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Taiwan Mobile

2022 Annual Report

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Taiwan Mobile	Address	12F, No. 88, Yanchang Rd., Xinyi District, Taipei
	Telephone	(02) 6638-6888
	Customer Service	0809-000-852
	Website	www.taiwanmobile.com
Taiwan Mobile System Integration Branch Office	Address	8F, No.111, Dunhua S. Rd., Sec. 1, Da-an District, Taipei
	Telephone	(02) 6638-6888
Spokesperson	Name	George Chang
	Title	Vice President and Chief Financial Officer
	Telephone	(02) 6635-1880
	Email	spokesman1@taiwanmobile.com
Deputy Spokesperson	Name	Iris Liu
	Title	Vice President
	Telephone	(02) 6636-6979
	Email	spokesman2@taiwanmobile.com
IR Contact	Email	ir@taiwanmobile.com
Audit Committee	Email	twmauditcommittee@taiwanmobile.com
Stock Transfer Agent	Name	Transfer Agency and Registry Department of Fubon Securities Co., Ltd.
	Address	2F, No. 17, Xuchang St., Zhongzheng District, Taipei
	Telephone	(02) 2361-1300
	Website	www.fubon.com
Independent Auditor	Deloitte & Touche	Pei-De Chen, CPA, and Te-Chen Cheng, CPA
	Address	20F, No. 100, Songren Rd., Xinyi District, Taipei
	Telephone	(02) 2725-9988
	Website	www.deloitte.com.tw
Listing of Foreign Securities	None	

Disclaimer

*Please note that this English annual report is not a word-for-word translation of the Chinese version.
In the event of any variance, the Chinese text shall prevail.*

Contents

【Letter to Shareholders】	1
【Chapter 1. Company Highlights】	3
VISION	3
CORE COMPETITIVENESS	3
BRAND VALUES	6
DATE OF INCORPORATION	6
MILESTONES	8
【Chapter 2. Organization and Corporate Governance】	13
ORGANIZATION	13
BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT	18
COMPENSATION TO DIRECTORS AND MANAGEMENT EXECUTIVES	35
CORPORATE GOVERNANCE	41
CERTIFIED PUBLIC ACCOUNTANT (CPA) INFORMATION	76
INFORMATION ON CPA CHANGES	77
COMPANY CHAIRMAN, PRESIDENT OR FINANCE/ACCOUNTING MANAGER HELD POSITIONS IN THE COMPANY'S AUDIT FIRM OR ITS AFFILIATES WITHIN THE PAST YEAR	77
DIRECT AND INDIRECT INVESTMENTS IN AFFILIATED COMPANIES	78
CHANGES IN SHAREHOLDINGS OF DIRECTORS, MANAGERS AND MAJOR SHAREHOLDERS	79
RELATIONSHIP BETWEEN TWM'S TOP 10 SHAREHOLDERS	81
【Chapter 3. Financial Information】	85
CAPITAL AND SHARES	85
CORPORATE BOND ISSUANCE	88
PREFERRED SHARES	89
DEPOSITARY RECEIPT ISSUANCE	89
EMPLOYEE STOCK OPTIONS AND NEW RESTRICTED EMPLOYEE SHARES	89
SHARES ISSUED FOR MERGERS AND ACQUISITIONS	89
USE OF PROCEEDS FROM RIGHTS ISSUE	89
【Chapter 4. Operational Highlights】	90
PERFORMANCE BY DIVISION	90
SCOPE OF BUSINESS	90
MARKET AND SALES OVERVIEW	98
HUMAN RESOURCES	104
ENVIRONMENTAL PROTECTION EXPENDITURE	104
EMPLOYEE RELATIONS	104
ICT SECURITY RISK MANAGEMENT	108
MAJOR CONTRACTS	109
【Chapter 5. Financial Highlights】	111
CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME	111
FINANCIAL ANALYSIS	114
AUDIT COMMITTEE REPORT	117
2022 CONSOLIDATED FINANCIAL STATEMENTS	118
2022 STAND-ALONE FINANCIAL STATEMENTS	118
FINANCIAL DIFFICULTIES FOR THE COMPANY AND ITS AFFILIATES	118
【Chapter 6. Review and Analysis of Financial Conditions, Operating Results and Risk Management】	119
BALANCE SHEET ANALYSIS	119
STATEMENTS OF COMPREHENSIVE INCOME ANALYSIS	121
CASH FLOW ANALYSIS	122
ANALYSIS OF MAJOR CAPEX AND ITS IMPACT ON FINANCE AND OPERATIONS	123
INVESTMENT POLICIES, REASONS FOR PROFIT/LOSS, PLANS FOR IMPROVEMENT, AND FUTURE INVESTMENT PLAN	123
RISK MANAGEMENT	123
【Chapter 7. Special Notes】	130
AFFILIATES	130
PRIVATE PLACEMENT OF COMPANY SHARES	140
TWM SHARES HELD / SOLD BY SUBSIDIARIES	140
OTHER SUPPLEMENTARY INFORMATION	140
OTHER SIGNIFICANT EVENTS AFFECTING SHAREHOLDERS' EQUITY OR STOCK PRICE	140

Letter to shareholders

Dear Shareholders,

Over the last few years, Taiwan Mobile (“TWM”, or “the Company”) has endeavored to transform into a Telco+Tech company by continuously implementing 5G+ technology services on a first-rate telecom platform. We have seen encouraging results and created countless possibilities for a future lifestyle where the virtual world is integrated with reality. To further drive industry transformation and development, the Company will make use of its valuable spectrum resources, improve the efficiency of its mobile infrastructure, and promote energy conservation and carbon reduction. With the upcoming industry consolidation, TWM can reduce redundant base stations and have a positive impact on sector development and environmental sustainability. As always, we apply the highest standards in corporate governance, focus on shareholder value and customer satisfaction, and regard sustainable development as the core value of a leader in corporate social responsibility.

2022 operating and financial results

In 2022, TWM reported a record-high consolidated revenue of NT\$172.2 billion, EBITDA of NT\$34.4 billion, net profit of NT\$11.0 billion and earnings per share of NT\$3.91. Propelled by solid momentum from our three growth engines – 5G, e-commerce and home broadband – along with more stable competition in the telecom industry and well-managed costs and expenses, consolidated EBITDA grew 4% YoY, beating our full-year guidance and reaching an all-time high.

New business roadmap and group resources integration

In line with TWM’s new business roadmap, we have been growing our 5G ecosystem through strategic investments in various fields. Unique bundles such as momobile, in partnership with leading e-commerce platform momo, has helped the Company diversify its business ecosystem. We expanded Double Play package’s footprint, covering over 80% of households in Taiwan and allowing more users to enjoy our stable mobile and broadband services. TWM also launched a new brand called “OP Life,” a one-stop shop where TVs, routers, speakers and set-top boxes are seamlessly integrated with our unique services to provide customers with state-of-the-art home theater experiences. Looking at our game publishing business, we achieved another milestone by obtaining exclusive agency rights to the popular online game “League of Legends” in Taiwan. Meanwhile, the enterprise business saw accelerated demand for cloud-related services amid an ongoing digital transformation. To provide for our corporate clients’ needs, we partnered with Asia’s leading AI and cloud service provider, CloudMile, to offer solutions built upon our edge in telecommunication and cloud-based services, as well as create high value-added services such as 5G cloud applications.

Innovative applications and research results

TWM is working with Nokia on several 5G network optimization solutions, such as 4G/5G dynamic spectrum sharing technology, to further leverage our advantage in the 700 MHz frequency band. This ensures superb overall internet experience for our more than 1 million 5G users and fulfills the various needs of our enterprise customers. Additionally, we joined hands with Taiwan Web Service (TWS), Intel and Asustek Computer to launch the “5G AI Ready Platform,” which showcases artificial intelligence high-performance computing (AIHPC) using TWM’s 5G private network. High-performance computing can be used for multiple business solutions such as smart city AI image recognition, smart manufacturing, gaming, and digital innovation and transformation. Taiwan Computing Cloud (TWCC), a local public cloud we created with TWS, has also opened up endless possibilities for smart city applications by using its hybrid cloud resources and AI computing power to meet the needs of 5G applications, such as AI model development, real-time analysis and big data storage.

World-class corporate governance

Taiwan Mobile has striven to be a role model in corporate sustainability and is the first telecommunications company to elevate the “ESG Steering Committee” to the same level as its board of directors, further ensuring good governance. The Company once again received numerous commendations for its efforts in the past year. Recognized by the Carbon Disclosure Project (CDP), we are the only telecommunications company to make it to the climate change “A” list three times, and we received “leadership level” certification for four years in a row. Additionally, we grabbed the No. 1 spot in Taiwan and was No. 5 among Greater China companies in Chinese University of Hong Kong’s 2nd Greater China Business Sustainability Index. We were also included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the 11th consecutive year and in the DJSI World Index for the sixth time, ranking top three in the global telecommunications industry. For eight years in a row, we have ranked among the top 5 percent listed companies in the Taiwan Stock Exchange’s annual “Corporate Governance Evaluation.” Lastly, TWM was awarded a Silver Class award in S&P Global’s “The Sustainability Yearbook 2022.”

Valuing shareholders' interests and customer satisfaction

We expect industry consolidation to lead to a healthier market. The expansion of our user base, along with merger synergies, will propel profit growth, generate stable free cash flow, increase financial flexibility, and improve shareholder returns.

Corporate social responsibility

As a leading telecom operator, it is our duty not only to continue to pursue solid operational and financial performance, but also to take into account social inclusion, environmental awareness and sustainability. In 2022, Taiwan Mobile was the first telecom operator in Taiwan to join RE100, committing to using 100% renewable energy by 2040 and officially declaring its goal of reaching Net Zero by 2050. Our efforts were recognized by different organizations in Taiwan, as we made it to the Annual Honor Roll of *Global Views Monthly's* CSR and ESG Awards and won a "Model Award" in the Human Resources Development category. We also earned our 15th Excellence in Corporate Social Responsibility Award from *CommonWealth Magazine*, where we ranked first in the telecom industry for the seventh time. The Company earned further distinctions – seven awards at the 2022 Taiwan Corporate Sustainability Awards, including “The Most Prestigious Sustainability Awards – Top 10 Domestic Companies” for the eighth time.

Outlook

Enterprises are now at a crucial point in terms of addressing climate change and must transition to a low-carbon economy. To achieve industrial transformation, companies must establish an internal governance program for ESG, adjust operational guidelines, communicate efforts and goals with stakeholders, and share climate-related financial disclosures. Continuous dialogue between industry, government and academia is also necessary to reach a consensus on the steps needed to move toward a more sustainable future.

The merger-driven industry consolidation, alongside our commitment to sustainability, will boost revenue growth and solidify Taiwan Mobile's competitive edge in the telecommunications sector, allowing us to promote 5G adoption and improve shareholder returns. We will also pursue our transformation into a regional Telco+Tech company at an accelerated pace while leveraging our excellent telecommunications service platforms to create group synergies and offer a wide variety of 5G+ applications.

