	<u>243,196</u>	<u>1</u>
	<u>\$ 3,441,228</u>	<u>10</u>	<u>\$ 2,000,618</u>	<u>6</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 1.01</u>		<u>\$ 1.18</u>	
Diluted earnings per share	<u>\$ 1.00</u>		<u>\$ 1.17</u>	

The accompanying notes are an integral part of the consolidated financial statements.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent											Non-controlling Interests	Total Equity
	Common Stock	Capital Collected in Advanced	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total			
				Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2020	\$ 34,959,441	\$ 134,104	\$ 20,274,694	\$ 28,922,281	\$ 95,381	\$ 12,909,829	\$ (34,505)	\$ 473,410	\$(29,717,344)	\$ 68,017,291	\$ 6,158,984	\$ 74,176,275	
Profit for the three months ended March 31, 2020	-	-	-	-	-	3,314,640	-	-	-	3,314,640	249,876	3,564,516	
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	(235)	(6,432)	(1,550,551)	-	(1,557,218)	(6,680)	(1,563,898)	
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	3,314,405	(6,432)	(1,550,551)	-	1,757,422	243,196	2,000,618	
Conversion of convertible bonds to common stock	134,104	(133,884)	1,943	-	-	-	-	-	-	2,163	-	2,163	
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(1,220)	-	-	-	(1,220)	(1,490)	(2,710)	
BALANCE, MARCH 31, 2020	<u>\$ 35,093,545</u>	<u>\$ 220</u>	<u>\$ 20,276,637</u>	<u>\$ 28,922,281</u>	<u>\$ 95,381</u>	<u>\$ 16,223,014</u>	<u>\$ (40,937)</u>	<u>\$ (1,077,141)</u>	<u>\$(29,717,344)</u>	<u>\$ 69,775,656</u>	<u>\$ 6,400,690</u>	<u>\$ 76,176,346</u>	
BALANCE, JANUARY 1, 2021	\$ 35,124,215	\$ -	\$ 18,936,574	\$ 30,170,398	\$ -	\$ 13,300,996	\$ (31,679)	\$ (2,418,060)	\$(29,717,344)	\$ 65,365,100	\$ 6,625,112	\$ 71,990,212	
Profit for the three months ended March 31, 2021	-	-	-	-	-	2,832,577	-	-	-	2,832,577	434,268	3,266,845	
Other comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	-	(7,399)	177,543	-	170,144	4,239	174,383	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	2,832,577	(7,399)	177,543	-	3,002,721	438,507	3,441,228	
Changes in equity of associates accounted for using equity method	-	-	21	-	-	-	-	-	-	21	26	47	
Disposal of investments accounted for using equity method	-	-	(21,884)	-	-	22,885	-	(22,885)	-	(21,884)	(20,968)	(42,852)	
BALANCE, MARCH 31, 2021	<u>\$ 35,124,215</u>	<u>\$ -</u>	<u>\$ 18,914,711</u>	<u>\$ 30,170,398</u>	<u>\$ -</u>	<u>\$ 16,156,458</u>	<u>\$ (39,078)</u>	<u>\$ (2,263,402)</u>	<u>\$(29,717,344)</u>	<u>\$ 68,345,958</u>	<u>\$ 7,042,677</u>	<u>\$ 75,388,635</u>	

The accompanying notes are an integral part of the consolidated financial statements.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 3,648,989	\$ 4,329,933
Adjustments for:		
Depreciation expense	3,022,854	2,765,705
Amortization expense	1,185,296	852,734
Amortization of incremental costs of obtaining a contract	369,214	483,739
(Gain) Loss on disposal and retirement of property, plant and equipment, net	(65,058)	14,949
Expected credit loss	63,127	34,895
Finance costs	155,883	144,658
Interest income	(12,493)	(18,306)
Gain on disposal of investments accounted for using equity method	(99,052)	-
Share of loss of associates accounted for using equity method	7,753	21,328
Valuation loss on financial assets at fair value through profit or loss	-	149
Others	747	2,398
Changes in operating assets and liabilities		
Contract assets	(466,818)	206,389
Notes and accounts receivable	262,248	503,080
Notes and accounts receivable due from related parties	(151,802)	(19,938)
Other receivables	(408,371)	(14,876)
Inventories	1,104,653	1,924,022
Prepayments	(36,446)	(216,358)
Other current assets	9,308	68,092
Other financial assets	7,067	(1,390)
Incremental costs of obtaining a contract	(335,244)	(372,427)
Contract liabilities	(152,573)	(27,747)
Notes and accounts payable	(1,343,521)	(113,866)
Accounts payable due to related parties	34,677	17,171
Other payables	(1,008,605)	(1,186,701)
Provisions	5,650	(3,200)
Other current liabilities	5,165	(147,507)
Net defined benefit liabilities	(14,427)	(6,214)
Cash inflows generated from operating activities	5,788,221	9,240,712
Interest received	1,478	1,550
Interest paid	(229)	(314)
Income taxes (paid) received	206,692	(6,490)
Net cash generated from operating activities	5,996,162	9,235,458

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TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (2,787,894)	\$ (1,388,647)
Acquisition of right-of-use assets	(8,968)	(9,833)
Acquisition of intangible assets	(107,821)	(29,748,793)
Increase in prepayments for equipment	(37,650)	(166,746)
Proceeds from disposal of property, plant and equipment	127,447	1,012
Increase in advanced receipts from assets disposals	161	147
Disposal of investments accounted for equity method	466,547	-
Proceeds from capital return of investments accounted for using equity method	-	33,298
Acquisition of financial assets at fair value through other comprehensive income	-	(400,000)
Increase in refundable deposits	(108,295)	(71,841)
Decrease in refundable deposits	101,698	46,802
Increase in other financial assets	(187)	(100,227)
Decrease in other financial assets	5,954	1,505
Interest received	7,144	12,092
Dividend received	<u>7,914</u>	<u>-</u>
Net cash used in investing activities	<u>(2,333,950)</u>	<u>(31,791,231)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(400,000)	4,660,000
Increase (decrease) in short-term notes and bills payable	(1,397,385)	3,496,713
Proceeds from issue of bonds	-	19,979,415
Repayment of long-term borrowings	(61,383)	(4,051,000)
Repayment of the principal portion of lease liabilities	(1,019,556)	(997,335)
Increase in guarantee deposits received	36,665	34,339
Decrease in guarantee deposits received	(21,147)	(20,666)
Interest paid	<u>(221,258)</u>	<u>(106,918)</u>
Net cash generated from (used in) financing activities	<u>(3,084,064)</u>	<u>22,994,548</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	<u>(851)</u>	<u>(1,114)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>577,297</u>	<u>437,661</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>10,777,791</u>	<u>8,663,370</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 11,355,088</u>	<u>\$ 9,101,031</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Mobile Co., Ltd. (TWM) was incorporated in Taiwan, the Republic of China (ROC) on February 25, 1997. TWM's stock was listed on the ROC Over-the-Counter Securities Exchange (currently known as The Taipei Exchange, TPEx) on September 19, 2000. On August 26, 2002, TWM's stock was shifted to be listed on the Taiwan Stock Exchange. TWM is mainly engaged in rendering wireless communication services and the sale of mobile phones and accessories, games, e-books and value-added services.

TWM received a second-generation (2G) mobile telecommunications concession operation license issued by the Directorate General of Telecommunications (DGT) of the ROC. The license allows TWM to provide services for 15 years from 1997 onwards. The 2G concession license had been renewed by the National Communications Commission (NCC) and terminated on June 30, 2017. TWM received a third-generation (3G) concession license issued by the DGT in March 2005, and the 3G concession license terminated on December 31, 2018. TWM participated in the mobile spectrum auctions held by NCC for the need of long-term business development and from April 2014 to June 2018 acquired the concession licenses for the fourth-generation (4G) mobile broadband spectrum in the 700MHz, 1800MHz and 2100MHz frequency bands separately, and the aforementioned licenses are valid until December 2030 and December 2033, respectively. In June 2020, TWM acquired the concession licenses for the fifth-generation (5G) mobile broadband spectrum in the 3500MHz and 28000MHz frequency bands, and the aforementioned licenses are valid until December 2040.

The accompanying consolidated financial statements comprise of TWM and its subsidiaries (collectively, the "Group").

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on May 4, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

- b. New IFRSs issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 4)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 5)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 6)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 7)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the following description, the significant accounting policies adopted for the consolidated financial statements are the same as those adopted for the consolidated financial statements for the year ended December 31, 2020.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs endorsed and issued into effect by the FSC.

Basis of Consolidation

- a. The basis of preparing the consolidated financial statements is the same as that of the consolidated financial statements for the year ended December 31, 2020.
- b. The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00%	100.00%	100.00%	-
	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00%	100.00%	100.00%	-
	TWM Venture Co., Ltd. (TVC)	Investment	100.00%	100.00%	100.00%	-
	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90%	49.90%	49.90%	-
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00%	100.00%	100.00%	-
	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00%	100.00%	100.00%	-
	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00%	100.00%	100.00%	-
	TCC Investment Co., Ltd. (TCCI)	Investment	100.00%	100.00%	100.00%	Note 1
	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance services	100.00%	100.00%	100.00%	-
	Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Property insurance agent	100.00%	100.00%	100.00%	-
	Tai-Fu Cloud Technology Co., Ltd. (TFC)	Type II telecommunications business	100.00%	100.00%	100.00%	-
WMT	TFN Media Co., Ltd. (TFNM)	Type II telecommunications business	100.00%	100.00%	100.00%	-
	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00%	100.00%	100.00%	-
	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00%	100.00%	100.00%	-
	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00%	100.00%	100.00%	-
TFN	momo.com Inc. (momo)	Wholesale and retail sales	45.01%	45.01%	45.01%	-
	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	100.00%	Note 1

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00%	100.00%	100.00%	-
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	100.00%	Note 1
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music services	100.00%	100.00%	100.00%	-
	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53%	29.53%	29.53%	Note 2
	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	99.22%	99.22%	99.22%	-
	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	92.38%	92.38%	92.38%	-
	UCTV	Cable TV service provider	0.76%	0.76%	0.76%	-
GFMT	GCTV	Cable TV service provider	6.83%	6.83%	6.83%	-
GWMT momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	81.99%	-
	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	100.00%	-
	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	100.00%	-
	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	100.00%	-
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00%	85.00%	85.00%	-
	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics and transport	100.00%	100.00%	100.00%	-
	MFS Co., Ltd. (MFS)	Wholesaling	100.00%	100.00%	-	Note 3
	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%	100.00%	-
	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	100.00%	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.55%	93.55%	93.55%	-

(Concluded)

Note 1: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 19.89% of total outstanding shares as of March 31, 2021.

Note 2: The other 70.47% of shares were held under trustee accounts.

Note 3: Set up in July 2020.

c. Subsidiaries excluded from the consolidated financial statements: None.

Employee Benefits

Defined benefit pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the profit before tax of the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed when preparing these interim consolidated financial statements as those that were applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and revolving funds	\$ 79,428	\$ 100,230	\$ 56,520
Cash in banks	5,553,609	6,199,436	3,840,585
Time deposits	3,325,948	2,035,253	2,746,246
Government bonds with repurchase rights	<u>2,396,103</u>	<u>2,442,872</u>	<u>2,457,680</u>
	<u>\$ 11,355,088</u>	<u>\$ 10,777,791</u>	<u>\$ 9,101,031</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Investments in equity instruments - current</u>			
Domestic investments			
Listed stocks	\$ 242,347	\$ 236,913	\$ 2,827,259
Foreign investments			
Unlisted stocks	<u>16,942</u>	<u>8,533</u>	<u>2,551</u>
	<u>\$ 259,289</u>	<u>\$ 245,446</u>	<u>\$ 2,829,810</u>
<u>Investments in equity instruments - non-current</u>			
Domestic investments			
Listed stocks	\$ 927,983	\$ 981,427	\$ 553,875
Unlisted stocks	663,033	657,756	662,034
Foreign investments			
Limited partnerships	401,564	249,827	336,665
Unlisted stocks	<u>500,807</u>	<u>400,736</u>	<u>30,872</u>
	<u>\$ 2,493,387</u>	<u>\$ 2,289,746</u>	<u>\$ 1,583,446</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believed that recognizing short-term fluctuations from these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

In January 2020, the Directors of TFN resolved that TFN would sell all its equity interest in Taiwan High Speed Rail Corporation (THSR) to monetize financial assets, and, therefore, the subject equity investment in THSR was subsequently reclassified from non-current to current. TFN sold all of THSR's stock in 2020.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 17,313	\$ 109,259	\$ 71,775
Accounts receivable	7,025,839	7,835,539	7,356,572
Less: Allowance for impairment loss	<u>(325,048)</u>	<u>(306,755)</u>	<u>(320,122)</u>
	<u>\$ 6,718,104</u>	<u>\$ 7,638,043</u>	<u>\$ 7,108,225</u>

The main credit terms range from 30 to 90 days.

The Group serves a large consumer base for telecommunications business; therefore, the concentration of credit risk is limited. When entering into transactions with customers, the Group considers the record of arrears in the past. In addition, the Group may also collect some telecommunication charges in advance to reduce the risk of payment arrears in subsequent periods.

The Group adopted a policy of dealing with counterparties with considerable scale of operations, certain credit ratings and financial conditions for project business. In addition to examining publicly available financial information and its own historical transaction experience, the Group obtains collateral where necessary to mitigate the risk of loss arising from default. The Group continues to monitor the credit exposure and financial and credit conditions of its counterparties, and spreads the total amount of the transactions among qualified counterparties.