Daniel M. Tsai
Chairman

Chapter 1 Company Highlights

I. Vision

Leveraging its 26 years of experience, Taiwan Mobile has made big strides in the 5G era as it transitions from a traditional telecommunications firm into a Telco+Tech company. Propelling the Company's advance is its integrated "5G+" Strategy: **Gift** (leveraging big data collected from the group's 10 million user base); **Group** (creating maximum synergy through the integration of TFN Media, momo and AppWorks); **Grit** (implementing a 10 to 15-year long-term plan to develop a super 5G ecosystem); **Green** (a steadfast belief in cherishing Taiwan, humanity and the Earth); and **GSEA** (using Taiwan's 5G ecosystem as a base for its expansion into the Greater Southeast Asian region). This has facilitated the Company's embrace of new technologies and innovations to usher in Web3 era.

With "Open Possible" as its core brand spirit, Taiwan Mobile believes that imagination, technology, action, connectivity and inspiration are the keys to (1) providing customers with technological solutions, (2) empowering a comprehensive smart lifestyle, and (3) building the momo coin ecosystem to help achieve endless possibilities for its stakeholders. The Company has always adhered to the highest standards in managing its operations, undertaking innovation and integrating core resources to attain its goal of becoming a world-class company. Operating on the principle "Think Sustainable, Act Responsible," Taiwan Mobile set up Zetta Connected 2030 standards for sustainable operations to meet the United Nations' Sustainable Development Goals. In 2022, Taiwan Mobile formally joined the RE100 initiative on global climate change, pledging to use 100 percent renewable energy by 2040.

Looking ahead, Taiwan Mobile is hopeful that industry consolidation would eliminate price wars, allowing the telecommunications service sector to focus its resources on creating innovative applications. Taiwan Mobile officially signed an agreement to merge with Taiwan Star on December 30, 2021. The Company has been cooperating with government departments to expedite the review process. After the merger, the new Taiwan Mobile will use 5G carrier aggregation (NR CA) technology to combine the companies' non-contiguous 60MHz and 40MHz spectrum in the 3.5GHz band to provide a maximum 5G bandwidth of up to 100MHz. Spectrum efficiency will be significantly improved without having to build or install new equipment. Additionally, Taiwan Mobile would be able to save an estimated 100 million to 200 million kWh of electricity annually, contributing to international efforts to reduce global warming and benefitting the nation, society, industry and the environment.

With its commitment to corporate governance, environment sustainability and social inclusion, Taiwan Mobile aims to sharpen its global competitiveness while creating the highest value for stakeholders, employees and the general public.

II. Core Competitiveness

● momo coin ecosystem to cement corporate synergy

Taiwan Mobile is the first telecommunications company in Taiwan to announce its transformation into a next-generation Telco+Tech company, offering users a convergence of Telecom, Internet, Media & Entertainment, and E-Commerce (T.I.M.E.) services. The Company is building a "Unity" platform for these services, deploying its 5G+ strategy to provide

users with technological solutions. Additionally, it is looking to develop a momo coin ecosystem, with the payment system serving as the link that ties all group services together to penetrate customers' daily lives and provide them with more complete and convenient services.

● **Innovative multiple proprietary packages, Double Play and OP Life**

Taiwan Mobile has long been an advocate of innovation, resource synergies and collaborations with partners in its ecosystem to design diversified 5G applications and enhance the user experience. Its unique "Double Play" project integrates mobile and fiber-optic broadband services to offer users more affordable packages. It has received positive feedback as subscribers can use mobile services on the go and 1Gbps+ WiFi 6 at home to enhance and upgrade their network experience. The Company has also blended content with hardware, internet and service to launch "OP Life" – a one-stop solution that offers users comprehensive media and gaming entertainment services. Furthermore, the Company offers a plethora of unique bundles, such as Disney+ and momobile, for users in search of a wider and richer mobile entertainment.

With an eye to breaking into the gaming market, Taiwan Mobile in 2020 aligned with Nvidia to create "GeForce NOW" to offer cloud gaming services. That was followed by its partnership with Logitech G to gain exclusive distribution rights to cloud gaming handheld devices. The Company is also the exclusive publisher of "League of Legends" in Taiwan, a world-renowned game with over 180 million players. As for video and music streaming, the Company continues to invest in content production through its MyVideo and MyMusic units, while also serving as the exclusive telecommunications distributor of Disney+ in Taiwan, to offer users the best experience in film and music. In addition, Taiwan Mobile released a MyMoji 3D digital avatar service, providing users a personalized and diverse experience in the metaverse.

● **Strong corporate digital transition partner with expanding 5G ecosystem**

Taiwan Mobile has played an active role in the digital transformation of corporations, offering a mixture of quality telecommunication services to help them develop their innovation capabilities. The Company assists its ecosystem partners with 5G usage, cloud services, IoT, cybersecurity and other creative applications. It teamed up with Taiwan Computing Cloud Center to form "TWCC AI cloud" – an AI technical R&D and cloud service platform to build an ecosystem to nurture a new generation of AI talent and facilitate cloud applications for enterprises. In another collaboration, the Company, together with Intel Corp and Asustek Computer Inc, set up a highly integrated cloud 5G private network for companies. This demonstrated that AIHPC using Taiwan Mobile's 5G private network environment has the capability to provide solutions for AI image identification, smart manufacturing, gaming, entertainment and smart cities, making it a force for propelling digital transformation and opening business opportunities. This year, Taiwan Mobile invested in Asia's leading AI cloud service provider, CloudMile, combining the benefits of telecommunication services and cloud product services to provide integrated solutions to enterprise customers and create added value through 5G applications. Taiwan Mobile also leads the industry in establishing a 5G testing ground in cooperation with Ming Chi University of Technology, Leo Systems Inc. and Nanya Institute of Technology to explore and demonstrate the innovative applications of 5G.

● **AI-supported infrastructure layout offers the best 5G user experience**

Taiwan Mobile utilizes AI to analyze big data on customer demand and cell tower supplies to draft plans for the best layout

of its 5G cell towers. Using smart technologies to seek locations for its infrastructure, Taiwan Mobile became the first National Communications Commission approved telecommunications service provider to provide 5G coverage for 50 percent of the population, as well as the best 5G user experience in terms of phone call quality, media entertainment and gaming. Taiwan Mobile also has a trilateral collaboration with MediaTek and Nokia, with the trio successfully rolling out 5G NR CA connection under a 5G standalone network environment, marking the world's first combination of n28 (700MHz) and n78 (3.5GHz) frequencies that were utilized in tandem. The rollout was completed in the second half of 2022, with the low-frequency, high-speed system providing an amazing user experience. With the upcoming merger with Taiwan Star, Taiwan Mobile will have a maximum 100MHz bandwidth in the key 3.5GHz band. This will allow the company to further enhance the quality of its telecommunications network, providing outstanding services to its customers.

● **TWM Anti-phishing enhances cybersecurity to combat fraud**

Thanks to its telecommunications and technological power, Taiwan Mobile has raised cybersecurity to a whole new level. TWM Anti-phishing, the first telecommunications service in Taiwan that can detect fake websites and apps, has assisted the Criminal Investigation Bureau in fighting fraud gangs on the front line. It has also helped enterprise customers install and implement cybersecurity measures. When fraud is suspected, the service immediately notifies the enterprise involved and assists it with handling reporting and applying protective measures. Taiwan Mobile continues to leverage group synergy to effectively combat fraud and safeguard society, personal data and property.

● **Building a happy workplace and nurturing interdisciplinary talent**

Taiwan Mobile employees are partners in our sustainable growth, as well as the key to maintaining the Company's core competitiveness. In 2022, the "Building a Happy Workplace Through Talent Development" recruitment and retention program launched the "TWM Human OS Upgrade v. 2022" plan. This centers on the concept of cherishing and respecting talent, developing employees' multifold capabilities, helping them unlock their skills, and assisting them in planning their career path to create a force for innovation to welcome the new wave of Web3. Additionally, Taiwan Mobile launched the "Technology Guru Nurturing Internship Program" in the same year. This program recruits information technology students from around the world and provides them with a comprehensive mentor training system to help them become future technology experts. Furthermore, Taiwan Mobile is committed to creating a happy workplace, providing a diverse and inclusive employee-oriented friendly workplace and offering various welfare measures, including flexible hours (option of working 10 days from home per month) and raising the childbirth and child-rearing subsidies.

● **An ESG role model that prioritizes sustainability**

Taiwan Mobile has long made sustainability a priority in its governance, as evidenced by its elevation of the ESG Steering Committee to a board-level committee to enhance the height and depth of corporate governance in the Company. Leveraging its core competencies in information and communications technology, Taiwan Mobile continues to enhance sustainability practices and collaborates with stakeholders to expand the influence of the Company. Taiwan Mobile's ESG performance has won top-tier rankings in the international community, including being selected in the prestigious DJSI World Index for six consecutive years and receiving an "A" certification from the Carbon Disclosure Project for its efforts to lower carbon emissions.

III. Brand Values

“Open Possible,” with its promise of doing what does not seem possible, inspires Taiwan Mobile to strive to open up new possibilities for its customers. Whether it’s connecting people or providing new perspectives, the Company aims to inspire and empower users to live smarter and more fulfilled lives. We integrate technologies into a new ecosystem and open up infinite possibilities for people to help them fulfill their wishes. By providing a new generation of solutions, we help every customer open up unlimited possibilities and reach greater heights.

Brand Spirit

We open up more possibilities for each customer through these four commitments:

- Integration: Create an integrated platform to provide technological solutions to make lives more convenient, safer and healthier.
- Intelligence: Leverage Taiwan Mobile's advantages, capabilities and data to build a smarter and connected system that can transcend physical and mental limitations.
- Individuality: Customize products and services according to customers' needs to give them better control and satisfaction.
- Inspiration: Provide richer content to open up new thinking and perspectives for people.

Brand Personality

- Optimistic: We are full of hope for the future and maintain an ever-optimistic attitude in facing various challenges.
- Proactive: We always keep track of the latest trends, develop critical solutions and take concrete action.
- Humanity: We develop technological innovations to provide customers with better services. We always put customers first, as their needs form the core of our work.

IV. Date of Incorporation

The Company was founded on February 25, 1997.

V. Significant Events

Status of mergers and acquisitions and affiliated companies

Refer to page 89 “Shares issued for mergers and acquisitions.”

Refer to page 130 “Affiliates.”

Changes in shareholdings of directors and major shareholders

Refer to page 79 “Changes in shareholdings of directors, managers and major shareholders.”

Other matters of material significance that could affect shareholders' equity and the Company: None

Awards and recognitions from 2022 up to the publication date in 2023

February	2023	Ranked among the top 5% in S&P Global's "The Sustainability Yearbook 2023."
December	2022	Earned top honors as an "A" certified company for the third year in a row from the Carbon Disclosure Project (CDP).
December	2022	Selected as a constituent of the Dow Jones Sustainability World Index for the sixth consecutive year, ranking among the top two in the telecommunication sector.
December	2022	Won seven awards at the 2022 National Store Manager Excellence Awards organized by the Taiwan Chain Stores and Franchise Association, with two Taiwan Mobile staffers receiving top honors as outstanding managers.
December	2022	Collaborated with National Cheng Kung University, J-MEX Inc. and Kaohsiung Veterans General Hospital to develop a "children's sensory integration smart cloud," which won the Enterprise Innovation Award at the National Industrial Innovations Awards.
November	2022	Won a Gold Sponsorship Award and a Long-Term Sponsorship Award at the Sports Administration's Sports Benefactor Awards for the sixth straight year.
November	2022	Won a Top 10 Model Enterprises award at the Taiwan Corporate Sustainability Awards, as well as four individual awards for climate leadership, sustainable supply chain management leadership, talent development leadership and social inclusion leadership, in addition to a platinum award for its corporate sustainability report and a silver award for its global corporate sustainability report.
September	2022	Won an Excellence in Corporate Social Responsibility Award from <i>CommonWealth Magazine</i> for the 15th time, with Taiwan Mobile ranking eighth among large enterprises and topping the list of telecommunication companies for the seventh time.
July	2022	Ranked fifth in the second edition of the Greater China Business Sustainability Index and first among Taiwan-based enterprises.
June	2022	Recognized as the No. 1 telecommunication company in Asia (excluding China) and named as one of the most respectable businesses by <i>Institutional Investor</i> magazine, with President Jaime Lin topping the list of Best Executive Officers, and Vice President/CFO Rosie Yu selected as the Best Financial Officer.

May	2022	Won an award at <i>Global Views</i> magazine's 2022 CSR and ESG Awards, making the Annual Honor Roll for the first time and garnering the Model Award in the Human Resources Development category.
April	2022	Ranked among the top 5% of companies that have undergone a Corporate Governance Evaluation for the eighth year in a row, and among the top 10% of companies with a market value of over NT\$10 billion for the fourth straight year.
February	2022	Certified by SGS Qualicert for the 10th consecutive year.
February	2022	Received a Silver Award at S&P Global's "The Sustainability Yearbook 2022."

Milestones

February	2023	The Board of Directors approved the adjustment of its share swap ratio for the merger with Taiwan Star Telecom Co., Ltd. and plans to issue 204 million Taiwan Mobile shares.
November	2022	Gained exclusive distribution rights to the world's most popular game, "League of Legends," in Taiwan.
November	2022	Showcased new technology applications at IT Month, targeting the virtual business opportunities of Metaverse through its MyMoji digital avatar service.
October	2022	Announced a NT\$200 million investment into USPACE, making Taiwan Mobile its largest investor.
October	2022	Launched the new brand "OP Life," creating multiple layers of tailor-made entertainment for customers.
August	2022	Teamed up with Taiwan Web Service Corp. (TWS), Intel Corp. and Asustek Computer Inc. to launch the "5G AI Ready Platform and Co-Lab" – the first cloud network integration platform for private enterprises in Taiwan.
May	2022	Board of Directors officially passed the Company's Net Zero plan to fully eliminate greenhouse gas emissions by 2050, and submitted its science-based targets at the end of 2022.
May	2022	Formally established a board-level ESG Steering Committee and appointed the Company's chairman as committee chairman and five independent directors as committee members to supervise all aspects of ESG decision-making.
May	2022	Participated in the 5G Private Network Exhibition in Asia at the New Bay Area in Kaohsiung, setting a precedent in the country by using a standalone network environment and displaying solutions to support smart patrols and cities.

March	2022	Presented Taiwan Computing Cloud platform services with strategic partner Taiwan Web Service to drive corporate digital transformation.
March	2022	Officially joined RE100 global initiative, pledging to fully use renewable energy by 2040.
March	2022	Invested in Asia's most advanced AI service supplier CloudMile, becoming an official strategic partner of the company, as well as securing a position on the board of CloudMile.
January	2022	Invested in SoundOn Global, making it the second-largest investor of the No. 1 audio entertainment brand in Taiwan.
December	2021	Signed an official merger agreement with Taiwan Star Telecom Co., Ltd. via a share swap by issuing 282 million Taiwan Mobile shares to form a new 5G "Team Taiwan," setting a new milestone in the nation's 5G telecom development.
October	2021	Became the exclusive telecom distributor of Disney+ in Taiwan.
August	2021	Teamed up with MediaTek and Nokia to conduct Taiwan's first successful NR CA connection test in a 5G SA network environment; was the first company to aggregate the 700MHz (n28) and 3.5GHz (n78) frequencies.
August	2021	Ventured into the Southeast Asian market by investing in Vietnamese e-commerce company TIKI.
July	2021	Led the industry in responding to the Global Enabling Sustainability Initiative's Digital with Purpose movement.
April	2021	Received NCC certification that its 5G service has reached more than 50% of the country's population.
August	2020	Teamed up with Nvidia to launch the GeForce Now cloud gaming platform in Taiwan.
August	2020	Joined forces with Formosa Plastics Transport to develop 5G self-driving vehicles for industry and commerce.
June	2020	Announced the start of its 5G service in Taiwan on June 30, and formally began offering the service on July 1; unveiled its new core brand spirit "Open Possible."
June	2020	Daniel M. Tsai was elected as Chairman at the 1st meeting of the ninth Board of Directors. More than 50% of the Board was made up of independent directors.
January	2020	Secured 60MHz of spectrum in the 3.5GHz band and 200MHz in the 28GHz band at a quantity bidding.
November	2019	Invested NT\$600 million (US\$20M) in AppWorks Fund III, making it a major investor of the VC fund.
August	2019	Hosted its first Circular Economy Forum, with Taiwan Mobile President Jamie Lin and 14 strategic partners signing a Circular Economy Cooperation Declaration.
July	2019	Built a 5G super league with nearly 100 high-tech business operators, making it the largest smart ecosystem in Taiwan.

January	2019	President James Jeng retired on March 31. At the 12th meeting, the 8th Board of Directors approved the appointment of Jamie Lin as president, effective April 1.
June	2018	Formed a National AI “A Team” with Asustek Computer and Quanta Computer.
December	2017	Teamed up with Taipei Fubon Bank to launch the first digital “red envelope” in Taiwan by integrating M+ Messenger and mobile internet banking to provide mobile payment via instant messenger.
November	2017	Received 3 million circuit numbers for IoT use from the National Communications Commission, thus officially beginning its IoT era.
October	2017	Taiwan Mobile and Fubon Group announced their strategic partnership with worldwide entertainment and sports agency Creative Artists Agency (CAA) Hollywood, CAA China and CMC Capital Partners, China’s leading media and entertainment investment and operating platform.
June	2017	Daniel M. Tsai and Richard M. Tsai were elected Chairman and Vice Chairman, respectively, at the 1st meeting of the eighth Board of Directors.
October	2016	Daniel M. Tsai and Richard M. Tsai were elected Chairman and Vice Chairman, respectively, at the 13th meeting of the seventh Board of Directors.
March	2016	Joined the Global e-Sustainability Initiative, making Taiwan Mobile the first Taiwanese and the third Asian firm to become a member.
February	2016	First Taiwanese telecom operator to showcase its SIM Management Platform and Global eSIM application at the Mobile World Congress.
March	2015	Acquired an additional license for 5MHz x 2 spectrum in the 700MHz band, making Taiwan Mobile the sole operator providing contiguous 20MHz LTE services in Taiwan.
August	2014	Awarded an 1800MHz license and became the first to adopt carrier aggregation in the 700/1800 frequency bands for LTE services.
June	2014	Launched 4G services in the 700MHz band.
June	2014	Richard M. Tsai and Daniel M. Tsai were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the seventh Board of Directors.
January	2014	James Jeng was appointed President at the 16th meeting of the sixth Board of Directors.
November	2013	Taiwan Mobile’s internet data center (IDC), which received an Uptime Institute Tier III certification for design and construction, began operations.
October	2013	Won two 15MHz x 2 blocks in a 4G auction, one in the 700MHz (spectrum A4) band and another in the 1800MHz (spectrum C1) band.
November	2012	Launched mobile video service MyVideo.
May	2012	Launched instant messaging service M+ messenger.
August	2011	Capital reduction of NT\$3.8bn.
June	2011	Richard M. Tsai and Daniel M. Tsai were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the sixth Board of Directors.
April	2011	The Board of Directors approved the acquisition of a 51% stake in Fubon Multimedia Technology (also known as momo) for NT\$8.35bn through Taiwan Mobile’s 100%-owned