In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix approach considering the past default experiences of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators such as the industrial economic conditions. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision matrix does not distinguish customer segments. As a result, the expected credit loss rate is based on the number of past due days of trade receivables.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

Movements of allowance for doubtful notes and accounts receivable by individual and collective assessment were as follows:

March 31, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,400,530	\$ 501,591	\$ 136,611	\$ 4,420	\$ 7,043,152
Loss allowance (Lifetime ECLs)	<u>(50,004)</u>	<u>(141,364)</u>	<u>(129,323)</u>	<u>(4,357)</u>	<u>(325,048)</u>
Amortized cost	<u>\$ 6,350,526</u>	<u>\$ 360,227</u>	<u>\$ 7,288</u>	<u>\$ 63</u>	<u>\$ 6,718,104</u>

December 31, 2020

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 7,322,918	\$ 489,896	\$ 127,120	\$ 4,864	\$ 7,944,798
Loss allowance (Lifetime ECLs)	<u>(57,523)</u>	<u>(123,915)</u>	<u>(120,541)</u>	<u>(4,776)</u>	<u>(306,755)</u>
Amortized cost	<u>\$ 7,265,395</u>	<u>\$ 365,981</u>	<u>\$ 6,579</u>	<u>\$ 88</u>	<u>\$ 7,638,043</u>

March 31, 2020

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,855,491	\$ 394,093	\$ 177,134	\$ 1,629	\$ 7,428,347
Loss allowance (Lifetime ECLs)	<u>(49,444)</u>	<u>(100,966)</u>	<u>(168,083)</u>	<u>(1,629)</u>	<u>(320,122)</u>
Amortized cost	<u>\$ 6,806,047</u>	<u>\$ 293,127</u>	<u>\$ 9,051</u>	<u>\$ -</u>	<u>\$ 7,108,225</u>

Expected credit loss rates of the Group for the aforementioned periods were as follows:

	Not Past Due and Past Due within 120 Days	Past Due Over 120 Days
Telecommunications services	0.02%-85%	65.5%-100%
Retail business and others	below 10%	10%-100%

Movements of the loss allowance of notes and accounts receivable were as follows:

	For the Three Months Ended March 31	
	2021	2020
Beginning balance	\$ 306,755	\$ 345,458
Add: Provision	58,293	33,344
Recovery	11,209	7,511
Less: Write-off	<u>(51,209)</u>	<u>(66,191)</u>
Ending balance	<u>\$ 325,048</u>	<u>\$ 320,122</u>

9. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Merchandise	\$ 4,651,556	\$ 5,756,903	\$ 3,761,440
Materials for maintenance	<u>10,055</u>	<u>9,361</u>	<u>9,014</u>
	<u>\$ 4,661,611</u>	<u>\$ 5,766,264</u>	<u>\$ 3,770,454</u>

For the three months ended March 31, 2021 and 2020, the cost of goods sold related to inventories amounted to \$20,238,139 thousand and \$16,641,532 thousand, respectively, which included the reversal of inventory write-down totaling \$7,130 thousand, and the inventory write-down totaling \$23,516 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Associates, which were not individually material and were accounted for using equity method, were as follows:

Investee Company	March 31, 2021		December 31, 2020		March 31, 2020	
	Amount	% of Owner-ship	Amount	% of Owner-ship	Amount	% of Owner-ship
Global Home Shopping Co., Ltd. (GHS)	\$ 608,621	20.00	\$ 606,376	20.00	\$ 532,537	20.00
AppWorks Ventures Co., Ltd. (AppWorks)	268,117	51.00	265,526	51.00	218,677	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	314,485	20.11	315,027	20.11	-	-
TV Direct Public Company Limited (TV Direct)	169,668	24.94	192,103	24.99	-	-
TVD Shopping Co., Ltd. (TVD Shopping)	-	-	-	-	80,520	35.00
kbro Media Co., Ltd. (kbro Media)	160,487	33.58	167,135	33.58	129,218	32.50
Mistake Entertainment Co., Ltd. (M.E.)	25,480	15.00	25,698	15.00	25,587	15.00
Alliance Digital Tech Co., Ltd. (ADT)	8,615	14.40	8,615	14.40	6,072	14.40
Taiwan Pelican Express Co., Ltd. (TPE)	<u>-</u>	-	<u>386,414</u>	15.50	<u>419,831</u>	17.70
	<u>\$ 1,555,473</u>		<u>\$ 1,966,894</u>		<u>\$ 1,412,442</u>	

a. GHS

In June 2015, momo acquired 20% equity interest of GHS through its subsidiary.

As momo's subsidiary did not participate in GHS's capital increase in October 2015, its percentage of ownership interest in GHS decreased to 18%. In January 2016, its percentage of ownership interest in GHS increased to 20% due to the acquisition of an additional 2% equity interest of GHS.

b. AppWorks

In September 2019, TWM acquired 51% equity interest of AppWorks. TWM has no control over AppWorks due to its holding less than half number of seats on AppWorks' board of directors. Therefore, TWM only has significant influence on AppWorks and accounts for its investment in AppWorks as an associate of TWM, under the equity-method of accounting.

c. AppWorks Fund III

In April 2020, TVC acquired 19.46% equity interest of AppWorks Fund III. TVC has significant influence on AppWorks Fund III since the president of TWM serves as the chairman of AppWorks Fund III. In August 2020, TVC's percentage of ownership interest in AppWorks Fund III increased to 20.11% due to non-proportionate subscription to AppWorks Fund III's issuance of new capital stock.

d. TV Direct

In June 2020, momo acquired 16.2% equity interest of TV Direct and had significant influence on TV Direct. In the second half of 2020, momo's percentage of ownership interest in TV Direct increased to 24.99% due to its acquisition of an additional 8.79% equity interest of TV Direct. momo's percentage of ownership interest in TV Direct decreased to 24.94% due to the exercise of the share options, which were granted by TV Direct, in January 2021.

e. TVD Shopping

In April 2014, momo acquired 35% equity interest of TVD Shopping.

In January 2020, an extraordinary stockholders' meeting of TVD Shopping resolved to reduce its capital stock. momo received \$33,298 thousand as a proportional capital reduction in March 2020.

In June 2020, momo sold all of its equity interest of TVD Shopping to TV Direct.

f. kbro Media

In August 2012, TFNM acquired 32.5% equity interest of kbro Media.

In November 2020, kbro Media both decreased and increased capital. TFNM's percentage of ownership interest in kbro Media increased to 33.58% due to non-proportionate subscription to kbro Media's issuance of new capital stock.

g. M.E.

In May 2019, TKT acquired 15% equity interest of M.E. TKT has significant influence on M.E. due to its having a seat on M.E.'s board of directors.

h. ADT

In November 2013, TWM acquired 19.23% equity interest of ADT.

In 2014, TWM's percentage of ownership interest in ADT decreased to 13.33% as TWM did not subscribe for any newly issued ADT stock. In December 2016, TWM increased its percentage of ownership interest in ADT to 14.4% by subscribing for new stock issued by ADT. TWM still has significant influence on ADT due to having a seat on ADT's board of directors.

ADT had resolved December 31, 2018 as the dissolution date. As of March 31, 2021, ADT was still under liquidation procedures.

i. TPE

In August 2012, momo acquired 20% equity interest of TPE.

In December 2013, momo's percentage of ownership interest in TPE decreased to 17.7% as it did not subscribe for the new stock issued by TPE and sold part of its stock when TPE went public.

momo's percentage of ownership interest in TPE decreased to 15.5% since momo sold portion of its equity interests in TPE during the period from May to July 2020, whilst momo still had two seats on TPE's board of directors. In March 2021, momo sold the rest of its equity interests in TPE for \$466,547 thousand.

11. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Subsidiary	Proportion of Non-controlling Interests' Ownership and Voting Rights		
	March 31, 2021	December 31, 2020	March 31, 2020
momo	54.99%	54.99%	54.99%

For information on the principal place of business and the company's country of registration, see Table 7.

The summarized financial information of momo and its subsidiaries had taken into account the adjustments to acquisition-date fair value, and reflected the amounts before eliminations of intercompany transactions as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 10,232,649	\$ 9,932,680	\$ 7,927,932
Non-current assets	15,041,309	15,349,820	14,541,659
Current liabilities	(8,798,802)	(9,651,475)	(7,378,842)
Non-current liabilities	<u>(1,307,488)</u>	<u>(1,207,579)</u>	<u>(1,014,503)</u>
Equity	<u>\$ 15,167,668</u>	<u>\$ 14,423,446</u>	<u>\$ 14,076,246</u>
Equity attributable to:			
Owners of the parent	\$ 10,007,229	\$ 9,671,655	\$ 9,513,762
Non-controlling interests of momo	5,145,703	4,735,804	4,542,940
Non-controlling interests of momo's subsidiaries	<u>14,736</u>	<u>15,987</u>	<u>19,544</u>
	<u>\$ 15,167,668</u>	<u>\$ 14,423,446</u>	<u>\$ 14,076,246</u>

	For the Three Months Ended March 31	
	2021	2020
Operating revenue	\$ 18,361,218	\$ 15,105,707
Profit	\$ 779,278	\$ 441,331
Other comprehensive income (loss)	<u>7,750</u>	<u>(12,073)</u>
Comprehensive income	<u>\$ 787,028</u>	<u>\$ 429,258</u>
Profit (loss) attributable to:		
Owners of the parent	\$ 353,926	\$ 198,944
Non-controlling interests of momo	426,554	243,008
Non-controlling interests of momo's subsidiaries	<u>(1,202)</u>	<u>(621)</u>
	<u>\$ 779,278</u>	<u>\$ 441,331</u>
Comprehensive income (loss) attributable to:		
Owners of the parent	\$ 357,437	\$ 193,550
Non-controlling interests of momo	430,842	236,421
Non-controlling interests of momo's subsidiaries	<u>(1,251)</u>	<u>(713)</u>
	<u>\$ 787,028</u>	<u>\$ 429,258</u>
	For the Three Months Ended March 31	
	2021	2020
Net cash generated from operating activities	\$ 549,998	\$ 898,283
Net cash generated from (used in) investing activities	393,209	(252,937)
Net cash used in financing activities	(114,084)	(88,495)
Effect of exchange rate changes	<u>(158)</u>	<u>(270)</u>
Net increase in cash	<u>\$ 828,965</u>	<u>\$ 556,581</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2021	\$ 9,101,010	\$ 5,725,270	\$ 96,632,051	\$ 9,934,447	\$ 2,950,912	\$ 124,343,690
Additions	-	-	31,089	79,955	3,168,713	3,279,757
Disposals and retirements	-	-	(388,705)	(47,829)	(2)	(436,536)
Reclassification	-	-	2,148,938	71,601	(2,220,758)	(219)
Effect of exchange rate changes	<u>-</u>	<u>-</u>	<u>(673)</u>	<u>(44)</u>	<u>-</u>	<u>(717)</u>
Balance, March 31, 2021	<u>\$ 9,101,010</u>	<u>\$ 5,725,270</u>	<u>\$ 98,422,700</u>	<u>\$ 10,038,130</u>	<u>\$ 3,898,865</u>	<u>\$ 127,185,975</u>

(Continued)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2021	\$ -	\$ 1,840,925	\$ 71,461,532	\$ 8,561,919	\$ -	\$ 81,864,376
Depreciation	-	40,756	1,794,745	179,569	-	2,015,070
Disposals and retirements	-	-	(343,773)	(45,250)	-	(389,023)
Reclassification	-	-	(415)	(21)	-	(436)
Effect of exchange rate changes	-	-	(656)	(42)	-	(698)
Balance, March 31, 2021	<u>\$ -</u>	<u>\$ 1,881,681</u>	<u>\$ 72,911,433</u>	<u>\$ 8,696,175</u>	<u>\$ -</u>	<u>\$ 83,489,289</u>
Carrying amount, January 1, 2021	<u>\$ 9,101,010</u>	<u>\$ 3,884,345</u>	<u>\$ 25,170,519</u>	<u>\$ 1,372,528</u>	<u>\$ 2,950,912</u>	<u>\$ 42,479,314</u>
Carrying amount, March 31, 2021	<u>\$ 9,101,010</u>	<u>\$ 3,843,589</u>	<u>\$ 25,511,267</u>	<u>\$ 1,341,955</u>	<u>\$ 3,898,865</u>	<u>\$ 43,696,686</u>
<u>Cost</u>						
Balance, January 1, 2020	\$ 8,261,041	\$ 5,641,608	\$ 90,366,481	\$ 9,549,160	\$ 1,506,915	\$ 115,325,205
Additions	-	-	51,228	82,851	853,381	987,460
Disposals and retirements	-	-	(126,183)	(9,757)	(24)	(135,964)
Reclassification	193	653	863,392	49,230	(917,192)	(3,724)
Effect of exchange rate changes	-	-	(834)	(54)	-	(888)
Balance, March 31, 2020	<u>\$ 8,261,234</u>	<u>\$ 5,642,261</u>	<u>\$ 91,154,084</u>	<u>\$ 9,671,430</u>	<u>\$ 1,443,080</u>	<u>\$ 116,172,089</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2020	\$ -	\$ 1,649,207	\$ 69,379,600	\$ 8,114,393	\$ -	\$ 79,143,200
Depreciation	-	40,292	1,566,092	171,413	-	1,777,797
Disposals and retirements	-	-	(110,441)	(9,562)	-	(120,003)
Reclassification	-	333	-	-	-	333
Effect of exchange rate changes	-	-	(776)	(47)	-	(823)
Balance, March 31, 2020	<u>\$ -</u>	<u>\$ 1,689,832</u>	<u>\$ 70,834,475</u>	<u>\$ 8,276,197</u>	<u>\$ -</u>	<u>\$ 80,800,504</u>
Carrying amount, March 31, 2020	<u>\$ 8,261,234</u>	<u>\$ 3,952,429</u>	<u>\$ 20,319,609</u>	<u>\$ 1,395,233</u>	<u>\$ 1,443,080</u>	<u>\$ 35,371,585</u>