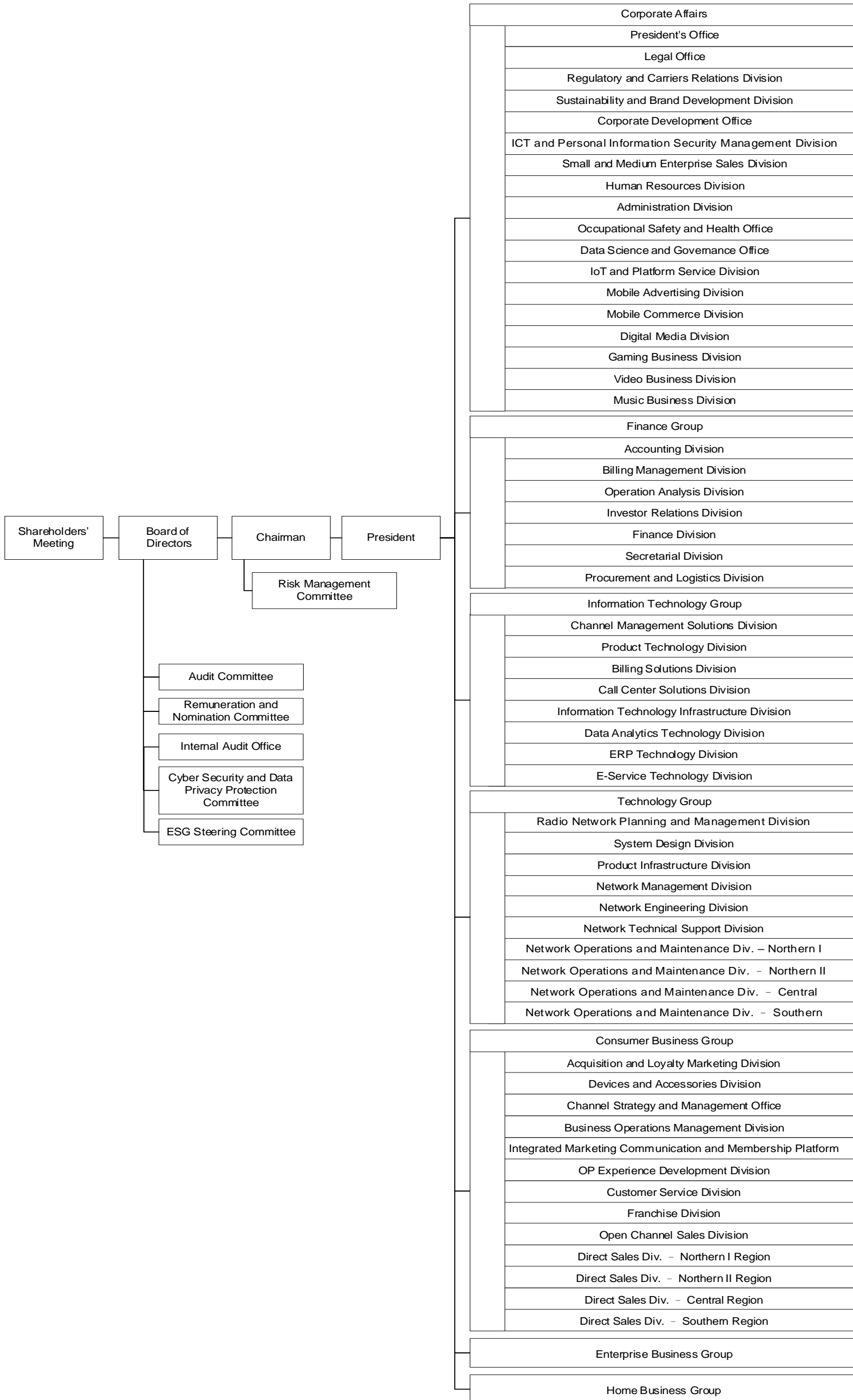
		subsidiary Wealth Media Technology.
October	2010	Cliff Lai and Vivien Hsu were appointed Co-Presidents at the 17th meeting of the fifth Board of Directors, effective January 1, 2011.
May	2010	TFN Media Co., Ltd. (TFNM), a Taiwan Mobile affiliate, acquired a 45% stake in Taiwan Kuro Times Co., Ltd. TFNM raised its stake to 100% in August 2011.
January	2009	Founded Taipei New Horizon Co., Ltd. (a 49.9% holding) with Fubon Land Development Co., Ltd. to develop a cultural park at the site of the old Songshan tobacco plant under a 50-year BOT contract with the Taipei City Government.
September	2008	TransAsia Telecommunications (TAT) and Mobitai Communications were officially merged into Taiwan Mobile.
June	2008	Richard M. Tsai and Daniel M. Tsai were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the fifth Board of Directors.
February	2008	Introduced three new brands – Taiwan Mobile, TWM Broadband and TWM Solution – to provide consumers, households and enterprises with integrated telecom services, including wireless communication, cable TV and fixed-line services.
December	2007	Company's capital dropped to NT\$38bn after a capital reduction of NT\$12bn.
August	2007	Acquired a 45% stake in Taiwan Telecommunication Network Services Co., Ltd. (TTN). Taiwan Mobile raised its stake to 100% in August 2008 and merged TTN into Taiwan Fixed Network Co., Ltd. (TFN).
April	2007	Acquired an 84% stake in TFN. Taiwan Mobile acquired full ownership of TFN in December 2007.
January	2007	Launched 3.5G (HSDPA) services.
August	2006	Richard M. Tsai and Daniel M. Tsai were re-elected Chairman and Vice Chairman, respectively, at the 10th meeting of the fourth Board of Directors.
June	2005	Daniel M. Tsai and Richard M. Tsai were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the fourth Board of Managing Directors.
May	2005	First in Taiwan to launch 3G (WCDMA) services.
November	2004	Joined the Bridge Mobile Alliance, the largest mobile alliance in Asia.
August	2004	Acquired a 67% stake in Mobitai, increasing its subscriber base to 8.2 million. Taiwan Mobile acquired full ownership of Mobitai in January 2006 and merged it into TransAsia Telecommunications in December 2007.
July	2003	Harvey Chang was appointed President and CEO at the 15th meeting of the third Board of Directors.
July	2003	Daniel M. Tsai and Richard M. Tsai were elected Chairman and Vice Chairman, respectively, at the 2nd meeting of the third Board of Managing Directors.
August	2002	Listed on the Taiwan Stock Exchange.
May	2002	C. S. Chen was appointed President at the 2nd meeting of the third Board of Directors.
April	2002	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the third Board of Directors.

February	2002	Granted a 3G license.
July	2001	Acquired a 95.62% stake in TransAsia Telecommunications (TAT), boosting its subscriber base to 6.42 million. Taiwan Mobile acquired full ownership of TAT in June 2006 and merged it into the Company in September 2008.
November	2000	Ray-Ying Fan was appointed President at the 8th meeting of the second Board of Directors.
September	2000	First private telecom operator to trade on Taiwan's OTC market.
June	1999	Jack T. Sun and Joseph Lee were re-elected Chairman and Vice Chairman, respectively, at the 1st meeting of the second Board of Directors.
January	1998	Started commercial operations.
December	1997	First nationwide private operator to obtain a GSM 1800 network operating license.
February	1997	Company was incorporated.
January	1997	Jack T. Sun and Joseph Lee were elected Chairman and Vice Chairman, respectively, while Lai-Ting Zou was appointed President at the 1st meeting of the 1st Board of Directors.

Chapter 2 Organization and Corporate Governance

Organization Organization Chart

As of February 25, 2023



Divisional Scope of Responsibilities

Division		Scope of responsibilities
Internal Audit Office		Conduct internal audit of the Company and its subsidiaries Handle employees' and suppliers' complaints Coordinate the operations of the Risk Management Committee
Corporate Affairs	President's Office	Corporate strategic planning and implementation Develop new businesses and partnerships Facilitate cross-departmental collaboration and improve management mechanism Accelerate digital transformation and sourcing of innovative technologies
	Legal Office	Legal counsel, company litigation and legal document review
	Regulatory and Carriers Relations Division	Regulatory matters, government relations and intercarrier relations
	Sustainability and Brand Development Division	Sustainability and corporate social responsibility, brand management and sponsorships, public relations and TWM Foundation
	Data Science and Governance Office	Enhance efficiency and quality of data collection, definition, storage, management and application
	IoT and Platform Service Division	Study and develop IoT in healthcare and innovative platform service opportunities
	Mobile Advertising Division	Provide mobile advertising solutions based on big data analysis
	Mobile Commerce Division	Operate and manage postpaid and prepaid mobile online services, and integrate myfone shopping to offer customers more diverse choices Develop and manage mobile commerce for myfone online shopping, with a focus on 3C and Smarter Home merchandise myfone online shopping business development, strategic planning and operations
	Music Business Division	Oversee MyMusic business management, strategic planning, product development, marketing and operations
	Video Business Division	Oversee MyVideo business management, strategic planning, content and product development, marketing and operations
	Digital Media Division	Direct carrier billing service, international digital content subscription service, and VAS business development and operations
	Gaming Business Division	Game publishing, e-sports events and 5G cloud gaming platform operations
	Corporate Development Office	Evaluation of strategic investments
	ICT and Personal Information Security Management Division	ICT security and personal data and privacy protection Implementation of Cyber Security Management Act Operation of information security maintenance plan
	Small and Medium Enterprise Sales Division	Serve as hub of digital transformation for SMEs Enhance relations with selected partners to promote employee packages Explore business opportunities in SMEs' digitalization through in-house Communications Platform as a Service (CPaaS) and strategic partners' Software as a Service (SaaS)
	Human Resources Division	Human resources planning and management Staffing, compensation/benefits and employee relations Employee training and development
Administration Division	Office machinery and equipment management General and administrative affairs coordination Base station administration	
Occupational Safety and Health Office	Occupational safety and health management Workplace health promotion	

Division		Scope of responsibilities
Finance Group	Accounting Division	Accounting information management Tax planning and compliance Preparation of financial reports
	Billing Management Division	Billing, receivables collection and settlement Credit check and risk management
	Operation Analysis Division	Operating performance analysis, capex/opex cost and benefit analysis, and financial forecasts/annual budget review
	Investor Relations Division	Maintain two-way communication between the Company and investors, including providing regular and timely disclosures of its operations, financial status, business strategy and development plans
	Finance Division	Treasury management Monitor investments and subsidiaries' business activities Finance-related project evaluation, planning and execution
	Secretarial Division	Corporate governance affairs, board and shareholders' meetings and corporate registration affairs Corporate share registrar management Company seal custodian and receipt/transmission of corporate documents
	Procurement and Logistics Division	Procurement policy and system planning Procurement-related activities and contract signing Supplier management
Information Technology Group	Channel Management Solutions Division	Sales, channel services and commission system solutions Fixed line information system solutions Payment service solutions
	Product Technology Division	Technical consultation and solutions analysis for innovative services and customer premises equipment (CPE) technologies Solutions design, systems development and delivery for innovative services and marketing promotions
	Billing Solutions Division	Billing systems operation and development
	Call Center Solutions Division	Call center solutions design, implementation and maintenance Portal design, implementation and maintenance
	Information Technology Infrastructure Division	Data center, systems and network infrastructure construction and operations management Implementation of information security policy
	Data Analytics Technology Division	Data analytics system solutions, including data warehouse, data science and business intelligence solutions Enterprise management information system solutions Customer relationship management system solutions
	ERP Technology Division	Enterprise resource planning (ERP) and human resources solutions Telecom network and inventory management system development IT governance related to software foundation architecture and development process
	E-Service Technology Division	E-commerce online shopping, Disney+, DCB website, Member Center platform, cloud gaming and e-sports social media platform system development and maintenance Fintech, BNPL, OPPay, M+ messenger, OPBiz for small-and-medium business system development and maintenance Agile development, Center of Excellence team development

Division		Scope of responsibilities
Technology Group	Radio Network Planning and Management Division	Radio network strategy development and planning Site planning and performance management Radio network quality management
	System Design Division	Plan and design core, IP and transmission network systems for mobile and fixed networks Verification and testing of network elements
	Product Infrastructure Division	Design, implement and operate: - Cloud internet data center (IDC) - Cloud computing services: Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) Technology service infrastructure
	Network Management Division	24-hour supervision of mobile/fixed network management Technical support for customers with network quality issues Design and maintenance of network operation support systems
	Network Engineering Division	Mobile telecom and fixed-network business' infrastructure budget, engineering and construction project outsourcing and progress control Applications for base station co-location, technical approvals and cable/conduit management for government agencies Fixed-network service management, project evaluation and coordination
	Network Technical Support Division	Technical support for mobile, fixed and IP-based networks
	Network Operations and Maintenance Division – Northern I, Northern II, Central and Southern Regions	Mobile and fixed network construction, expansion, operation, maintenance and optimization, including core, transmission and radio networks Network construction management and technical support
Consumer Business Group	Acquisition and Loyalty Marketing Division	Develop and execute strategies to acquire new customers, increase customer loyalty and lower churn rates for postpaid users Develop strategies for prepaid business Conduct market and customer analysis
	Integrated Marketing Communication and Membership Platform Division	Develop and manage Taiwan Mobile brand identity and brand strategy Develop and implement store signage and interior design, as well as brand and marketing communications, including above-the-line/below-the-line and online, social media, consumer event and store marketing communication activities Manage Company website to provide users with online services and operate membership platforms
	Devices and Accessories Division	Devices planning and management Accessories and revenue sources development Handset sales and distribution
	Customer Service Division	Customer service and call center management Telemarketing sales and customer retention
	Channel Strategy and Management Office	Channel strategy development and performance management Channel sales support, store display design, and in-store activities planning and execution Sales training program planning and service quality management
	Business Operations Management Division	Store operating system optimization and standards formulation Channel operation quality assurance to minimize corporate business risks Sales channel resources management and commission/awards calculation
	Franchise Division	Supervise franchisees' product promotions, distribution and customer service
	Open Channel Sales Division	Open channel development, distribution and management of postpaid/prepaid products
	OP Experience Development Division	Strategy planning, product promotion and business management for smart home, new devices, customer service app and MyMoji App Online Merge Offline (OMO) user experience planning and execution to provide high-quality services through all devices