(Concluded)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Primary buildings	20-55 years
Mechanical and electrical equipment	5-15 years
Telecommunications equipment and machinery	1-20 years
Others	1-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Land	\$ 526,042	\$ 530,915	\$ 577,735
Buildings	8,160,211	7,713,486	7,975,211
Telecommunications equipment and machinery	577,020	597,078	797,427
Others	<u>154,037</u>	<u>169,811</u>	<u>188,092</u>
	<u>\$ 9,417,310</u>	<u>\$ 9,011,290</u>	<u>\$ 9,538,465</u>
		For the Three Months Ended March 31	
		2021	2020
Additions to right-of-use assets		<u>\$ 1,504,215</u>	<u>\$ 963,995</u>
Depreciation charge for right-of-use assets			
Land		\$ 60,100	\$ 59,690
Buildings		886,673	860,774
Telecommunications equipment and machinery		40,837	47,214
Others		<u>15,599</u>	<u>15,131</u>
		<u>\$ 1,003,209</u>	<u>\$ 982,809</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2021 and 2020.

b. Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Carrying amounts</u>			
Current	<u>\$ 3,635,045</u>	<u>\$ 3,505,968</u>	<u>\$ 3,579,174</u>
Non-current	<u>\$ 5,785,452</u>	<u>\$ 5,530,987</u>	<u>\$ 5,929,848</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land	0.61%-1%	0.74%-1%	0.78%-1%
Buildings	0.61%-1.2%	0.72%-1.2%	0.78%-5.44%
Telecommunications equipment and machinery	0.61%-4.38%	0.74%-4.38%	0.78%-4.38%
Others	0.61%-0.86%	0.74%-0.86%	0.78%-0.86%

c. Material lease-in activities and terms

The Group leases base transceiver stations, machine rooms, stores, offices, warehouses, maintenance centers, equipment, etc., with most of the lease terms ranging from 1 to 6 years. The Group does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, the Group is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents in some lease agreements. The Group can early terminate the arrangements if there are any controversial or other incidental matters that will cause the leasehold assets not being able to meet the purposes of use.

d. Other lease information

	For the Three Months Ended March 31	
	2021	2020
Expenses related to short-term leases	\$ 9,909	\$ 9,044
Expenses related to low-value asset leases	\$ 17,351	\$ 18,482
Expenses related to variable lease payments and not included in the measurement of lease liabilities	\$ 10,419	\$ 11,445
Total cash outflow for leases	\$ 1,086,899	\$ 1,069,085

14. INVESTMENT PROPERTIES

The Group leases its properties to others and thus reclassifies them from property, plant and equipment to investment properties.

The fair values of investment properties were measured using Level 3 inputs, arising from income approach, comparative approach, and cost approach adopted by a third party real estate appraiser, HomeBan Appraisers Joint Firm. As of March 31, 2021, December 31, 2020 and March 31, 2020, the fair values of investment properties were \$6,160,847 thousand, \$6,160,847 thousand and \$7,355,209 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.46%-5.23%, 1.46%-5.23% and 1.32%-4.95%, respectively.

The amounts of depreciation recognized for the three months ended March 31, 2021 and 2020 were \$4,575 thousand and \$5,099 thousand, respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 136,887	\$ 135,195	\$ 154,693
Year 2	128,884	129,010	139,778
Year 3	42,375	76,399	132,900
Year 4	22,906	24,532	47,154
Year 5	22,220	22,392	29,413
Year 6 and thereafter	<u>11,110</u>	<u>18,517</u>	<u>41,981</u>
	<u>\$ 364,382</u>	<u>\$ 406,045</u>	<u>\$ 545,919</u>

15. INTANGIBLE ASSETS

	Concessions		Goodwill	Other Intangible Assets					Total
	Concession Licenses	Service Concessions		Computer Software	Customer Relationships	Operating Rights	Trademarks	Copyrights	
<u>Cost</u>									
Balance, January 1, 2021	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,231,391	\$ 2,654,089	\$ 1,382,000	\$ 2,517,900	\$ 63,133	\$ 105,600,561
Additions	-	-	-	45,084	-	-	9	2,705	47,798
Disposals and retirements	-	-	-	(11,172)	-	-	-	-	(11,172)
Reclassification	-	-	-	2,878	-	-	-	27,821	30,699
Effect of exchange rate changes	-	-	-	(111)	-	-	-	-	(111)
Balance, March 31, 2021	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,268,070</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,909</u>	<u>\$ 93,659</u>	<u>\$ 105,667,775</u>
<u>Accumulated amortization and impairment</u>									
Balance, January 1, 2021	\$ 13,687,264	\$ 1,388,744	\$ 53,487	\$ 2,864,980	\$ 1,783,463	\$ -	\$ 1,725	\$ 54,387	\$ 19,834,050
Amortization	1,031,505	44,680	-	66,076	34,100	-	32	8,903	1,185,296
Disposals and retirements	-	-	-	(11,172)	-	-	-	-	(11,172)
Effect of exchange rate changes	-	-	-	(102)	-	-	-	-	(102)
Balance, March 31, 2021	<u>\$ 14,718,769</u>	<u>\$ 1,433,424</u>	<u>\$ 53,487</u>	<u>\$ 2,919,782</u>	<u>\$ 1,817,563</u>	<u>\$ -</u>	<u>\$ 1,757</u>	<u>\$ 63,290</u>	<u>\$ 21,008,072</u>
Carrying amount, January 1, 2021	<u>\$ 58,012,111</u>	<u>\$ 6,791,334</u>	<u>\$ 15,819,108</u>	<u>\$ 366,411</u>	<u>\$ 870,626</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,175</u>	<u>\$ 8,746</u>	<u>\$ 85,766,511</u>
Carrying amount, March 31, 2021	<u>\$ 56,980,606</u>	<u>\$ 6,746,654</u>	<u>\$ 15,819,108</u>	<u>\$ 348,288</u>	<u>\$ 836,526</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,152</u>	<u>\$ 30,369</u>	<u>\$ 84,659,703</u>
<u>Cost</u>									
Balance, January 1, 2020	\$ 41,043,375	\$ 8,180,078	\$ 15,872,595	\$ 4,096,570	\$ 2,654,089	\$ 1,382,000	\$ 2,517,884	\$ 25,197	\$ 75,771,788
Additions	29,656,000	-	-	29,110	-	-	18	9,582	29,694,710
Disposals and retirements	-	-	-	(5,563)	-	-	-	-	(5,563)
Reclassification	1,000,000	-	-	11,031	-	-	-	-	1,011,031
Effect of exchange rate changes	-	-	-	(138)	-	-	-	-	(138)
Balance, March 31, 2020	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 4,131,010</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,902</u>	<u>\$ 34,779</u>	<u>\$ 106,471,828</u>
<u>Accumulated amortization and impairment</u>									
Balance, January 1, 2020	\$ 10,303,927	\$ 1,210,025	\$ 40,155	\$ 3,465,304	\$ 1,647,063	\$ -	\$ 1,642	\$ 25,197	\$ 16,693,313
Amortization	660,164	44,679	-	108,686	34,100	-	37	5,068	852,734
Disposals and retirements	-	-	-	(5,563)	-	-	-	-	(5,563)
Effect of exchange rate changes	-	-	-	(113)	-	-	-	-	(113)
Balance, March 31, 2020	<u>\$ 10,964,091</u>	<u>\$ 1,254,704</u>	<u>\$ 40,155</u>	<u>\$ 3,568,314</u>	<u>\$ 1,681,163</u>	<u>\$ -</u>	<u>\$ 1,679</u>	<u>\$ 30,265</u>	<u>\$ 17,540,371</u>
Carrying amount, March 31, 2020	<u>\$ 60,735,284</u>	<u>\$ 6,925,374</u>	<u>\$ 15,832,440</u>	<u>\$ 562,696</u>	<u>\$ 972,926</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,223</u>	<u>\$ 4,514</u>	<u>\$ 88,931,457</u>

The above intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Concession licenses	14-21 years
Service concessions	44-50 years
Computer software	1-10 years
Customer relationships	20 years
Trademarks	10 years
Copyrights	Amortized over the broadcast period

a. Service concessions

On January 15, 2009, TNH signed a BOT contract with the Taipei City Government. Under the BOT contract, TNH obtained the right to build and operate a development project located at the old Songshan Tobacco Plant. The development concession premium of superficies is amortized on a straight-line basis during the contract period, and the construction costs are amortized on a straight-line basis from the completion date of the construction to the BOT contract expiry date.

b. Customer relationships, operating rights, and trademarks

The Group measures the fair value of acquired assets when acquisitions occur, and identifies the fair value and amortization periods of the intangible assets which conform to materiality and related standards. Although some of the intangible assets such as operating rights and trademarks have legal useful lives, which can be extended, the Group regards these assets as intangible assets with indefinite useful lives.

- 1) On April 17, 2007, TFN, one of TWM's wholly-owned subsidiaries, acquired more than 50% of the former Taiwan Fixed Network Co., Ltd. (formerly "TFN") through a public tender offer. TWM split the former TFN and its subsidiaries into two cash-generating units, i.e., fixed network services and cable television business. Accordingly, customer relationships and operating rights are identified as major intangible assets.
- 2) On September 1, 2010, TFNM, one of TWM's wholly-owned subsidiaries, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired net assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationships are identified as major intangible assets.
- 3) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, acquired control over momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

c. Goodwill

The carrying amounts of goodwill allocated to the cash-generating units were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Mobile communication services	\$ 7,211,936	\$ 7,211,936	\$ 7,211,936
Fixed network services	357,970	357,970	357,970
Cable television business	3,269,636	3,269,636	3,269,636
Retail business	<u>4,979,566</u>	<u>4,979,566</u>	<u>4,992,898</u>
	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>	<u>\$ 15,832,440</u>

d. Impairment of assets

See Note 15(e) to the consolidated financial statements for the year ended December 31, 2020 for the related information on impairment of assets. There was no significant evidence indicating impairment of intangible assets as of March 31, 2021.

16. OTHER NON-CURRENT ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
Long-term accounts receivable	\$ 310,696	\$ 296,045	\$ 356,562
Refundable deposits	698,409	698,876	658,901
Other prepayments	184,601	119,006	345,030
Others	<u>474,272</u>	<u>474,177</u>	<u>463,777</u>
	<u>\$ 1,667,978</u>	<u>\$ 1,588,104</u>	<u>\$ 1,824,270</u>

17. BORROWINGS

a. Short-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	<u>\$ 9,400,000</u>	<u>\$ 9,800,000</u>	<u>\$ 20,930,000</u>
Annual interest rates	0.59%-0.90%	0.64%-0.88%	0.68%-0.89%

For the information on endorsements and guarantees, see Note 31(b).

b. Short-term notes and bills payable

	March 31, 2021	December 31, 2020	March 31, 2020
Short-term notes and bills payable	\$ 12,800,000	\$ 14,200,000	\$ 5,400,000
Less: Discounts on short-term notes and bills payable	<u>(3,691)</u>	<u>(4,615)</u>	<u>(2,554)</u>
	<u>\$ 12,796,309</u>	<u>\$ 14,195,385</u>	<u>\$ 5,397,446</u>
Annual interest rates	0.308%-0.318%	0.328%-0.418%	0.618%-0.638%

c. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured loans	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Secured loans	2,535,180	2,586,036	2,838,531
Commercial papers payable	6,500,000	6,500,000	-
Less: Current portion	(2,303,387)	(2,303,375)	(303,309)
Less: Discounts on commercial papers payable	<u>(5,149)</u>	<u>(2,580)</u>	<u>-</u>
	<u>\$ 8,726,644</u>	<u>\$ 8,780,081</u>	<u>\$ 4,535,222</u>
Annual interest rates:			
Unsecured loans	0.79%	0.79%	0.79%
Secured loans	1.50%	1.7495%	1.7495%
Commercial papers payable	0.687%-0.697%	0.687%-0.697%	-

1) Unsecured loans

TWM entered into credit facility agreements with a group of banks for mid-term requirements of operating capital, and the interest is paid periodically. Under certain credit agreements, the loans are treated as revolving credit facilities, and the maturity dates of the loans are based on terms under the agreements. In addition, the expiry date of the repayments is in July 2021, and some credit facilities are subject to financial covenants regarding debt ratios and interest protection multiples during the credit facility period.

2) Secured loans

TNH entered into a syndicated loan agreement, with respect to the investment under the aforementioned BOT contract. The credit agreement originally signed in 2010 has been early terminated. TNH signed another credit agreement with Bank of Taiwan for a \$3,400,000 thousand credit amount and a \$65,000 thousand guarantee amount in 2017. The agreement started from the date of the first drawdown of the loan and would last for 7 years with interest payments made on a monthly basis. In accordance with the loan agreement, the regular financial covenants, e.g. current ratio, equity ratio, and interest protection multiples, must be complied with during the credit facility period. For property under the BOT contract and its superficies that have been pledged as collateral, see Note 30 for details.

3) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The repayment dates of the commercial papers payable are no later than December 2023.

18. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
5th domestic unsecured straight corporate bonds	\$ 14,992,103	\$ 14,991,472	\$ 14,989,550
6th domestic unsecured straight corporate bonds	19,982,494	19,981,751	19,979,481
3rd domestic unsecured convertible bonds	633,457	632,030	914,443
Less: Current portion	<u>(633,457)</u>	<u>(632,030)</u>	<u>-</u>
	<u>\$ 34,974,597</u>	<u>\$ 34,973,223</u>	<u>\$ 35,883,474</u>

a. 5th domestic unsecured straight corporate bonds

On April 20, 2018, TWM issued the 5th domestic unsecured straight corporate bonds. The bonds included five-year and seven-year bonds, with the principal amount of \$6,000,000 thousand and \$9,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.848% and 1% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of March 31, 2021, the amount of unamortized bond issue cost was \$7,897 thousand. The trustee of bond holders is Bank of Taiwan.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2023	\$ 6,000,000
2025	<u>9,000,000</u>
	<u>\$ 15,000,000</u>

b. 6th domestic unsecured straight corporate bonds

On March 24, 2020, TWM issued the 6th domestic unsecured straight corporate bonds. The bonds included five-year, seven-year, and ten-year bonds, with the principal amount of \$5,000,000 thousand, \$10,000,000 thousand and 5,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.64%, 0.66% and 0.72% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of March 31, 2021, the amount of unamortized bond issue cost was \$17,506 thousand. The trustee of bond holders is Bank of Taiwan.

Future repayments of the above-mentioned corporate bonds are as follows:

Year	Amount
2025	\$ 5,000,000
2027	10,000,000
2030	<u>5,000,000</u>
	<u>\$ 20,000,000</u>

c. 3rd domestic unsecured convertible bonds

On November 22, 2016, TWM issued its 3rd domestic five-year unsecured zero-coupon convertible bonds with an aggregate principal amount of \$10,000,000 thousand and a par value of \$100 thousand per bond certificate. The conversion price was set initially at \$116.1 per share. The conversion price should be adjusted according to the prescribed formula and has been adjusted to \$95.6 per share since July 25, 2020. Except for the book closure period, bondholders are entitled to convert bonds into TWM's common stock from December 23, 2016 to November 22, 2021. The trustee of bond holders is Bank of Taiwan.

If the closing price of TWM's common stock continues being at least 130% of the conversion price then in effect for 30 consecutive trading days or the aggregate outstanding balance of bonds payable is less than 10% of the original issuance amount, TWM has the right to redeem the outstanding bonds payable at par value in cash during the period from one month after the issuance date to the date 40 days prior to the maturity date.

At the end of the third year from the bond issuance date, bondholders have the right to request TWM to redeem the convertible bonds at par value in cash.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 0.9149% per annum on initial recognition. As of March 31, 2021, the amount of unamortized bond discount was \$3,743 thousand.

Proceeds of the issuance (minus transaction costs \$10,870 thousand)	\$ 9,989,130
Equity component	(400,564)
Financial liabilities	<u>(35,961)</u>
Liability component at the date of issuance	9,552,605
Interest charged at an effective interest rate	235,116
Convertible bonds converted into common stock	<u>(8,873,278)</u>
Liability component on March 31, 2020	<u>\$ 914,443</u>
Liability component on January 1, 2021	\$ 632,030
Interest charged at an effective interest rate	<u>1,427</u>
Liability component on March 31, 2021	<u>\$ 633,457</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the bondholders had requested to convert the bonds at face values of \$9,362,800 thousand, \$9,362,800 thousand and \$9,071,700 thousand, respectively.

19. PROVISIONS

	March 31, 2021	December 31, 2020	March 31, 2020
Restoration	\$ 1,113,695	\$ 1,110,392	\$ 1,185,404
Replacement	401,275	385,375	339,863
Warranties	<u>22,188</u>	<u>21,935</u>	<u>32,372</u>
	<u>\$ 1,537,158</u>	<u>\$ 1,517,702</u>	<u>\$ 1,557,639</u>
Current	\$ 66,674	\$ 68,531	\$ 69,808
Non-current	<u>1,470,484</u>	<u>1,449,171</u>	<u>1,487,831</u>
	<u>\$ 1,537,158</u>	<u>\$ 1,517,702</u>	<u>\$ 1,557,639</u>

	Restoration	Replacement	Warranties	Total
Balance, January 1, 2021	\$ 1,110,392	\$ 385,375	\$ 21,935	\$ 1,517,702
Provision	10,310	13,220	8,617	32,147
Payment/Reversal	(7,840)	-	(8,364)	(16,204)
Unwinding of discount	<u>833</u>	<u>2,680</u>	<u>-</u>	<u>3,513</u>
Balance, March 31, 2021	<u>\$ 1,113,695</u>	<u>\$ 401,275</u>	<u>\$ 22,188</u>	<u>\$ 1,537,158</u>
Balance, January 1, 2020	\$ 1,183,427	\$ 324,693	\$ 40,111	\$ 1,548,231
Provision	9,383	12,885	9,420	31,688
Payment/Reversal	(8,368)	-	(17,159)	(25,527)
Unwinding of discount	<u>962</u>	<u>2,285</u>	<u>-</u>	<u>3,247</u>
Balance, March 31, 2020	<u>\$ 1,185,404</u>	<u>\$ 339,863</u>	<u>\$ 32,372</u>	<u>\$ 1,557,639</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiaries in other countries are participants of state-managed retirement benefit plans operated by local governments. In accordance with the above provision, the Group's contribution to the pension plan amounted to \$85,538 thousand and \$81,100 thousand for the three months ended March 31, 2021 and 2020, respectively.

b. Defined benefit plans

The Group recognized pension amounts of \$1,062 thousand and \$1,577 thousand for the three months ended March 31, 2021 and 2020, respectively, by using the actuarially determined pension cost rate.

21. EQUITY

a. Share capital

As of March 31, 2021, December 31, 2020, and March 31, 2020, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$35,124,215 thousand, \$35,124,215 thousand and \$35,093,545 thousand, respectively, divided into 3,512,421 thousand shares, 3,512,421 thousand shares and 3,509,354 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

As of March 31, 2021, December 31, 2020, and March 31, 2020, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 91,589 thousand, 91,589 thousand and 88,544 thousand common stocks, respectively. As of March 31, 2020, TWM recognized 22 thousand of common stocks as capital collected in advance, totaling \$220 thousand. TWM would complete the related corporate registrations after the issuance of new stocks on the record date in accordance with the regulations.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital from convertible corporate bonds	\$ 13,102,020	\$ 13,102,020	\$ 14,426,818
Treasury stock transactions	5,159,704	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215	501,215
Convertible bonds payable options	25,524	25,524	37,184
Changes in equity of associates accounted for using equity method	4,479	26,342	30,801
Others	<u>35,804</u>	<u>35,804</u>	<u>34,950</u>
	<u>\$ 18,914,711</u>	<u>\$ 18,936,574</u>	<u>\$ 20,276,637</u>

Under the ROC Company Act, capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital, the conversion premium from convertible corporate bonds, the difference between consideration and carrying amount of subsidiaries' stock acquired or disposed of, and treasury stock transactions, may be applied to make-up accumulated deficit, if any, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no accumulated deficit, and this transfer is restricted to a certain percentage of the paid-in capital. The capital surplus arising from changes in equity of subsidiaries, changes in equity of associates accounted for using equity method and the overdue unclaimed dividends could also be applied to make-up accumulated deficit, if any. The other capital surplus cannot be used by any means.

c. Appropriation of earnings and dividend policy

In accordance with the policy, TWM's profits earned in a fiscal year shall first be set aside to pay the applicable taxes, offset losses, and set aside for legal reserve pursuant to laws and regulations, unless the legal reserve has reached TWM's total paid-up capital. The remaining profits shall be set aside for special reserve in accordance with laws, regulations, or business requirements. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting.

TWM adopts a dividend distribution policy whereby only surplus profits of TWM shall be distributed to stockholders. That is, after setting aside amounts for retained earnings based on TWM's capital budget plan, the residual profits shall be distributed as cash dividends. Stock dividends in a particular year shall be capped at no more than 80% of total dividends to be distributed for that year. The amount of the distributable dividends, the forms in which dividends shall be distributed, and the ratio thereof shall depend on the actual profit and cash positions of TWM and shall be approved by resolutions of the Board of Directors, who shall, upon such approval, recommend the same to the stockholders for approval by resolution at the stockholders' meetings.

The above appropriation of earnings should be resolved in the annual general stockholders' meeting (AGM) held in the following year.

According to the ROC Company Act, a company shall first set aside its earning for legal reserve until it equals the paid-in capital. The legal reserve may offset losses. After offsetting any deficit, the legal reserve may be transferred to capital and distributed as stock dividends or cash dividends for the amount in excess of 25% of the paid-in capital pursuant to a resolution adopted in the stockholders' meeting.

Pursuant to existing regulations, TWM is required to set aside and reverse additional special reserve equivalent to the net debit balance of the other equity interests, such as the exchange differences on translation and unrealized gain or loss on financial assets at fair value through other comprehensive income.

The appropriations of earnings for 2020 and 2019, which have been proposed by the Board of Directors on May 4, 2021 and resolved in the AGM on June 18, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 1,330,074	\$ 1,248,117
Special reserve	2,449,739	(95,381)
Cash dividends	9,521,178	11,756,844
Cash dividends per share (NT\$)	3.3839	4.183

In addition, cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,577,603 thousand and \$1,593,624 thousand and representing \$0.9161 and \$0.567 per share, were proposed by the Board of Directors and resolved in the AGM; thus, total distributions will be \$4.3 and was \$4.75 per share, respectively, for 2020 and 2019.

TWM's 2020 earnings appropriation and cash appropriation from the capital surplus are awaiting approval in the AGM on June 16, 2021.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2021	\$ (31,679)	\$ (2,418,060)	\$ (2,449,739)
Exchange differences on translation	(6,820)	-	(6,820)
Changes in fair value of financial assets at FVTOCI	-	214,708	214,708
Changes in other comprehensive income (loss) of associates accounted for using equity method	(579)	11,659	11,080
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(22,885)	(22,885)
Income tax effect	<u>-</u>	<u>(48,824)</u>	<u>(48,824)</u>
Balance, March 31, 2021	<u>\$ (39,078)</u>	<u>\$ (2,263,402)</u>	<u>\$ (2,302,480)</u>
Balance, January 1, 2020	\$ (34,505)	\$ 473,410	\$ 438,905
Exchange differences on translation	(6,262)	-	(6,262)
Changes in fair value of financial assets at FVTOCI	-	(1,575,649)	(1,575,649)
Changes in other comprehensive income (loss) of associates accounted for using equity method	(170)	348	178
Income tax effect	<u>-</u>	<u>24,750</u>	<u>24,750</u>
Balance, March 31, 2020	<u>\$ (40,937)</u>	<u>\$ (1,077,141)</u>	<u>\$ (1,118,078)</u>

e. Treasury stock

As of March 31, 2021, December 31, 2020 and March 31, 2020, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$68,617,407 thousand, \$69,106,533 thousand and \$69,805,285 thousand, respectively. Since TWM's stocks held by its subsidiaries are regarded as treasury stock, TWM recognized \$29,717,344 thousand as treasury stock. For those treasury stockholders, they have the same rights as the other stockholders, except that they are not allowed to subscribe new shares issued by TWM for cash and exercise the voting rights over such treasury stock.

f. Non-controlling interests

	For the Three Months Ended March 31	
	2021	2020
Beginning balance	\$ 6,625,112	\$ 6,158,984
Profit	434,268	249,876
Other comprehensive income		
Exchange differences on translation	(7,525)	(6,702)
Unrealized gain (loss) on financial asset at FVTOCI	2,776	(3,475)
Share of other comprehensive income of associates accounted for using equity method	8,988	3,497
Changes in equity of associates accounted for using equity method	26	(1,490)
Changes in capital surplus due to disposal of investments accounted for using equity method	<u>(20,968)</u>	<u>-</u>
Ending balance	<u>\$ 7,042,677</u>	<u>\$ 6,400,690</u>

22. OPERATING REVENUE

	For the Three Months Ended March 31	
	2021	2020
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 11,125,017	\$ 11,328,162
Sales revenue	22,449,760	18,802,378
Cable TV and broadband services	1,490,604	1,505,086
Others	210,487	175,505
Other operating revenue	<u>36,722</u>	<u>41,548</u>
	<u>\$ 35,312,590</u>	<u>\$ 31,852,679</u>

a. Contract information

Refer to Note 35 and to Note 4 to the consolidated financial statements for the year ended December 31, 2020.

b. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Contract assets				
Bundle sales	\$ 8,908,637	\$ 8,441,819	\$ 8,160,142	\$ 8,366,531
Less: Allowance for impairment loss	<u>(75,662)</u>	<u>(71,687)</u>	<u>(69,273)</u>	<u>(71,032)</u>
	<u>\$ 8,832,975</u>	<u>\$ 8,370,132</u>	<u>\$ 8,090,869</u>	<u>\$ 8,295,499</u>
Current	\$ 4,566,339	\$ 4,617,051	\$ 4,788,514	\$ 4,832,043
Non-current	<u>4,266,636</u>	<u>3,753,081</u>	<u>3,302,355</u>	<u>3,463,456</u>
	<u>\$ 8,832,975</u>	<u>\$ 8,370,132</u>	<u>\$ 8,090,869</u>	<u>\$ 8,295,499</u>

For notes and accounts receivable, please refer to Note 8.