Division		Scope of responsibilities
	Direct Sales Division – Northern I, Northern II, Central and Southern Regions	Product sales, customer service and project execution at company stores
Enterprise Business Group		<p>Strategy development and business analysis</p> <p>Direct sales and channel development and customer relationship management</p> <p>Intercarrier relations and international business (including international roaming) planning and implementation</p>
Home Business Group		<p>Implement integrated technology solutions to develop new products and VAS</p> <p>Increase the penetration rate of video and broadband internet and overall revenue</p> <p>Expand two-way optical network to broaden coverage and ensure better internet access quality</p>

Board of Directors and Executive Management

Board of Directors

The board of directors, acting on behalf of the Company's shareholders, is charged with the task of supervising the management team. It is composed of nine directors – including five independent directors – who are well-known in the business, financial, telecommunications and information technology fields. The Audit Committee, composed entirely of independent directors, replaced board supervisors. Information on the Company's Ninth Board of Directors is detailed below:

As of February 25, 2023

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	Male 61-70	2020. 06.18	2023. 06.17	1999. 06.22 *1999. 06.22	5,748,763	0.164	5,748,763 *65,162,715 (1)	0.163 *1.852	4,580,070	0.130	-	-	LLM, Georgetown University LLB, National Taiwan University Chairman, Fubon Financial Holding Co., Ltd. Chairman, Taipei Fubon Commercial Bank Co., Ltd. Chairman, Fubon Insurance Co., Ltd.	Chairman of ESG Steering Committee, Taiwan Mobile Co., Ltd. Director, Fubon Financial Holding Co., Ltd. Managing Director, Taipei Fubon Commercial Bank Co., Ltd. Chairman, Fubon Bank (Hong Kong) Ltd. Director, Fubon Bank (China) Co., Ltd. Chairman and President, Fubon Financial Holding Venture Capital Corp. Chairman, Fubon Sports and Entertainment Co., Ltd. Director, Fubon Stadium Co., Ltd. Chairman, Ming Dong Co., Ltd. Chairman, Dao Ying Co., Ltd. Chairman, Tien Chien Co., Ltd. Chairman, Ti Kun Co., Ltd. Chairman, Hsi Po Lai Co., Ltd. Chairman, Yi Fu So Co., Ltd. Chairman, Chung Shing Development Co., Ltd. Chairman, Fubon Realtors Co., Ltd. Director, Fubon Construction Co., Ltd. Chairman, Kuo Chi Investment Co., Ltd. Director, Leading Mark Ltd. Chairman, Dun Fu Co., Ltd. Director, Lucky Way Ltd. Director, Rainbow Cheer Ltd. Director, Key Gain Ltd. Director, Ultimate Epoch Ltd. Director, Orientland International Ltd. Director, Globotex International Ltd. Director, Cosgrove Global Ltd. Director, WTT Investment Ltd. Director, Star Top Ventures Co., Ltd. Director, Giver Concept Ltd. Director, Fame Dynasty Enterprises Ltd. Director, ABG-WTT Global Life Science Capital Partners GP Ltd. Chairman, momo.com Inc. Chairman, Taipei New Horizon Co., Ltd. Chairman, Taiwan Cellular Co., Ltd. Chairman, Wealth Media Technology Co., Ltd. Chairman, TWM Venture Co., Ltd. Chairman, Taiwan Fixed Network Co., Ltd. Director, Taiwan Teleservices & Technologies Co., Ltd. Chairman, TCC Investment Co., Ltd. Director, Taiwan Digital Service Co., Ltd. Chairman, Taihsin Property Insurance Agent Co., Ltd. Chairman, TFN Media Co., Ltd. Director, Win TV Broadcasting Co., Ltd. Chairman, TFN Union Investment Co., Ltd. Chairman, TCCI Investment and Development Co., Ltd.	Director	Richard M. Tsai	Brother	-

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	Male 61-70	2020. 06.18	2023. 06.17	1999. 06.22 *1999. 06.22	5,748,763	0.164	5,748,763 *93,310,663	0.163 *2.651	5,086,496	0.145	-	-	Chairman, Fubon Financial Holding Co., Ltd. Chairman, Fubon Life Insurance Co., Ltd. Vice Chairman, Fubon Bank (Hong Kong) Ltd. Director, Ming Dong Co., Ltd. Director, Dao Ying Co., Ltd. Director, Tien Chien Co., Ltd. Director, Ti Kun Co., Ltd. Director, Hsi Po Lai Co., Ltd. Director, Yi Fu So Co., Ltd. Director, Chung Shing Development Co., Ltd. Director, Fubon Realtors Co., Ltd. Director, Fubon Construction Co., Ltd. Director, Kuo Chi Investment Co., Ltd. Director, Cho Pharma, Inc. Director, Carnegie Hall Corp. Director, Lucky Way Ltd. Director, Rainbow Cheer Ltd. Director, Key Gain Ltd. Director, Ultimate Epoch Ltd. Director, Orientland International Ltd. Director, Oceana Glory Ltd. Director, Eagle Legacy Ltd. Director, Globotex International Ltd. Director, Cosgrove Global Ltd. Director, Grandfull International Ltd. Director, WTT Investment Ltd. Director, Star Top Ventures Co., Ltd. Director, Castle Lion Investments Ltd. Director, Fame Dynasty Enterprises Ltd. Director, ABG-WTT Global Life Science Capital Partners GP Ltd. Director, TWM Venture Co., Ltd. Director, Taiwan Fixed Network Co., Ltd. Director, TCC Investment Co., Ltd. Director, TFN Union Investment Co., Ltd. Director, TCCI Investment and Development Co., Ltd.	Chairman Director	Daniel M. Tsai Chris Tsai	Brother Son	—	

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Director	R.O.C.	Fu Chi Investment Co., Ltd. Representative: Chris Tsai	Male 31-40	2020.06.18	2023.06.17	1999.06.22 *2019.05.01	5,748,763	0.164	5,748,763 *3,130,427	0.163 *0.089	-	-	-	-	BS in Economics, Wharton School of the University of Pennsylvania President and Director, Fubon Financial Holding Venture Capital Co., Ltd. Chairman and President, Fubon Sports and Entertainment Co., Ltd. Deputy Chairman, Shenzhen Teng Fu Bo Investment Co., Ltd. Coordinator of Innovation and Technology Office, Fubon Financial Holding Co., Ltd. Special Assistant to President, Fubon Life Insurance Co., Ltd.	Deputy CIO of Investment Management Group and Vice President, Fubon Financial Holding Co., Ltd. Director, Fubon Life Insurance Co., Ltd. Director, momo.com Inc. Director, Taiwan Professional Basketball Development Co., Ltd. Director, Immanuel Investment Ltd. Director, AppWorks Ventures Director, Rhema International Ltd. Director, Eternal Hope Ltd. Director, Fubon Asset Management Co., Ltd. Supervisor, Levi Industrial Corp., Ltd. Supervisor, Mo Xi Industrial Corp., Ltd.	Director	Richard M. Tsai	Father	-
Director	R.O.C.	TCC Investment Co., Ltd. Representative: Jamie Lin (2)	Male 41-50	2020.06.18	2023.06.17	2009.09.19 *2018.06.12	200,496,761	5.713	200,496,761 *223,000	5.697 *0.006	-	-	-	-	MBA, Stern School of Business, New York University BS in Chemical Engineering with a minor in Economics, National Taiwan University Co-founder / Vice President of Products, Social Sauce Co-founder / General Manager of Greater China, Intumit	President, Taiwan Mobile Co., Ltd. Chairman, AppWorks Ventures Chairman, AppWorks Fund II Chairman, AppWorks Fund III Chairman, AppWorks Fund IV(TW) Admin Global Ltd. Chairman, Chen Feng Investment Chairman, Chen Yun Co., Ltd. Chairman, Chen Men Ltd. Director, AppWorks Ventures II Ltd. Director, AppWorks Ventures III Ltd. Director, AppWorks Fund IV Ltd. Director, AppWorks Fund IV Admin Global Ltd. Chairman, AppWorks School Co., Ltd. Director, Winbond Electronics Corp. Director, LINE Bank Taiwan Ltd. Director, 91APP, Inc. Director, Dcard Holdings Ltd. Director, EZTable, Ltd. Director, VIV3 Inc. Director, AWTH Ltd. Director, WeMo (Cayman) Corp. Director, WeMo Corp. Director, Bridge Mobile Pte Ltd. Director, momo.com Inc. Director, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Chairman, Fu Sheng Digital Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman, Taiwan Digital Service Co., Ltd.	-	-	-	-

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															Director, Taihsin Property Insurance Agent Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman and President, Global Forest Media Technology Co., Ltd. Chairman and President, Global Wealth Media Technology Co., Ltd. Chairman and President, Taiwan Stampede Franchise Film Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Taiwan Mobile Film Co., Ltd. President, TWM Venture Co., Ltd. President, Taiwan Fixed Network Co., Ltd. President, TCC Investment Co., Ltd. President, TFN Union Investment Co., Ltd. President, TCCI Investment and Development Co., Ltd.					
Independent Director	R.O.C.	Hsueh-Jen Sung	Male 61-70	2020. 06.18	2023. 06.17	2014. 06.12	-	-	-	-	-	-	-	-	MBA, Harvard University MBA, National Chengchi University BS in Management Science, National Chiao Tung University Vice Chairman and Member of Global Partnership Committee and Asian Management Committee, Goldman Sachs (Asia) Ltd. President and CEO, Grand Cathay Securities Corp. Country Manager, Westpac Banking Corp.	Chairman of Audit Committee, Member of Remuneration and Nomination Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Chairman, Song Quan Co., Ltd. Chairman, Vaucluse Capital Management Ltd.	-	-	-	-
Independent Director	R.O.C.	Char-Dir Chung	Male 61-70	2020. 06.18	2023. 06.17	2017. 06.14	-	-	-	-	-	-	-	-	PhD and MS in Electrical Engineering, University of Southern California BS in Electrical Engineering, National Taiwan University Minister without Portfolio, Executive Yuan Member / Deputy Convener / Executive Secretary, Board of Science and	Chairman of Remuneration and Nomination Committee, Member of Audit Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Distinguished Professor, Department of Electrical Engineering and Graduate Institute of Communication Engineering, National Taiwan University Independent Director, Auden Techno Corp.	-	-	-	-