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Contract liabilities				
Telecommunications and value-added services	\$ 1,116,369	\$ 1,289,917	\$ 1,072,016	\$ 1,125,265
Sales of goods	45,469	36,981	47,651	42,417
Cable TV and broadband services	668,348	656,162	690,121	672,667
Others	<u>12,757</u>	<u>12,456</u>	<u>15,165</u>	<u>12,351</u>
	<u>\$ 1,842,943</u>	<u>\$ 1,995,516</u>	<u>\$ 1,824,953</u>	<u>\$ 1,852,700</u>
Current	\$ 1,745,623	\$ 1,892,749	\$ 1,782,559	\$ 1,807,407
Non-current	<u>97,320</u>	<u>102,767</u>	<u>42,394</u>	<u>45,293</u>
	<u>\$ 1,842,943</u>	<u>\$ 1,995,516</u>	<u>\$ 1,824,953</u>	<u>\$ 1,852,700</u>

The changes in balances of contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligations and the payments collected from customers.

c. Assets related to contract costs

	March 31, 2021	December 31, 2020	March 31, 2020
Incremental costs of obtaining a contract - non-current	<u>\$ 1,737,914</u>	<u>\$ 1,771,884</u>	<u>\$ 2,007,740</u>

The Group considered the past experience and the default clauses in the sale contracts and believed the commission and the subsidy paid for obtaining a contract are wholly recoverable, therefore, such costs are capitalized. The amounts of amortization recognized for the three months ended March 31, 2021 and 2020 were \$369,214 thousand and \$483,739 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Three Months Ended March 31	
	2021	2020
Gain (loss) on disposal and retirement of property, plant and equipment, net	\$ 65,058	\$ (14,949)
Gain on disposal of investments accounted for using equity method	99,052	-
Valuation loss on financial assets at FVTPL	-	(149)
Gain (loss) on foreign exchange, net	(6,332)	9,343
Others	<u>743</u>	<u>(473)</u>
	<u>\$ 158,521</u>	<u>\$ (6,228)</u>

b. Finance costs

	For the Three Months Ended March 31	
	2021	2020
Interest expense		
Corporate bonds	\$ 70,580	\$ 40,751
Bank loans	36,652	62,935
Commercial papers payable	21,842	10,955
Lease liabilities	20,062	23,062
Others	<u>6,747</u>	<u>6,955</u>
	<u>\$ 155,883</u>	<u>\$ 144,658</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2021	2020
Current income tax expense		
Current period	\$ 680,065	\$ 705,248
Prior years' adjustment	<u>(332,007)</u>	<u>-</u>
	<u>348,058</u>	<u>705,248</u>
Deferred income tax expense		
Temporary differences	<u>34,086</u>	<u>60,169</u>
Income tax expense	<u>\$ 382,144</u>	<u>\$ 765,417</u>

b. Income tax recognized in other comprehensive income (loss)

	For the Three Months Ended March 31	
	2021	2020
Deferred income tax expense (income)		
Unrealized gain/loss on financial assets at FVTOCI	<u>\$ 48,824</u>	<u>\$ (24,750)</u>

c. Income tax examinations

The latest years for which the income tax returns of the entities in the Group have been examined and cleared by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
TWM	2018
TCC	2019
WMT	2019
TVC	2019
TNH	2019
TFN	2019
TT&T	2018
TCCI	2019
TDS	2019
TPIA	2019
TFC	2018
TUI	2019
TID	2019
TKT	2019
TFNM	2017
GFMT	2019
GWMT	2019
WTVB	2018
YJCTV	2017
MCTV	2019
PCTV	2017
UCTV	2017
GCTV	2017
momo	2018
FLI	2019
FPI	2019
FST	2019
Bebe Poshe	2019

25. EARNINGS PER SHARE

For the Three Months Ended March 31, 2021			
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 2,832,577	2,813,670	<u>\$ 1.01</u>
Effect of potential dilutive common stock:			
Employees' compensation	-	3,307	
Convertible bonds	<u>1,427</u>	<u>6,665</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 2,834,004</u>	<u>2,823,642</u>	<u>\$ 1.00</u>
For the Three Months Ended March 31, 2020			
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 3,314,640	2,810,617	<u>\$ 1.18</u>
Effect of potential dilutive common stock:			
Employees' compensation	-	3,282	
Convertible bonds	<u>2,085</u>	<u>9,300</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 3,316,725</u>	<u>2,823,199</u>	<u>\$ 1.17</u>

Since TWM has the discretion to settle the employees' compensation by cash or stock, TWM should presume that the entire amount of the compensation will be settled in stock, and the potential stock dilution should be included in the weighted-average number of stock outstanding used in the calculation of diluted EPS, provided there is a dilutive effect. Such dilutive effect of the potential stock needs to be included in the calculation of diluted EPS until employees' compensation is approved in the following year.

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Three Months Ended March 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,036,955</u>	<u>\$ (1,039,591)</u>	<u>\$ 1,502,401</u>	<u>\$ (79,268)</u>	<u>\$ 9,420,497</u>

For the Three Months Ended March 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	\$ 9,650,389	\$ (1,020,349)	\$ 962,981	\$ (83,999)	\$ 9,509,022

27. CAPITAL MANAGEMENT

The Group maintains and manages its capital to meet the minimum paid-in capital required by the competent authority, and to optimize the balance of liabilities and equity in order to maximize stockholders' return. By periodically reviewing and measuring relative cost, risk, and rate of return to ensure profit and to maintain adequate financial ratios, the Group may adopt various financing approaches to balance its capital structure in order to meet the demands for capital expenditures, working capital, settlements of liabilities, and dividend payments in its normal course of business for the future.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at FVTOCI (including current and non-current portions)	\$ 2,752,676	\$ 2,535,192	\$ 4,413,256
Financial assets measured at amortized cost (including current and non-current portions) (Note 1)	<u>22,799,241</u>	<u>21,990,185</u>	<u>19,785,788</u>
Total	<u>\$ 25,551,917</u>	<u>\$ 24,525,377</u>	<u>\$ 24,199,044</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 2)	<u>\$ 89,847,360</u>	<u>\$ 93,671,945</u>	<u>\$ 83,862,690</u>

Note 1: The balances comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and refundable deposits, which were financial assets measured at amortized cost.

Note 2: The balances comprise long-term and short-term borrowings, commercial papers payable, notes and accounts payable, other payables, other financial liabilities (classified as other current liabilities), bonds payable and guarantee deposits, which were financial liabilities carried at amortized cost.

b. Fair value of financial instruments

1) Financial instruments not measured at fair value

Except for the table below, the Group considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value, or the fair value cannot be reliably measured.

	March 31, 2021		December 31, 2020		March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Bonds payable (including current portion)	\$ 35,608,054	\$ 35,927,565	\$ 35,605,253	\$ 35,885,879	\$ 35,883,474	\$ 36,058,629

The fair value of bonds payable is measured by Level 2 inputs, using a volume-weighted average price on the TPEx at the end of the reporting period.

2) Fair value of financial instruments that are measured at fair value on a recurring basis

The table below provides the related analysis of financial instruments at fair value after initial recognition. Based on the extent that fair value can be observed, the fair value measurements are grouped into Levels 1 to 3:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,170,330	\$ -	\$ -	\$ 1,170,330
Domestic unlisted stocks	-	-	663,033	663,033
Limited partnerships	-	-	401,564	401,564
Foreign unlisted stocks	-	16,942	500,807	517,749
	<u>\$ 1,170,330</u>	<u>\$ 16,942</u>	<u>\$ 1,565,404</u>	<u>\$ 2,752,676</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,218,340	\$ -	\$ -	\$ 1,218,340
Domestic unlisted stocks	-	-	657,756	657,756
Limited partnerships	-	-	249,827	249,827
Foreign unlisted stocks	-	8,533	400,736	409,269
	<u>\$ 1,218,340</u>	<u>\$ 8,533</u>	<u>\$ 1,308,319</u>	<u>\$ 2,535,192</u>

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 3,381,134	\$ -	\$ -	\$ 3,381,134
Domestic unlisted stocks	-	-	662,034	662,034
Limited partnerships	-	-	336,665	336,665
Foreign unlisted stocks	-	2,551	30,872	33,423
	<u>\$ 3,381,134</u>	<u>\$ 2,551</u>	<u>\$ 1,029,571</u>	<u>\$ 4,413,256</u>

There was no transfer between the fair value measurements of Levels 1 and 2 for the three months ended March 31, 2021 and 2020.

Valuation techniques and assumptions used in fair value determination

- a) The fair value of financial instruments traded in active markets is based on quoted market prices (including stocks of publicly traded companies).
- b) Valuation techniques and inputs applied for Level 2 fair value measurement:

For foreign unlisted stocks, the Group takes price fluctuations and risk-free rates into consideration by using the market comparison approach. Call options of convertible bonds that adopted binomial tree valuation model were evaluated by the observable closing price of the stocks, volatility, risk-free interest rate, risk discount rate, and liquidity risk at the balance sheet date.

- c) Valuation techniques and inputs applied for Level 3 fair value measurement:

Equity instruments

The evaluation of fair value of unlisted stocks is mainly referenced to the same type of companies through the market approach or asset approach. The unobservable input parameter was liquidity discount rates, which were ranging from 9% to 25%, 10.7% to 25% and 20% to 30% as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

The fair value of limited partnerships investments was evaluated through the market approach and income approach. The evaluation and assumptions are mainly referenced to related information of comparable market targets and estimated future cash flows. The unobservable input parameter was liquidity discount rates, which were estimated at 31.6%, 33.5% and 33.5% as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the Three Months Ended March 31, 2021

	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2021	\$ 1,308,319
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>257,085</u>
Balance at March 31, 2021	<u>\$ 1,565,404</u>

For the Three Months Ended March 31, 2020

	Financial Assets at FVTPL - Equity Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2020	\$ 149	\$ 665,372
Additions	-	500,000
Recognized in profit or loss (loss on financial assets at FVTPL)	(149)	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	<u>-</u>	<u>(135,801)</u>
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 1,029,571</u>

c. Financial risk management

- 1) The Group's major financial instruments include equity investments, trade receivables, trade payables, commercial papers payable, bonds payable, borrowings, lease liabilities, etc., and the Group is exposed to the following risks due to usage of financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

This note presents information concerning the Group's risk exposure and the Group's targets, policies and procedures to measure and manage the risks.

2) Risk management framework

a) Decision-making mechanism

The Board of Directors is the highest supervisory and decision-making body responsible for assessing material risks, designating actions to control these risks, and keeping track of their execution. In addition, the Operations and Management Committee conducts periodic reviews of each business group's operating target and performance to meet the Group's guidance and budget.

b) Risk management policies

- i. Promote a risk-management-based business model.
- ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.
- iii. Create a company-wide risk management structure that can limit risk to an acceptable level.
- iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism

The Internal Audit Office assesses the potential risks that the Group may face and uses this information as a reference for determining its annual audit plan. The Internal Audit Office reports the results and findings of performing such procedures, and follows up the discrepancies, if any, for actions.

3) Credit risk

Credit risk refers to the risk that a counterparty would default on its contractual obligations resulting in financial loss. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in consolidated balance sheet as of the balance sheet date. The Group has large trade receivables outstanding with its customers. A substantial majority of the Group's outstanding trade receivables are not covered by collateral or credit insurance. The Group has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While the Group has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses. This risk is heightened during periods when economic conditions worsen.

As the Group serves a large number of unrelated consumers, the concentration of credit risk was limited.

4) Liquidity risk

Liquidity risk is the risk that the Group fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or damage to the Group's reputation.

The Group manages and maintains sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the Group fully complies with the provisions and financial covenants of loan contracts. As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group had unused bank facilities of \$62,898,922 thousand, \$65,511,976 thousand and \$56,962,756 thousand, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments, but not including the financial liabilities whose carrying amounts approximate contractual cash flows.

	Contractual Cash Flows	Within 1 Year	1-5 Years	More Than 5 Years
<u>March 31, 2021</u>				
Unsecured loans	\$ 11,413,546	\$ 11,413,546	\$ -	\$ -
Secured loans	2,668,384	340,220	2,328,164	-
Commercial papers payable	19,417,653	12,839,568	6,578,085	-
Bonds payable	37,087,840	912,080	20,965,760	15,210,000
Lease liabilities	9,546,182	3,701,199	5,746,364	98,619
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>
	<u>\$ 80,645,480</u>	<u>\$ 29,279,738</u>	<u>\$ 35,910,873</u>	<u>\$ 15,454,869</u>
<u>December 31, 2020</u>				
Unsecured loans	\$ 11,818,822	\$ 11,818,822	\$ -	\$ -
Secured loans	2,736,728	347,574	2,389,154	-
Commercial papers payable	20,831,278	14,242,137	6,589,141	-
Bonds payable	37,221,840	912,080	20,997,760	15,312,000
Lease liabilities	9,163,237	3,574,784	5,501,261	87,192
Other non-current liabilities	<u>585,000</u>	<u>73,125</u>	<u>292,500</u>	<u>219,375</u>
	<u>\$ 82,356,905</u>	<u>\$ 30,968,522</u>	<u>\$ 35,769,816</u>	<u>\$ 15,618,567</u>
<u>March 31, 2020</u>				
Unsecured loans	\$ 22,975,677	\$ 20,967,799	\$ 2,007,878	\$ -
Secured loans	3,031,845	351,823	2,680,022	-
Commercial papers payable	5,400,000	5,400,000	-	-
Bonds payable	37,653,820	274,880	12,976,940	24,402,000
Lease liabilities	9,661,587	3,650,212	5,975,839	35,536
Other non-current liabilities	<u>585,000</u>	<u>73,125</u>	<u>292,500</u>	<u>219,375</u>
	<u>\$ 79,307,929</u>	<u>\$ 30,717,839</u>	<u>\$ 23,933,179</u>	<u>\$ 24,656,911</u>

5) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within an acceptable range and to optimize the return.