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															Technology, Executive Yuan Member / Deputy Convener / Executive Secretary, National Information and Communications Initiative Committee, Executive Yuan Deputy Executive Secretary, Science and Technology Advisory Group, Executive Yuan Convener, Performance Evaluation Committee of Technology Development Program, Ministry of Economic Affairs IEEE Fellow SIS Chair Professor, National Taiwan University Chairman, Department of Communication Engineering, National Central University Director, Graduate Institute of Communication Engineering, National Central University					
Independent Director	R.O.C.	Hsi-Peng Lu	Male 51-60	2020. 06.18	2023. 06.17	2019. 06.12	-	-	-	-	-	-	-	-	PhD in Industrial Engineering, University of Wisconsin Madison Dean, Management School, National Taiwan University of Science and Technology Dean, Honor College, National Taiwan University of Science and Technology Dean, Student Affairs Office, National Taiwan University of Science and Technology Chair, Department of Information Management, National Taiwan University of Science and Technology	Member of Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Professor, Department of Information Management, National Taiwan University of Science and Technology Independent Director, Yuen Foong Yu Investment Holding Co., Ltd. Independent Director, Shui-Mu International Co., Ltd. Independent Director, 91APP Inc.	-	-	-	-
Independent Director	Singapore	Tong Hai Tan	Male 51-60	2020. 06.18	2023. 06.17	2020. 06.18	-	-	-	-	-	-	-	-	BS in Electrical Engineering, National University of Singapore	Member of Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Director, SEAX Global Pte Ltd. (Singapore) Chairman, United Hampshire US REIT (Singapore)	-	-	-	-

Title	Nationality	Name	Gender Age	Date elected	Term expires	Date first elected	Shareholding when elected		Current shareholding		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Education and experience	Other positions	Executives, directors or supervisors who are spouses or within two degrees of kinship			Remark(s)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
															President and CEO, StarHub Pte Ltd. (Singapore) President and CEO, Singapore Computer Systems Ltd. President and CEO, Pacific Internet Ltd	Director, Metis Energy Pte. Ltd. (Singapore)				
Independent Director	U.S.	Drina Yue	Female 61-70	2020. 06.18	2023. 06.17	2020. 06.18	-	-	-	-	-	-	-	-	BS in Electrical Engineering, MS in Computer Science, University of Illinois Urbana-Champaign Independent Director, Gemalto President, Western Union Asia Managing Director, Motorola Asia Home and Networks Asia Senior Advisor, GSMA Advisory Board Member, Brambles & CHEP Asia CEO, iSteelAsia	Member of Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Director, Christian Action Asia Inc. Independent Director, Zhejiang Leapmotor Technology Co. Ltd.	-	-	-	-

Note: Zero shareholdings are denoted as "-".

* Date when the individual representative was first elected, his/her personal shareholdings, and percentage of personal shareholdings.

(1) 30,000,000 shares held in trust were not included.

(2) Jamie Lin was as an independent director from June 12, 2018 to February 11, 2019.

Major shareholders of TWM’s institutional investors

As of February 25, 2023

Institutional investor	Major shareholders
Fu-Chi Investment Co., Ltd.	Richard M. Tsai (50.25%), Mei-Hui Ueng Tsai (49.75%)
TCC Investment Co., Ltd.	Taiwan Cellular Co., Ltd. (100%)

Major shareholders of companies mentioned on the right hand side of the table above

As of February 25, 2023

Company	Major shareholders
Taiwan Cellular Co., Ltd.	Taiwan Mobile Co., Ltd. (100%)

2. Qualifications and independence criteria of directors

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Daniel M. Tsai	<p>Mr. Daniel M. Tsai, the chairman of Fubon Group and Taiwan Mobile (TWM), possesses extensive experience in the fields of law, finance, fintech and business management. With Mr. Tsai spearheading TWM's transition from a telecoms to a next-gen technology company, the Company has adopted a Super 5G strategy, creating synergies with cable TV giant Kbro, leading e-commerce retailer momo and start-up accelerator AppWorks, and developing a long-term Super 5G ecosystem and environmental sustainability to gain a foothold in Southeast Asia. Fubon Group's business scope includes financial services, property, media, cable TV, e-commerce, cultural and creative industries, and charity. It includes three listed companies – Fubon Financial, TWM and momo – all of which are leaders in their respective fields. Mr. Tsai was recognized as an Outstanding Corporate Sustainability Professional at the Taiwan Corporate Sustainability Awards in 2017 and ranked 13th in <i>Harvard Business Review's</i> Taiwan's top 100 best-performing CEOs in 2020. Mr. Tsai has a bachelor's degree in law from National Taiwan University and a master's degree in law from Georgetown University. He has been a member of the University of Southern California's Board of Trustees since April 2012, a member of the Centre for Asian Philanthropy and Society's Board of Governors since 2014 and chairman of the Asia Business Council's Board of Trustees since March 2021.</p>	<ol style="list-style-type: none"> 1. Meets independence criteria Nos. 1, 6, 8, 9 and 11. 2. Serves as a juristic person representative of corporate shareholder Fu Chi Investment Co., Ltd., as well as chairman or director of the Company's subsidiaries. 	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Richard M. Tsai	<p>Mr. Richard M. Tsai, the chairman of Fubon Financial Holding, is a veteran in the fields of finance, fintech and operation management. During his tenure as TWM's chairman, he led the Company's rise as a leader in digital convergence. Mr. Tsai was a recipient of the Asia Innovator Award at the 10th Asia Business Leaders Awards in 2011 – the only Taiwanese entrepreneur honored that year. He was also named on <i>Harvard Business Review's</i> Taiwan's top 100 best-performing CEOs in 2016, and for four consecutive years (from 2017 to 2021) received an Asian Corporate Director Recognition Award at the Asian ESG Awards. Mr. Tsai has a bachelor's degree in business administration from National Taiwan University and an MBA from New York University's Stern School of Business. He is also a recipient of an honorary doctorate in business from Fu Jen Catholic University, an honorary doctorate in medicine from Taipei Medical University and an honorary doctorate in Engineering from Yang Ming Chiao Tong University. Mr. Tsai is a chair professor at National Taiwan University and National Yang-Ming University. He is also a member of the International Advisory Board of the New York Philharmonic, a director at Carnegie Hall Corp and a member of New York University's President's Global Council, as well as the executive board of the university's Stern School of Business.</p>	<ol style="list-style-type: none"> 1. Meets independence criteria Nos. 1, 6, 8, 9 and 11. 2. Serves as a juristic person representative of corporate shareholder Fu Chi Investment Co., Ltd., as well as director of the Company's subsidiaries. 	0
Chris Tsai	<p>Mr. Chris Tsai, a graduate of The Wharton School of the University of Pennsylvania, has profound experience in finance, fintech and business management. He was a securities researcher at JPMorgan Chase in New York and holds a chartered financial analyst (CFA) license. After returning to Taiwan at the end of 2013, he joined Fubon Life Insurance Co., Ltd. and successively served as the chief investment officer, vice chairman and executive assistant to the president. At the same time, he took charge of developing Fubon's sports and new businesses. In 2014, he served as the president of Fubon Sports and Entertainment Co., Ltd., managing the Fubon Braves basketball team and the Fubon Guardians baseball team, bringing the concept of sports science into the teams, and leading Fubon Braves in winning its first championship in 2019.</p>	<ol style="list-style-type: none"> 1. Meets independence criteria Nos. 1, 3, 5, 6, 8, 9 and 11. 2. Serves as a juristic person representative of corporate shareholder Fu Chi Investment Co., Ltd., as well as director of the Company's subsidiaries. 	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Jamie Lin	<p>Mr. Jamie Lin, who possesses extensive experience in finance, e-commerce technology, investment, mergers and acquisitions, and business management, is the president of TWM, as well as the chairman and a partner at AppWorks, which he founded in 2009. AppWorks, the largest start-up accelerator and one of the most active venture capital institutions in Southeast Asia, formed a strategic alliance with TWM in January 2019. Mr. Lin is also the founder of e-commerce start-up Hotcool, AI enterprise software start-up Intumit, travel community start-up Sosauce.com, and 3D game production start-up Muse Games in Taipei and New York. Mr. Lin has a BS in chemical engineering and a minor in economics from National Taiwan University, and obtained an MBA from New York University's Stern School of Business. Mr. Lin is also actively engaged in civil organizations that contribute to social progress. He is the managing director of the Taiwan Internet and E-Commerce Association, a co-convenor of the Asia Silicon Valley Civil Advisory Committee and a member of the Executive Yuan's Digital Innovation and Governance Initiative Committee. Since 2009, he has regularly published articles on the MR JAMIE blog, providing inspiration to millions of readers around the world who are interested in starting a business.</p>	<ol style="list-style-type: none"> 1. Meets independence criteria Nos. 3, 4, 6, 8, 9, 10 and 11. 2. Serves as the president of the Company, juristic person representative of major corporate shareholder TCC Investment Co., Ltd., as well as chairman, director or president of the Company's subsidiaries. 	0
Hsueh-Jen Sung	<p>Mr. Hsueh-Jen Sung is well-known for his expertise in the fields of finance, investment, mergers and acquisitions, and operations management. After graduating from National Chengchi University with an MBA, Mr. Sung received a Fulbright Scholarship for foreign students, which is awarded to only 10 people per year in Asia, and went on to obtain an MBA from Harvard University. Mr. Sung worked in financial centers such as Hong Kong, Tokyo and London. He served as the president of Grand Cathay Securities in 1992, and joined Goldman Sachs in 1994, becoming the first Taiwanese partner, executive director and principal of the Taiwan office in 1998. After retiring as vice chairman at Goldman Sachs Asia, Mr. Sung established an investment company. His numerous profitable investments are testaments to his unique and precise investment vision.</p>	<ol style="list-style-type: none"> 1. Meets independence criteria Nos. 1 to 12. 2. Has no direct or indirect interest in the Company, and meets the independence qualifications stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. 	0

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Char-Dir Chung	<p>Mr. Char-Dir Chung, a telecoms specialist, is a distinguished professor at National Taiwan University's Department of Electrical Engineering and Telecommunications and a fellow of the International Society of Electrical and Electronics Engineers. A doctor of electrical engineering graduate from the University of Southern California, Mr. Chung's expertise lies in communication systems and theory, wireless communication and spread spectrum communication. Mr. Chung has extensive experience in government. He was a minister without portfolio; member, deputy convener and executive secretary of the Board of Science and Technology of the Executive Yuan; member, deputy convener and executive secretary of the National Information and Communications Initiative Committee of the Executive Yuan, and deputy executive secretary of the Science and Technology Advisory Group of the Executive Yuan. He was also the convener of the Performance Evaluation Committee of the Ministry of Economic Affairs' Technology Development Program. In academia, Mr. Chung was SIS chair professor at National Taiwan University, as well as chairman of National Central University's Department of Communication Engineering and the director of its Graduate Institute of Communication Engineering.</p>	<p>1. Meets independence criteria Nos. 1 to 12. 2. Has no direct or indirect interest in the Company, and meets the independence qualifications stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.</p>	1
Hsi-Peng Lu	<p>Mr. Hsi-Peng Lu, an expert in the fields of e-commerce, information technology, fintech and operations management, is a distinguished professor at National Taiwan University of Science and Technology, an independent director of enterprises, and a newspaper and magazine columnist (<i>Economic Daily News</i>, <i>MANAGER Today</i> and <i>Scientific American</i>). His research covers e-commerce, internet marketing, Ubiquinomics, innovation management, strategy management, artificial intelligence and fintech, among others. A doctor of industrial engineering graduate from the University of Wisconsin-Madison, Mr. Lu was the former chairman of Liang Shing Eclife. He was also the dean of National Taiwan University of Science and Technology's School of Management and Honors College, as well as head of the Department of Information Management. Mr. Lu served three times as a member of the evaluation committee for the R.O.C. Presidential Innovation Awards.</p>	<p>1. Meets independence criteria Nos. 1 to 12. 2. Has no direct or indirect interest in the Company and meets the independence qualifications stipulated in Article 3 of the Regulations Governing Appointment of Directors and Compliance Matters for Public Companies.</p>	3

Name	CV (Qualifications and Experience)	Independence analysis (note)	No. of public companies in which he or she also serves as an independent director
Tong Hai Tan	Mr. Tong Hai Tan, an expert in the fields of communication, business, technology and operations management, is the executive director of SEAX Global Pte (Singapore). With more than 20 years of experience in the ICT industry, Mr. Tan had served as the CEO of StarHub Pte (Singapore), Singapore Computer Systems and Pacific Internet. During his tenure, he established numerous strategic partnerships with well-known enterprises, and was instrumental in transforming loss-making companies into profitable ones.	1. Meets independence criteria Nos. 1 to 12. 2. Has no direct or indirect interest in the Company and meets the independence qualifications stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0
Drina Yue	Ms. Drina Yue, who possesses extensive experience in the fields of communications, business, technology and operations management, is an independent director of Zhejiang Leapmotor Technology. Ms. Yue has been engaged in the communications industry for more than 40 years, serving as the director, president, vice president, chief of staff or senior adviser at Gemalto, Western Union, Motorola, GSMA, Brambles, CHEP, iSteelAsia, GTS and AT&T.	1. Meets independence criteria No. 1 to 12. 2. Has no direct or indirect interest in the Company, and meets the independence qualification stipulated in Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	0

Meets the conditions specified below within the past two years:

Criterion 1: Not an employee of the Company or its affiliates

Criterion 2: Not a director or supervisor of the Company or its affiliates (unless the person is an independent director of the Company, the Company's parent company or any subsidiary of the Company)

Criterion 3: Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names, reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders

Criterion 4: Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a manager under subparagraph 1 or any of the persons in the preceding two subparagraphs

Criterion 5: Neither a director, supervisor, or employee of an entity that directly and/or indirectly holds more than 5% of the Company's shares, nor one of the Company's top five shareholders, or director, supervisor or employee of a corporate shareholder who appoints a representative as a director or supervisor of the Company in accordance with Article 27, paragraph 1 or 2 of the Company Act

Criterion 6: Not a director, supervisor, or employee of a company in which the majority of board seats or voting shares is controlled by a person who also controls the same of the company

Criterion 7: Not a director, supervisor, or employee of a company or institution in which the chairman, president (or equivalent) himself/herself or his/her spouse also serves as the company's chairman, president (or equivalent)

Criterion 8: Not a director, supervisor, manager, or shareholder owning more than 5% of the outstanding shares of any company that has financial or business relations with the Company

Criterion 9: Not a professional, owner, partner, director or supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition provided he/she exercises powers pursuant to the Securities and Exchange Act, the Business Mergers and Acquisitions Act or related laws or regulations.

Criterion 10: Not a spouse or relative within second degree by affinity to other directors

Criterion 11: Not in contravention of Article 30 of the Company Act

Criterion 12: Not an institutional shareholder or its representative pursuant to Article 27 of the Company Act

3. Board diversity and independence

TWM's Corporate Governance Best Practice Principles call for the creation of a diverse board of directors. Directors concurrently serving as company officers shall not exceed one-third of the board. An appropriate policy on diversity based on the company's business operations, operating dynamics and development must be formulated and include, without being limited to, the following two guidelines:

1. Basic requirements: Gender, age, nationality and culture
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing and technology), skills and industry experience

To meet the goals of corporate governance, board directors should possess the following abilities:

1. Operational decision-making
2. Accounting and financial analysis
3. Business management
4. Crisis management
5. Industry knowledge
6. A global market perspective
7. Leadership
8. Business decision-making

Specific management goals:

1. There should be at least one female director.
2. The board should have at least one member who is a specialist in telecommunication services, finance, law, business, technology, investment and M&A, fintech, information technology, risk management, operations management or e-commerce/ marketing.

Board members	Experience in telecommunication services industry (Years)	Tenure of directors/ independent directors (Years)	Top five core competencies									
			Finance	Law	Business	Technology	Investment and M&A	Fintech	Information technology	Risk management	Operations management	E-commerce/ marketing
Daniel M. Tsai	24	24	V	V	V			V			V	
Richard M. Tsai	24	24	V		V		V	V			V	
Chris Tsai	4	4	V		V			V			V	V
Jamie Lin	8	5	V		V	V	V					V
Hsueh-Jen Sung	9	9	V		V		V	V			V	
Char-Dir Chung	34	6				V			V	V	V	V
Hsi-Peng Lu	6	4				V		V	V		V	V
Tong Hai Tan	13	3			V	V			V	V	V	
Drina Yue	33	3			V	V			V		V	V

- Female director: 11.11%
- Age of directors: 22.22% between 30 and 50 years old, 77.78% over 50 years old
- Nationality: R.O.C. 77.78%, Singapore 11.11%, U.S. 11.11%

The board is composed of nine directors. Five are independent directors, constituting more than half of the board. A familial relationship within the second degree of kinship exists between the chairman, Daniel M. Tsai, and directors Richard M. Tsai and Chris Tsai. This does not contravene Article 26-3, paragraph 3 of the Securities and Exchange Act.

Management Team

As of February 25,2023

Title / Division	Nationality	Name	Gender	Effective date	Shareholding / %	Shareholding of spouse or minor children / %	Education and experience	Current position(s) in other companies	Manager is a spouse or consanguineous within two degrees		
									Title	Name	Relationship
President	R.O.C.	Jamie Lin	Male	2019.04.01	223,000 0.006	-	MBA, Stern School of Business, New York University BS in Chemical Engineering with a minor in Economics, National Taiwan University Co-founder / Vice President of Products, Social Sauce Co-founder / General Manager of Greater China, Intumit	President, Taiwan Mobile Co., Ltd. Chairman, AppWorks Ventures Chairman, AppWorks Fund II Chairman, AppWorks Fund III Chairman, AppWorks Fund IV(TW) Admin Global Ltd. Chairman, Chen Feng Investment Chairman, Chen Yun Co., Ltd. Chairman, Chen Men Ltd. Director, AppWorks Ventures II Ltd. Director, AppWorks Ventures III Ltd. Director, AppWorks Fund IV Ltd. Director, AppWorks Fund IV Admin Global Ltd. Chairman, AppWorks School Co., Ltd. Director, Winbond Electronics Corp. Director, LINE Bank Taiwan Ltd. Director, 91APP, Inc. Director, Dcard Holdings Ltd. Director, EZTable, Ltd. Director, VIV3 Inc. Director, AWTH Ltd. Director, WeMo (Cayman) Corp. Director, WeMo Corp. Director, Bridge Mobile Pte Ltd. Director, momo.com Inc. Director, Taipei New Horizon Co., Ltd. Director and President, Taiwan Cellular Co., Ltd. Director and President, Wealth Media Technology Co., Ltd. Chairman, Fu Sheng Digital Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co.,Ltd. Chairman, Taiwan Digital Service Co., Ltd. Director, Taihsin Property Insurance Agent Co., Ltd. Director and President, TFN Media Co., Ltd. Chairman and President, Global Forest Media TechnologyCo., Ltd. Chairman and President, Global Wealth Media TechnologyCo., Ltd. Chairman and President, Taiwan Stampede Franchise Film Co., Ltd. Chairman, Win TV Broadcasting Co., Ltd. Chairman, Taiwan Kuro Times Co., Ltd. Chairman, Yeong Jia Leh Cable TV Co., Ltd. Chairman, Phoenix Cable TV Co., Ltd. Chairman, Union Cable TV Co., Ltd. Chairman, Globalview Cable TV Co., Ltd. Chairman, Taiwan Mobile Film Co., Ltd. President, TWM Venture Co., Ltd.			

Title / Division	Nationality	Name	Gender	Effective date	Shareholding / %	Shareholding of spouse or minor children / %	Education and experience	Current position(s) in other companies	Manager is a spouse or consanguineous within two degrees		
									Title	Name	Relationship
								President, Taiwan Fixed Network Co., Ltd. President, TCC Investment Co., Ltd. President, TFN Union Investment Co., Ltd. President, TCCI Investment and Development Co., Ltd.			
Vice President and Chief Strategy Officer / Corporate Affairs	R.O.C.	Tim Lee	Male	2022.11.10	-	-	MBA, The Wharton School of University of Pennsylvania Vice President, Government of Singapore Investment Corp. Associate, ABN AMRO Research Executive, ACNielsen	Director, TWM Communications (Beijing) Co., Ltd. Director, Taiwan Mobile Film Co., Ltd. Director, Taiwan Stampede Franchise Film Co., Ltd. Director, Stampede Entertainment, Inc. Director, Nada Holdings, Inc. Director, Mistake Entertainment Co., Ltd. Supervisor, Uospace Tech Co., Ltd. Supervisor, Fu Sheng Digital Co., Ltd.	-	-	-
Vice President and Chief Data Officer / Corporate Affairs	R.O.C.	Eddie Chan	Male	2019.01.31	-	-	MBA, The Anderson School of Management, UCLA BS in Mechanical Engineering, National Taiwan University Senior Director, Taiwan Mobile Co., Ltd. Executive Director, Aplix Corp. General Manager, Wireless Business Unit, Quanta Computer Engagement Manager, McKinsey & Co.	None	-	-	-
Vice President / Corporate Affairs	R.O.C.	C.H. Wu	Male	2016.09.26	-	-	MS in Electrical and Computer Engineering, University of Rochester BS in Electrical Engineering, National Taiwan University Vice President, Applied Computing Group, Advantech Co., Ltd. General Manager, Taiwan, Symantec Corp. General Manager, Taiwan, Cisco Systems, Inc. System Engineer/Sales Manager, IBM Corp.	Officer-in-charge, System Integration Branch Office, Taiwan Mobile Co., Ltd. Chief Business Officer, Taiwan Fixed Network Co., Ltd. Chairman and President, Tai-Fu Cloud Technology Co., Ltd. Director, Taihsin Property Insurance Agent Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, TWM Communications (Beijing) Co., Ltd. Director, Cloud Mile (Cayman) Inc. Director, Taiwan Web Service Corporation	-	-	-
Vice President / Corporate Affairs	R.O.C.	Luke Han	Male	2022.12.01	-	-	LLM, Soochow University BA in Management Science, Tamkang University Assistant Vice President, PChome Online Inc. General Manager, Pi Mobile Technology Inc. Manager, ChinaTrust Commercial Bank Manager, Bank SinoPac	President, Fu Sheng Digital Co., Ltd.	-	-	-
Vice President / Corporate Affairs	R.O.C.	Joan Hung	Female	2019.07.01	-	-	MS in HRD, Georgia State University Senior Director of Human Resources and Administration, Taiwan Mobile Co., Ltd. Senior Manager of Human Resources, Mobitai Communications Co., Ltd. Assistant Manager, Tsannkuen Co., Ltd.	None	-	-	-