The Group carefully evaluates each financial instrument transaction involving any risk such as exchange rate risk, interest rate risk, and market price risk in order to decrease potential influences caused by market uncertainty.

a) Exchange rate risk

The Group mainly operates in Taiwan, except for international roaming services. Most of the operating revenue and expenses are measured in NTD. A small portion of the expenses is paid in USD, EUR, etc.; thus, the Group purchases currency at the spot rate based on the conservative principle in order to hedge exchange rate risk.

The Group's foreign currency assets and liabilities exposed to significant exchange rate risk were as follows:

March 31, 2021			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 49,405	28.51	\$ 1,408,633
EUR	1,159	33.46	38,770
RMB	26,257	4.334	113,796
Non-monetary items			
USD	31,651	28.51	902,371
RMB	140,429	4.334	608,621
HKD	4,620	3.667	16,942
THB	185,449	0.915	169,668
<u>Foreign currency liabilities</u>			
Monetary items			
USD	10,819	28.51	308,529
EUR	60	33.46	1,991
HKD	5,066	3.667	18,576
JPY	28,195	0.259	7,294

December 31, 2020			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 52,099	28.48	\$ 1,483,792
EUR	1,021	34.94	35,666
RMB	25,768	4.372	112,657
Non-monetary items			
USD	22,843	28.48	650,563
RMB	138,695	4.372	606,376
HKD	2,323	3.673	8,533
THB	201,029	0.956	192,103
<u>Foreign currency liabilities</u>			
Monetary items			
USD	9,931	28.48	282,855
EUR	61	34.94	2,142
HKD	5,751	3.673	21,122
JPY	29,867	0.276	8,234
March 31, 2020			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 41,038	30.205	\$ 1,239,557
EUR	1,176	33.48	39,356
RMB	31,585	4.252	134,300
Non-monetary items			
USD	12,168	30.205	367,537
RMB	125,244	4.252	532,537
HKD	655	3.895	2,551
THB	86,861	0.927	80,520
<u>Foreign currency liabilities</u>			
Monetary items			
USD	13,741	30.205	415,056
EUR	95	33.48	3,175
HKD	8,530	3.895	33,225
JPY	36,276	0.28	10,150

Refer to Note 23(a) for the information related to the Group's realized and unrealized foreign exchange gains (losses) for the three months ended March 31, 2021 and 2020, respectively. Due to the variety of foreign currency transactions and functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in monetary items of foreign currencies. If there had been an unfavorable 5% movement in the levels of foreign exchanges against NTD at the end of the reporting period (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by \$61,240 thousand and \$47,580 thousand for the three months ended March 31, 2021 and 2020, respectively.

b) Interest rate risk

The Group issued unsecured straight corporate bonds and signed facility agreements with financial institutions for locking in medium- and long-term fixed interest rates. In respect of interest payables, the fluctuation of interest rates does not affect the Group significantly.

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 7,426,514	\$ 5,218,262	\$ 5,918,806
Financial liabilities	75,714,811	76,502,983	69,505,499
Cash flow interest rate risk			
Financial assets	5,796,946	6,486,835	4,083,053
Financial liabilities	2,535,180	2,586,036	6,138,531

Sensitivity analysis

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments at the end of the reporting period. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities at the end of the reporting period have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased by 50 basis points (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have increased by \$4,077 thousand and decreased by \$2,569 thousand for the three months ended March 31, 2021 and 2020, respectively.

c) Other market price risk

The exposure to equity price risk is mainly due to holding of stocks. The Group manages the risk by maintaining portfolios of investments with different risks and by continuously monitoring the future developments and market trends of investment targets.

Sensitivity analysis

If the prices of equity instruments had decreased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), other comprehensive income would have decreased by \$137,634 thousand and \$220,663 thousand since the fair value of financial assets at FVTOCI decreased for the three months ended March 31, 2021 and 2020, respectively.

29. RELATED-PARTY TRANSACTIONS

a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

b. Related party name and nature of relationship

Related Party	Nature of Relationship
GHS	Associate
AppWorks	Associate
kbros Media	Associate
M.E.	Associate
TV Direct	Associate
TPE	Associate (not a related party since March 2021)
Beijing Global JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
GHS Trading Ltd.	Associate (subsidiary of GHS)
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Citruss Saudi Trading Company LLC	Associate (subsidiary of GHS)
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbros Media)
TVD Shopping	Associate (subsidiary of TV Direct, not a related party since November 2020)
Fubon Life Insurance Co., Ltd. (Fubon Life)	Other related party
Fubon Insurance Co., Ltd.	Other related party
Fubon Securities Investment Trust Co., Ltd.	Other related party
Fubon Sports & Entertainment Co., Ltd.	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Financial Holding Co., Ltd.	Other related party
Fubon Life Insurance (HK) Ltd.	Other related party
Fubon Securities Co., Ltd.	Other related party
Fubon Futures Co., Ltd.	Other related party
Fubon Investment Services Co., Ltd.	Other related party
Fubon Marketing Co., Ltd.	Other related party
Fu-Sheng Insurance Agency Co., Ltd.	Other related party (formerly known as Fu-Sheng Life Insurance Agency Co., Ltd.)
Fubon Insurance Agency Co., Ltd.	Other related party (formerly known as Fu-Sheng General Insurance Agency Co., Ltd.)
Fubon Financial Venture Capital Co., Ltd.	Other related party
Fubon Gymnasium Co., Ltd.	Other related party
Fubon Asset Management Co., Ltd.	Other related party
One Production Film Co., Ltd.	Other related party
Fubon Bank (China) Co., Ltd.	Other related party
Fubon Land Development Co., Ltd.	Other related party
Fubon Property Management Co., Ltd.	Other related party
Fubon Real Estate Management Co., Ltd.	Other related party
Fubon Hospitality Management Co., Ltd.	Other related party
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd. (Ming Dong)	Other related party
Fu Yi Health Management Co., Ltd.	Other related party

(Continued)

Related Party	Nature of Relationship
Dao Ying Co., Ltd.	Other related party
Fubon Xinji Investment Co., Ltd.	Other related party
Far Eastern Memorial Hospital	Other related party
Dai-Ka Ltd.	Other related party
Chen Feng Investment Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Xi Guo Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party
Dun Fu Industrial Corporation Limited.	Other related party
kbro Co., Ltd.	Other related party
Daanwenshan CATV Co., Ltd.	Other related party
North Taoyuan CATV Co., Ltd.	Other related party
Yangmingshan CATV Co., Ltd.	Other related party
Hsin Taipei CATV Co., Ltd.	Other related party
Chinpingtao CATV Co., Ltd.	Other related party
Hsintangcheng CATV Co., Ltd.	Other related party
Chuanlien CATV Co., Ltd.	Other related party
Chen Tao Cable TV Co., Ltd.	Other related party
Fengmeng Cable TV Co., Ltd.	Other related party
Hsinpingtao CATV Co., Ltd.	Other related party
Kuansheng CATV Co., Ltd.	Other related party
Nantien CATV Co., Ltd.	Other related party
Taiwan Win TV Media Co., Ltd.	Other related party
Taiwan Mobile Foundation (TMF)	Other related party
Taipei New Horizon Foundation (TNHF)	Other related party
Fubon Cultural & Educational Foundation	Other related party
Fubon Charity Foundation	Other related party
Fubon Art Foundation	Other related party
Taipei Fubon Bank Charity Foundation	Other related party
Taipei New Horizon Management Agency	Other related party
Key management	Chairman, director, president, vice president, etc.

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	For the Three Months Ended March 31	
	2021	2020
Associates	\$ 3,403	\$ 10,573
Other related parties	<u>354,543</u>	<u>190,359</u>
	<u>\$ 357,946</u>	<u>\$ 200,932</u>

The Group renders telecommunications, sales, maintenance, lease services, etc., to the related parties. The transaction terms with related parties were not significantly different from those with third parties.

2) Purchases

	For the Three Months Ended March 31	
	2021	2020
Associates	\$ 128,431	\$ 195,490
Other related parties	<u>111,454</u>	<u>64,135</u>
	<u>\$ 239,885</u>	<u>\$ 259,625</u>

The entities mentioned above provide logistics, copyright and other services. The transaction terms with related parties were not significantly different from those with third parties.

3) Receivables due from related parties

Account	Related Party Categories	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	Associates	\$ 339	\$ 2,266	\$ 5,181
Accounts receivable	Other related parties	<u>358,960</u>	<u>176,565</u>	<u>160,943</u>
		<u>\$ 359,299</u>	<u>\$ 178,831</u>	<u>\$ 166,124</u>
Other receivables	Associates	\$ -	\$ 63,244	\$ 44,550
Other receivables	Other related parties	<u>105,497</u>	<u>111,681</u>	<u>98,340</u>
		<u>\$ 105,497</u>	<u>\$ 174,925</u>	<u>\$ 142,890</u>

Receivables from related parties mentioned above were not secured with collateral, and no provisions for impairment loss were accrued.

4) Payables due to related parties

Account	Related Party Categories	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable	Associates	\$ 29	\$ 99,281	\$ 89,098
Accounts payable	Other related parties	<u>195,204</u>	<u>61,275</u>	<u>63,235</u>
		<u>\$ 195,233</u>	<u>\$ 160,556</u>	<u>\$ 152,333</u>
Other payables	Other related parties	<u>\$ 66,359</u>	<u>\$ 18,223</u>	<u>\$ 53,363</u>

5) Prepayments

	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties	<u>\$ 39,459</u>	<u>\$ 10,353</u>	<u>\$ 49,983</u>

6) Bank deposits, time deposits and other financial assets (including current and non-current portions)

	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties			
TFCB	\$ 1,928,882	\$ 1,807,422	\$ 2,249,133
Others	<u>20,249</u>	<u>24,798</u>	<u>23,544</u>
	<u>\$ 1,949,131</u>	<u>\$ 1,832,220</u>	<u>\$ 2,272,677</u>

7) Acquisition of property, plant and equipment

	Purchase Price For the Three Months Ended March 31	
	2021	2020
Other related parties	\$ <u>17,760</u>	\$ <u>-</u>

8) Others

	March 31, 2021	December 31, 2020	March 31, 2020
Guarantee deposits			
Other related parties	\$ <u>62,062</u>	\$ <u>60,135</u>	\$ <u>54,396</u>
Other current liabilities - receipts under custody			
Other related parties	\$ <u>141,608</u>	\$ <u>150,528</u>	\$ <u>127,140</u>

	For the Three Months Ended March 31	
	2021	2020
Operating expenses		
Associates	\$ 10,782	\$ 335
Other related parties		
TMF	5,325	5,738
TNHF	3,000	3,000
Others	<u>83,885</u>	<u>64,569</u>
	<u>\$ 102,992</u>	<u>\$ 73,642</u>
Other income		
Other related parties		
TFCB	\$ <u>8,477</u>	\$ <u>15,975</u>

9) Lease arrangements

Acquisition of right-of-use assets

	For the Three Months Ended March 31	
	2021	2020
Other related parties		
Fubon Life	<u>\$ 311,686</u>	<u>\$ 287</u>

Lease liabilities (including current and non-current portions)

	March 31, 2021	December 31, 2020	March 31, 2020
Other related parties	<u>\$ 763,057</u>	<u>\$ 431,137</u>	<u>\$ 558,717</u>

The leases are conducted by referring to general market prices, and all the terms and conditions conform to normal business practices.

d. Key management compensation

The amounts of remuneration of directors and key executives were as follows:

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 81,402	\$ 75,418
Termination and post-employment benefits	<u>3,423</u>	<u>4,896</u>
	<u>\$ 84,825</u>	<u>\$ 80,314</u>

30. ASSETS PLEDGED

The assets pledged as collateral for bank loans, purchases, performance bonds and lawsuits were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Other current financial assets	\$ 157,976	\$ 169,230	\$ 165,123
Service concessions	6,746,654	6,791,334	6,925,374
Other non-current financial assets	<u>355,582</u>	<u>355,432</u>	<u>271,844</u>
	<u>\$ 7,260,212</u>	<u>\$ 7,315,996</u>	<u>\$ 7,362,341</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	March 31, 2021	December 31, 2020	March 31, 2020
Purchases of property, plant and equipment	<u>\$ 6,080,101</u>	<u>\$ 8,695,105</u>	<u>\$ 3,202,440</u>
Purchases of cellular phones	<u>\$ 4,424,526</u>	<u>\$ 5,500,331</u>	<u>\$ 2,480,823</u>

As of March 31, 2021, December 31, 2020 and March 31, 2020, the amounts of lease commitments commencing after the balance sheet date were \$351,691 thousand, \$619,099 thousand and \$378,764 thousand, respectively.

b. As of March 31, 2021, December 31, 2020 and March 31, 2020, the amounts of endorsements and guarantees provided to entities in the Group were all \$21,550,000 thousand.

c. On January 15, 2009, TNH signed the BOT contract with the Department of Cultural Affairs of Taipei City Government. The primary terms of the contract are summarized as follows:

1) Construction and operating period:

The construction and operating period is 50 years from the day following the signing of the contract.

2) Development concession:

The total initial amount of concession was \$1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the signing date of the supplemental agreement; thus, the concession will be increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from fiscal year 2015. As of March 31, 2021, \$813,719 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of March 31, 2021, TNH had provided a \$32,500 thousand performance guarantee regarding the BOT contract.

4) Rental of land:

During the construction period, TNH should pay land value tax (1% of the announced land value) and other expenses.

During the operating period, TNH should pay 60% of 5% of the announced land value, that is, 3% of the announced land value. According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the date of agreement signing.

d. In August 2015, Far EasTone Telecommunications (FET) filed a civil statement of complaint with the Court, in which FET claimed that (i) TWM shall apply for the return the C4 spectrum block (1748.7-1754.9/1843.7-1849.9 MHz) back to the NCC; (ii) TWM shall not use the C4 spectrum block; (iii) TWM shall not use the C1 spectrum block until TWM's application for the return of the C4 spectrum block is approved by the NCC; and (iv) TWM shall provide \$1,005,800 thousand to FET as compensation. In May 2016, the Court decided against TWM regarding claims (i), (ii), and (iii) of the lawsuit; and the Court decided against FET regarding claim (iv) of the lawsuit. FET offered a security deposit of \$320,630 thousand for the provisional execution of claims (i) to (iv). TWM offered a counter-security deposit of \$961,913 thousand in order to be exempted from the provisional execution

of claims (i) to (iv). In addition, TWM offered a counter-security deposit for the exemption from provisional execution of the sentence, and the counter-security deposit was reclaimed in March 2018. TWM and FET appealed the aforementioned sentences respectively. The judgment dismissed by the High Court were as follows: 1. (1) TWM “shall apply for the return of the C4 spectrum block to the NCC immediately”, “shall not use the C4 spectrum block in any way”, and “TWM shall not use the C1 spectrum block before the C4 spectrum block has been returned to and approved by the NCC”, and (2) the claim stated in section 2(2) below, in which the corresponding portion of FET’s claimed provisional execution and litigation expenses were rejected. 2. (1) For the dismissed portion stated in the above section (1), FET’s claim and motion of provisional execution in the first instance were rejected; and (2) for the dismissed portion stated in the above section 1(2), TWM shall pay FET \$765,779 thousand, as well as a 5% annual interest payment, for the period starting from September 5, 2015 to the payment date, on \$152,584 thousand of the above amount. 3. The rest of FET’s appeals were rejected. 4. TWM shall bear half of the litigation expenses in the first and second instances, and FET shall bear the rest. 5. Regarding the portion of the judgment regarding TWM’s payment, FET may file a provisional execution with a collateral of \$255,260 thousand or a negotiable certificate deposit (NCD) issued by Far Eastern International Bank for the equal amount; and TWM may provide a counter-security of \$765,779 thousand to be exempted from the above FET provisional execution. 6. The rest of FET’s motions on provisional execution were rejected. TWM and FET appealed the sentence respectively. In May 2019, the judgment dismissed by the Supreme Court was as follows: regarding the portion of the High Court’s original judgment on (1) dismissed FET’s other appeal, (2) ruled the TWM’s payment obligation, and (3) ruled the litigation expenses with respect to above-mentioned two items shall be dismissed, and the Supreme Court remanded the case to the High Court. Under the first retrial of the High Court, TWM filed a counterclaim requesting that FET pay \$14,482 thousand, as well as a 5% annual interest payment, for the period starting from the date following the service of the counterclaim until the settlement date. In August 2020, the judgment dismissed by the High Court first retrial were as follows: regarding the portion of the High Court’s original judgment on dismissing FET’s claim stated below, in which the corresponding portion of FET’s claimed provisional execution and litigation expenses (except the part of final and binding judgment) were rejected. For the dismissed portion stated in the above, TWM shall pay FET \$242,154 thousand as well as, a 5% annual interest payment, for the period starting from September 30, 2016 to the payment date, on \$142,685 thousand of the above amount; and a 5% annual interest payment, for the period starting from July 21, 2017 to the payment date, on \$99,469 thousand of the above amount. The rest of FET’s appeals were rejected. TWM’s counterclaim and the motion of provisional execution were rejected. FET shall bear 75% of the litigation expenses in the first and the second trial (except for the part of the final and binding judgment) as well as the third trial prior to the remand; and TWM shall bear the rest. TWM shall bear the litigation expenses of the counterclaim. Regarding the portion of the judgment regarding TWM’s payment, FET may file a provisional execution with a collateral of \$80,720 thousand; and TWM may provide a counter-security of \$242,154 thousand to be exempted from the above provisional execution. TWM and FET appealed the sentence respectively. The case is now in the process of the Supreme Court.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. In May 2021, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$2,500,000 thousand.
- b. In April 2021, the Board of Directors of momo, one of TWM’s subsidiaries, resolved that momo would sign a lease arrangement for its warehousing facility for a period of ten years and one month, starting from May 2023 with Zong Sine Industries Inc. The expected value of right-of-use assets would be \$675,157 thousand.

33. OTHERS

- a. Employee benefits, depreciation, and amortization are summarized as follows:

	For the Three Months Ended March 31					
	2021			2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 657,160	\$ 1,313,886	\$ 1,971,046	\$ 616,493	\$ 1,250,203	\$ 1,866,696
Insurance expenses	59,539	121,413	180,952	52,601	105,873	158,474
Pension	28,915	57,685	86,600	27,335	53,903	81,238
Others	30,448	66,931	97,379	29,063	64,439	93,502
Depreciation	2,766,014	256,840	3,022,854	2,511,691	254,014	2,765,705
Amortization	1,146,846	407,664	1,554,510	765,261	571,212	1,336,473

Information of employees' compensation and remuneration of directors

According to TWM's Articles, the estimated employees' compensation and remuneration of directors are set at the rates of 1% to 3% and no higher than 0.3%, respectively, of profit before income tax, employees' compensation, and remuneration of directors. Estimations for employees' compensation were \$85,358 thousand and \$101,897 thousand, and remuneration to directors were \$8,536 thousand and \$10,190 thousand, which were calculated by applying the rates to the aforementioned profit before income tax, for the three months ended March 31, 2021 and 2020, respectively.

If there is a change in the approved amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate in the next year.

The employees' compensation and remuneration of directors of 2020 and 2019 shown below were approved by the Board of Directors on February 25, 2021 and February 21, 2020, respectively. The differences with the amounts recognized in the consolidated financial statements have been adjusted in 2021 and 2020, respectively.

	For the Year Ended December 31			
	2020		2019	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	<u>\$ 390,869</u>	<u>\$ 39,087</u>	<u>\$ 437,880</u>	<u>\$ 43,788</u>
Amounts recognized in the consolidated financial statements	<u>\$ 351,782</u>	<u>\$ 35,178</u>	<u>\$ 394,092</u>	<u>\$ 39,409</u>

Information on the employees' compensation and remuneration of directors approved by the Board of Directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

- b. As of the date the consolidated financial statements were authorized for issue, the COVID-19 epidemic did not have a significant impact on the Group's operating ability, financing situation and assessment of asset impairment, and the Group is continuously monitoring and assessing the situation.

34. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. Information on investees:
- 1) Financing extended to other parties: Table 1 (attached)
 - 2) Endorsements/guarantees provided to other parties: Table 2 (attached)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3 (attached)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
 - 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
 - 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 7 (attached)
 - 10) Trading in derivative instruments: None
 - 11) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 8 (attached)
- c. Information on investments in mainland China:
- 1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 9 (attached)
 - 2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, unrealized gain or loss, and other related information, which is helpful to understand the impact of investment in mainland China on financial reports: None
- d. Information of major stockholders, the name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or greater: Table 10 (attached)

35. SEGMENT INFORMATION

Segment Revenue and Operating Results

The Group divides its business into four reportable segments with different market attributes and operation modes. The four segments are described as follows.

Telecommunications: providing mobile communication services, mobile phone sales and fixed-line services.

Retail: providing online shopping, TV shopping and catalog shopping.

Cable Television: providing pay TV and cable broadband services.

Others: business other than telecommunication, retail, and cable television.

For the Three Months Ended March 31, 2021	Telecommuni- cations	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenue	\$15,903,786	\$18,361,218	\$ 1,550,661	\$ 140,111	\$ (643,186)	\$35,312,590
Operating costs and expenses	13,779,828	17,534,379	1,000,038	101,322	(691,881)	31,723,686
Operating income	2,168,980	845,854	550,129	38,789	36,412	3,640,164

For the Three Months Ended March 31, 2020	Telecommuni- cations	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenue	\$15,621,033	\$15,105,707	\$ 1,541,748	\$ 136,859	\$ (552,668)	\$31,852,679
Operating costs and expenses	12,369,088	14,566,887	981,908	98,343	(597,690)	27,418,536
Operating income	3,290,282	561,933	558,636	38,516	32,639	4,482,006

Geographical information

The Group's revenue is generated mostly from domestic business. Overseas revenue is primarily generated from international calls and data services.

Consolidated geographic information for revenue was as follows:

	For the Three Months Ended March 31	
	2021	2020
Taiwan, ROC	\$ 34,741,594	\$ 31,200,775
Overseas	<u>570,996</u>	<u>651,904</u>
	<u>\$ 35,312,590</u>	<u>\$ 31,852,679</u>

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**FINANCING EXTENDED TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits	Note
													Item	Value			
1	TCC	TWM TFC	Other receivables	Yes	\$ 400,000	\$ 400,000	\$ 346,000	0.86889%-0.86900%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 33,031,822	\$ 33,031,822	Note 2
			Other receivables	Yes	700,000	700,000	341,000	1.16867%	Short-term financing	-	Operation requirements	-	-	-	33,031,822	33,031,822	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	3,800,000	3,800,000	3,580,000	0.86867%-0.87033%	Short-term financing	-	Operation requirements	-	-	-	8,865,644	8,865,644	Note 2
			Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	8,865,644	8,865,644	Note 2
			Other receivables	Yes	2,430,000	1,930,000	230,000	0.87033%-0.87178%	Short-term financing	-	Operation requirements	-	-	-	8,865,644	8,865,644	Note 2
			Other receivables	Yes	1,000,000	1,000,000	590,000	0.86878%-0.87033%	Short-term financing	-	Operation requirements	-	-	-	8,865,644	8,865,644	Note 2
3	TVC	TWM	Other receivables	Yes	600,000	600,000	600,000	0.86867%	Short-term financing	-	Operation requirements	-	-	-	667,873	667,873	Note 2
4	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	9,213,000	0.86856%-0.86900%	Short-term financing	-	Operation requirements	-	-	-	21,723,067	21,723,067	Note 2
			Other receivables	Yes	700,000	700,000	341,000	0.86867%	Short-term financing	-	Operation requirements	-	-	-	21,723,067	21,723,067	Note 2
5	YJCTV	TFNM	Other receivables	Yes	60,000	50,000	40,000	0.86900%	Transactions	460,390	-	-	-	-	460,390	460,390	Notes 3 and 4
6	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86900%	Transactions	538,139	-	-	-	-	538,139	538,139	Notes 3 and 4
7	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86900%	Short-term financing	-	Repayment of financing	-	-	-	290,670	290,670	Note 3

Note 1: The maximum balance for the period and the ending balance represent quotas, not actual drawdown.

Note 2: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to 40% of the lending company's net worth. For short-term financing needs, the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth. The individual loan funds shall be limited to the lowest amount of the following items: 1) 40% of the lending company's net worth; 2) The amount that the lending company invests in the borrowing entities; or 3) An amount equal to (the share portion of the borrowing entities that the lending company invests in) * (the total loaning amounts of the borrowing company). In the event that a lending company directly and indirectly owns 100% of the borrowing company, or the borrowing company directly and indirectly owns 100% of the lending company, the individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

Note 3: Where funds are loaned for reasons of business dealings and short-term financing needs, the amount of loaned funds shall be limited to the total amount of business dealings and 40% of the lending company's net worth. 1) For reasons of business dealings: The individual lending amount and the aggregate amount of loaned funds shall not exceed the amount of business dealings and the total amount of business dealings, respectively. 2) For short-term financing needs: The individual lending amount and the aggregate amount of loaned funds shall not exceed 40% of the lending company's net worth.

Note 4: Where funds are loaned for reasons of business dealings, the aggregate amount of loans and the maximum amount permitted to a single borrower shall be prescribed within the aggregate amount of business transactions.

TABLE 2

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	TWM	TFN TKT	Note 2 Note 2	\$ 42,000,000 313,800	\$ 21,500,000 50,000	\$ 21,500,000 50,000	\$ 6,500,000 50,000	\$ - -	31.46 0.07	\$ 68,345,958 68,345,958	Y Y	N N	N N	Note 3 Note 3

Note 1: The maximum endorsement/guarantee balance for the period, the ending balance, and the drawdown amounts represent quotas, not actual drawdown.

Note 2: Direct/indirect subsidiary.

Note 3: For 100% directly/indirectly owned subsidiaries, the aggregate endorsement/guarantee amount provided shall not exceed the net worth of TWM, and the upper limit for each subsidiary shall be double the investment amount.

TABLE 3

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2021				Note
				Units/Shares (In Thousands)	Carrying Value	Percentage of Ownership %	Fair Value	
TWM	<u>Stock</u>							
	Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	\$ 242,347	0.028	\$ 242,347	
	Asia Pacific Telecom Co., Ltd.	-	Non-current financial assets at FVTOCI	97,171	927,983	2.55	927,983	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	27,798	10	27,798	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	50,000	450,960	5	450,960	
	<u>Limited Partnerships</u>							
	Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	390,017	21.67	390,017	Note 1
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	11,547	21.67	11,547	Note 1
TCC	<u>Stock</u>							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	107,491	5.21	107,491	
WMT	<u>Limited Partnerships</u>							
	The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	<u>Stock</u>							
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	228,080	8.45	228,080	
	91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	244,929	2.33	244,929	
TCCI	<u>Stock</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,688,782	5.71	19,688,782	
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	37,690	6.67	37,690	
TUI	<u>Stock</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,327,331	11.69	40,327,331	
TID	<u>Stock</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,601,294	2.49	8,601,294	
TFNM	<u>Beneficiary Certificates</u>							
	Dragon Tiger Capital Partners Limited - Class B	-	Non-current financial assets at FVTOCI	0.2	-	0.33	-	
	Dragon Tiger Capital Partners Limited - Class C	-	Non-current financial assets at FVTOCI	0.0335	-	0.056	-	

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2021				Note
				Units/Shares (In Thousands)	Carrying Value	Percentage of Ownership %	Fair Value	
momo	<u>Stock</u>							
	Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	\$ 16,942	0.15	\$ 16,942	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,140	66,892	7.85	66,892	

Note 1: Percentage of ownership is the percentage of capital contribution.

Note 2: For the information on investments in subsidiaries and associates, see Table 7 and Table 9 for details.

(Concluded)

TABLE 4

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 2)	Units/Shares (In Thousands)	Amount
momo	TPE	Investments accounted for using equity method	Note 1	Note 1	14,793	\$ 386,414	-	\$ -	14,793	\$ 466,547	\$ 410,229	\$ 99,052	-	\$ -

Note 1: Sold on open market.

Note 2: The amounts included capital surplus derecognized and other comprehensive income transferred in.

TABLE 5

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TWM	TFN	Subsidiary	Purchase	\$ 932,311	8	Based on contract terms	-	-	\$ (359,356)	Note 2	Note 3
	TKT	Subsidiary	Purchase	103,700	1	Based on contract terms	-	-	(105,416)	9	
	momo	Subsidiary	Sale	537,968	4	Based on contract terms	-	-	140,852	3	
TT&T	TWM	Ultimate parent	Sale	247,911	90	Based on contract terms	-	-	83,858	90	
TFNM	YJCTV	Subsidiary	Channel leasing fee	105,785	12	Based on contract terms	Note 1	Note 1	-	-	Note 4
	PCTV	Subsidiary	Channel leasing fee	124,098	15	Based on contract terms	Note 1	Note 1	-	-	
momo	TPE	Associate	Purchase	127,694	1	Based on contract terms	-	-	-	-	

Note 1: The companies authorized a related party to deal with the copyright fees for cable television. As the said account item is the only one, there is no comparable transaction.

Note 2: Including accounts payable and other payables.

Note 3: Accounts receivable (payable) was the net amount after being offset.

Note 4: TPE has not been a related party since March 2021.

TABLE 6

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2021**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
TWM	momo	Subsidiary	Accounts receivable	\$ 140,852	8.85	\$ -	-	\$ 137,364	\$ -
TCC	TWM	Parent	Other receivables	346,543		-	-	346,543	-
	TFC	Subsidiary	Other receivables	342,594		-	-	-	-
WMT	TWM	Parent	Other receivables	3,584,056		-	-	390,511	-
	TFNM	Subsidiary	Other receivables	230,888		-	-	230,888	-
	WTVB	Subsidiary	Other receivables	591,850		-	-	591,850	-
TVC	TWM	Parent	Other receivables	602,085		-	-	-	-
TFN	TWM	Ultimate parent	Accounts receivable	364,833	8.80	-	-	311,824	-
			Other receivables	9,292,303		-	-	9,256,025	-
	TCC	Parent	Other receivables	342,185		-	-	-	-
TKT	TWM	Ultimate parent	Accounts receivable	105,416	4.02	-	-	36,924	-
PCTV	TFNM	Parent	Accounts receivable	7,791	5.86	-	-	2,321	-
			Other receivables	521,150		-	-	34	-
GCTV	TFNM	Parent	Accounts receivable	3,290	6.04	-	-	1,069	-
			Other receivables	250,538		-	-	-	-
momo	TFCB	Other related party	Accounts receivable	26,263	Note	-	-	3,760	-
			Other receivables	101,739		-	-	101,739	-

Note: Not applicable due to the transaction partners and the nature of transactions.

TABLE 7

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership %	Carrying Value			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 21,126,262	\$ 698,883	\$ 699,159	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	22,164,140	796,209	796,172	Note 1
	TVC	Taiwan	Investment	1,605,000	1,605,000	160,500	100	1,669,683	(2,281)	(2,281)	
	TNH	Taiwan	Building and operating Songsshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,872,872	17,625	8,892	Note 1
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	1,275	51	268,117	2,707	1,166	Note 1
	ADT	Taiwan	Technology development of mobile payment and information processing services	60,000	60,000	6,000	14.4	8,615	-	-	
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	54,308,629	638,942	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	116,529	12,620	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	224,162	642	-	Notes 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	26,937,248	430	-	Note 2
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	105,528	1,599	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	114,665	23,111	-	Note 2
	TFC	Taiwan	Type II telecommunications business	200,000	200,000	20,000	100	187,119	1,449	-	Note 2
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	7,310,528	462,564	-	Note 2
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,081	4	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	99,032	666	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	298,548	5,731	-	Note 2
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	63,047	45.01	10,007,229	780,480	-	Notes 2 and 4
TVC	AppWorks Fund III	Taiwan	Venture capital	330,000	330,000	33,000	20.11	314,485	(14,007)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	35,094,422	(81)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,490,386	(79)	-	Note 2
TFNM	TKT	Taiwan	Digital music service	156,900	156,900	14,700	100	318,367	38,070	-	Note 2
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,648,925	(24,585)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	650,508	11,349	-	Notes 2 and 5
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,502,500	36,215	-	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,044,308	10,233	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,293,830	10,752	-	Note 2
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	21,994	33.58	160,487	(19,861)	-	Note 2
TKT	M.E.	Taiwan	Livestreaming artists management services, digital media production, and media planning	27,000	27,000	460	15	25,480	(1,451)	-	Note 2

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				March 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership %	Carrying Value			
GFMT	UCTV	Taiwan	Cable TV service provider	\$ 16,218	\$ 16,218	1,300	0.76	\$ 15,716	\$ 10,233	\$ -	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	97,647	10,752	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	28,623	(3,122)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	680,566	8,779	-	Note 2
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	6,733	(386)	-	Note 2
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	7,341	(388)	-	Note 2
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	46,408	671	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85	38,968	(2,857)	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	248,367	1,812	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	101,782	(33)	-	Note 2
	TV Direct	Thailand	Wholesale and retail sales	192,267	192,267	191,213	24.94	169,668	(38,622)	-	Note 2
	TPE	Taiwan	Logistics industry	Note 6	295,860	Note 6	Note 6	Note 6	Note 6	-	Notes 2 and 6
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	30,655	(3,136)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	30,655	(3,136)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	680,566	8,779	-	Note 2

Note 1: Downstream transactions, upstream transactions, and consolidated unrealized gain or loss are included.

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: Held 1 share on March 31, 2021.

Note 4: Non-controlling interests.

Note 5: 70.47% of stocks are held under trustee accounts.

Note 6: momo sold all of its equity interest of TPE in March 2021.

Note 7: For information on investment in mainland China, see Table 9 for details.

(Concluded)

TABLE 8

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	TFN	1	Notes and accounts receivable, net	\$ 22,335	-	-
		TPIA	1	Notes and accounts receivable, net	65,607	-	-
		momo	1	Notes and accounts receivable, net	140,852	-	-
		TFN	1	Other receivables	31,194	-	-
		momo	1	Other receivables	20,749	-	-
		TFNM	1	Other non-current assets	11,213	-	-
		TNH	1	Other non-current assets	18,305	-	-
		TFN	1	Short-term borrowings	9,213,000	-	5%
		WMT	1	Short-term borrowings	3,580,000	-	2%
		TCC	1	Short-term borrowings	346,000	-	-
		TVC	1	Short-term borrowings	600,000	-	-
		TFN	1	Notes and accounts payable	71,341	-	-
		TKT	1	Notes and accounts payable	105,416	-	-
		momo	1	Notes and accounts payable	16,568	-	-
		TFNM	1	Notes and accounts payable	21,257	-	-
		TFN	1	Other payables	340,844	-	-
		TT&T	1	Other payables	83,858	-	-
		TDS	1	Other payables	17,646	-	-
		TFN	1	Lease liabilities - current	39,328	-	-
		TNH	1	Lease liabilities - current	115,319	-	-
		TFN	1	Other current liabilities	31,216	-	-
		momo	1	Other current liabilities	27,145	-	-
		TFN	1	Lease liabilities - non-current	134,631	-	-
		TNH	1	Lease liabilities - non-current	224,010	-	-
		YJCTV	1	Lease liabilities - non-current	25,471	-	-
		GCTV	1	Lease liabilities - non-current	14,038	-	-
		TFN	1	Operating revenue	44,304	-	-
		TPIA	1	Operating revenue	46,043	-	-
		momo	1	Operating revenue	537,968	-	2%
		TFN	1	Operating costs	932,311	-	3%
		TKT	1	Operating costs	103,700	-	-
		TDS	1	Operating costs	16,285	-	-
		momo	1	Operating costs	40,736	-	-
		TFNM	1	Operating costs	25,241	-	-
		TT&T	1	Operating expenses	247,911	-	1%
		TFN	1	Other income and expenses, net	10,627	-	-
		TFN	1	Finance costs	19,065	-	-

(Continued)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
1	TCC	TFC TFN	1	Other receivables	\$ 342,594	-	-
			1	Short-term borrowings	341,000	-	-
2	WMT	TFNM WTVB	1	Other receivables	230,888	-	-
			1	Other receivables	591,850	-	-
3	TFN	TFC TFNM TFC TFNM TT&T	3	Notes and accounts receivable, net	15,179	-	-
			3	Notes and accounts receivable, net	24,363	-	-
			3	Operating revenue	21,912	-	-
			3	Operating revenue	39,697	-	-
			3	Operating expenses	27,677	-	-
			3	Operating expenses	27,677	-	-
4	momo	FSL TFNM MFS Bebe Poshe FSL TFNM	1	Notes and accounts payable	36,818	-	-
			3	Notes and accounts payable	11,395	-	-
			1	Operating costs	14,956	-	-
			1	Operating costs	14,509	-	-
			1	Operating costs	55,717	-	-
			3	Operating costs	11,392	-	-
			3	Operating costs	11,392	-	-
5	TFNM	PCTV YJCTV UCTV GCTV MCTV PCTV YJCTV GCTV WTVB PCTV YJCTV UCTV GCTV WTVB	1	Other receivables	76,631	-	-
			1	Other receivables	38,511	-	-
			1	Other receivables	31,687	-	-
			1	Other receivables	25,452	-	-
			1	Other receivables	17,038	-	-
			1	Short-term borrowings	520,000	-	-
			1	Short-term borrowings	40,000	-	-
			1	Short-term borrowings	250,000	-	-
			3	Notes and accounts payable	21,334	-	-
			1	Operating revenue	134,558	-	-
			1	Operating revenue	115,179	-	-
			1	Operating revenue	54,465	-	-
			1	Operating revenue	51,348	-	-
			3	Operating costs	21,334	-	-
			3	Operating costs	21,334	-	-
			3	Operating costs	21,334	-	-

Note 1: 1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

Note 2: The terms of transaction are determined in accordance with mutual agreements or general business practices.

Note 3: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

(Concluded)

TABLE 9

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2021

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan at the beginning of the period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the end of the period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value at the end of the period	Accumulated Inward Remittance of Earnings at the end of the period	Note
					Outflow	Inflow							
TWMC	Mobile application development and design	\$ 85,530 (USD 3,000)	b	\$ 138,898 (USD 4,872)	\$ -	\$ -	\$ 138,898 (USD 4,872)	\$ 358	100	\$ 358	\$ 79,683	-	
FGE	Wholesaling	335,886 (RMB 77,500)	b	786,024 (USD 14,000) (RMB 89,267)	-	-	786,024 (USD 14,000) (RMB 89,267)	(3,274)	76.7	(2,511)	18,682	-	
Haobo	Investment	47,674 (RMB 11,000)	b	-	-	-	-	8,955	100	8,955	652,817	-	
GHS	Wholesaling	216,701 (RMB 50,000)	b	-	-	-	-	8,499	20	9,156	608,621	-	

Company	Accumulated Investment in Mainland China at the end of the period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
TWM and subsidiaries	\$1,542,955 (US\$18,872, RMB89,267 and HK\$168,539)	\$1,542,955 (US\$18,872, RMB89,267 and HK\$168,539)	\$45,233,181

Note 1: The investment types are as follows:

- Direct investment in mainland China.
- Indirect investment in mainland China through a subsidiary in a third region, e.g. TCC and momo.
- Others.

Note 2: The upper limit on investment in mainland China is calculated by 60% of the consolidated net worth.

TABLE 10

TAIWAN MOBILE CO., LTD
INFORMATION OF MAJOR STOCKHOLDERS
MARCH 31, 2021

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.69
Shin Kong Life Insurance Co., Ltd.	289,331,000	8.24
Cathay Life Insurance Co., Ltd.	210,300,900	5.99
TCCI	200,496,761	5.71
Ming Dong	184,736,452	5.26

Note: The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The number of stocks reported in the TWM’s consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.