Title / Division	Nationality	Name	Gender	Effective date	Shareholding / %	Shareholding of spouse or minor children / %	Education and experience	Current position(s) in other companies	Manager is a spouse or consanguineous within two degrees		
									Title	Name	Relationship
Vice President / Corporate Affairs	R.O.C.	David Lin	Male	2016.05.03	-	-	MS in Communication Convergence and Innovative Management, Shih Hsin University General Manager, YMS/CPT/HTP/DWS CATV, Kbro Co., Ltd. Vice President, Business and Operations and Special Assistant to Chairman, Kbro Co., Ltd. Special Assistant to Chairman, Vibo Telecom Vice President, Asia Pacific Telecom	None	-	-	-
Vice President / Corporate Affairs	R.O.C.	Daphne Lee	Female	2014.07.07	-	-	MBA, National Chengchi University Director, Alibaba Group Director, Yahoo! Taiwan Vice President, Citibank Taiwan	Director and President, Taiwan Kuro Times Co., Ltd. Director and President, Taiwan Mobile Film Co., Ltd. Director, Taiwan Stampede Franchise Film Co., Ltd. Director, Nada Holdings, Inc. Director, Mistake Entertainment Co., Ltd.	-	-	-
Vice President / Corporate Affairs	R.O.C.	Iris Liu	Female	2014.07.14	-	-	EMBA, National Chengchi University BA in Information Communication, Tamkang University Vice President, Taiwan Television Enterprise Ltd. Chairman, TTV Cultural Enterprise Ltd.	Vice President, Taipei New Horizon Co., Ltd.	-	-	-
Vice President / Corporate Affairs	R.O.C.	Naomi Lee	Female	2015.08.03	-	-	LLB, National Taiwan University General Counsel, Kbro Co., Ltd. Attorney, InfoShare Tech Law Office Legal Director and Vice President, Taiwan Broadband Communications Senior Legal Manager, Lucent Technologies Attorney, Lee and Li Attorneys-at- Law Attorney, Russin & Vecchi International Legal Counselors	None	-	-	-
Vice President / Corporate Affairs	R.O.C.	Vincent Wu	Male	2022.08.01	-	-	MS Finance, Illinois Institute of Technology Vice President, BNP Paribas Cardif Chief Strategy Officer, Next Bank Vice President, Chailease Holding Co., Ltd. Vice President, CTBC Bank	None	-	-	-
Vice President and Chief Financial Officer / Finance Group	R.O.C.	George Chang	Male	2022.09.01	-	-	MBA, University of Southern California Chief Financial Officer, Egis Technology Inc. Director, FocalTech Systems Co., Ltd. Executive Vice President, Yuanta Consulting Director, Citigroup	Director, momo.com Inc. Director, Global Forest Media Technology Co., Ltd. Director, Global Wealth Media Technology Co., Ltd. Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Globalview Cable TV Co., Ltd. Director, TWM Holdings Co., Ltd. Supervisor, Taiwan Cellular Co., Ltd. Supervisor, Wealth Media Technology Co., Ltd. Supervisor, TWM Venture Co., Ltd. Supervisor, Taiwan Fixed Network Co., Ltd.	-	-	-

Title / Division	Nationality	Name	Gender	Effective date	Shareholding / %	Shareholding of spouse or minor children / %	Education and experience	Current position(s) in other companies	Manager is a spouse or consanguineous within two degrees		
									Title	Name	Relationship
								Supervisor, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, TCC Investment Co., Ltd. Supervisor, Taiwan Digital Service Co., Ltd. Supervisor, TFN Media Co. Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, TFN Union Investment Co., Ltd. Supervisor, TCCI Investment and Development Co., Ltd. Supervisor, Taiwan Kuro Times Co., Ltd. Supervisor, TWM Communications (Beijing) Co., Ltd.			
Vice President / Finance Group	R.O.C.	Jay Hong	Male	2004.05.06	-	-	EMBA, National Sun Yat-sen University President, Taiwan Teleservices & Technologies Co., Ltd. Vice President, Direct Store Division, Taiwan Mobile Co., Ltd. Vice President, Customer Service Division, TransAsia Telecommunications Inc. Director, Procurement Division, TransAsia Telecommunications Inc.	Supervisor, Yeong Jia Leh Cable TV Co., Ltd. Supervisor, Phoenix Cable TV Co., Ltd. Supervisor, Union Cable TV Co., Ltd. Supervisor, Globalview Cable TV Co., Ltd.	-	-	-
Vice President / Finance Group	R.O.C.	Shirley Chu	Female	2019.07.01	-	-	MBA, Fuqua School, Duke University BA Economics, National Taiwan University Director, Equity Research, UBS Analyst, Equity Research, Credit Lyonnais Securities (Asia)	None	-	-	-
Vice President and Chief Information Officer / Information Technology Group	R.O.C.	Rock Tsai	Male	2022.02.22	-	-	DBA, Central South University Executive Director and Head of Technology, DBS Taiwan Group CIO, Sinyi Realty Senior Vice President, HSBC China Executive Vice President and COO, G-Bridge Optoelectronics AVP, Citibank Taiwan EVP and Spokesman, Timenet Telecom	Director, Fu Sheng Digital Co., Ltd	-	-	-
Senior Vice President and Chief Technology Officer / Technology Group	R.O.C.	Tom Koh	Male	2019.07.25	-	-	PhD in Electrical and Computer Engineering, Johns Hopkins University Senior Director, Qualcomm Senior Technical Marketing Engineer, Cisco-Linksys Senior Sales Engineer, Ensemble Communications Senior Technologist, Motorola Member of Tech Staff, Bellcore	Director, Yeong Jia Leh Cable TV Co., Ltd. Director, Phoenix Cable TV Co., Ltd. Director, Union Cable TV Co., Ltd. Director, Globalview Cable TV Co., Ltd. Chairman and President, TWM Communications (Beijing) Co., Ltd.	-	-	-
Vice President / Technology Group	R.O.C.	Ming- Tung Wu	Male	2021.07.01	-	-	PhD in Electrical Engineering, National Taiwan University MS in Electrical Engineering, National Taiwan University Deputy Director, Taiwan Fixed Network Co., Ltd. Manager, Howin Technology Manager, Taiwan Fixed Network Co., Ltd. A.M., Suretone Telecom Inc.	None	-	-	-

Title / Division	Nationality	Name	Gender	Effective date	Shareholding / %	Shareholding of spouse or minor children / %	Education and experience	Current position(s) in other companies	Manager is a spouse or consanguineous within two degrees		
									Title	Name	Relationship
Vice President and Chief Consumer Business Officer / Consumer Business Group	R.O.C.	Tony Lin	Male	2022.05.06	-	-	Vice President, AEON Motor Co., Ltd. Founder and CEO, NEXIT Technology Consultancy Channel Manager, NTT Taiwan Solutions Ltd.	Director, Uspace Tech Co., Ltd.	-	-	-
Vice President / Consumer Business Group	R.O.C.	Steve Chou	Male	2011.04.25	-	-	MBA, Southern Methodist University, Texas Senior Vice President, Customer Service, HSBC Bank General Manager, Secured Lending, Standard Chartered Bank Vice President, Customer Service, Sparq Telecom Vice President, Customer Service, TransAsia Telecommunications Inc. Assistant Vice President, Credit Card, Citibank, N.A.	President, Taiwan Teleservices & Technologies Co., Ltd.	-	-	-
Vice President / Consumer Business Group	R.O.C.	Kate Chen	Female	2021.07.01	-	-	MA in Advertising, Marquette University Director, TransAsia Telecommunications Inc A.M., D.Y.R A.M., Leo Burnett	President, Taiwan Digital Service Co., Ltd.	-	-	-

Note 1: Shareholdings of less than 0.001% are denoted as "0.000" and zero shareholdings are denoted as "-".

Note 2: Shares purchased through the employee share ownership trust (ESOT) program are not included in the table.

Shares held by the management team through the ESOT program are listed as follows: Jamie Lin (3,902), Tim Lee (2,049), Eddie Chan (4,940), C.H. Wu (1,295), Joan Hung (7,699), David Lin (2,239), Daphne Lee (6,326), Iris Liu (3,643), Vincent Wu (371), George Chang (398), Jay Hong (14,870), Shirley Chu (694), Ming-Tung Wu (8,984), Rock Tsai (1,295), Tony Lin (1,183), Steve Chou (8,557), Kate Chen (1,295).

Compensation to Directors and Management Executives

1. Directors' compensation

Unit: NT\$

Title	Name	Representative	Directors' compensation								A+B+C+D *as a % of net profit		Compensation as an employee								A+B+C+D+E+F+G *as a % of net profit		Compensation from investees other than subsidiaries		
			Cash compensation (A)		Pension (B)		Director's remuneration (C)		Professional fee (D)				Performance-based salary (E)		Retirement pay of employees (F)		Earnings paid as bonus to employees (G)								
			Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone	Consolidated	Stand-alone		Consolidated			Stand-alone	Consolidated
																			Cash	Stock	Cash	Stock			
Chairman	Fu-Chi Investment Co., Ltd.	Daniel M. Tsai	48,736,400	59,352,580	-	-	12,237,431	12,237,431	2,189,390	2,491,390	63,163,221	74,081,401	22,320,537	22,320,537	-	-	4,264,926	-	4,264,926	-	89,748,684	100,666,864	7,725,498		
Director	Fu-Chi Investment Co., Ltd.	Richard M. Tsai																							
Director	Fu-Chi Investment Co., Ltd.	Chris Tsai																							
Director	TCC Investment Co., Ltd.	Jamie Lin																							
Independent Director	Hsueh-Jen Sung		7,200,000	7,200,000	-	-	18,356,150	18,356,150	2,054,723	2,054,723	27,610,873	27,610,873	-	-	-	-	-	-	-	-	27,610,873	27,610,873	700,000		
Independent Director	Char-Dir Chung																								
Independent Director	Hsi-Peng Lu																								
Independent Director	Tong Hai Tan																								
Independent Director	Drina Yue																								

Note 1: According to the Company's Articles of Incorporation and the Rules for Setting Director's Remuneration, directors' remuneration is determined based on their duties, risks and involvement. The Remuneration and Nomination Committee reviews the compensation mechanism periodically.

Note 2: The figures in the table include expenses for company cars and gasoline reimbursement, but do not include compensation paid to company drivers, which totaled NT\$763,298.

Note 3: In addition to the above table, remuneration paid to directors for their services to all consolidated entities (such as consultants who are not employees) totaled NT\$3,464,062.

2. Range of compensation to directors

Range of compensation to directors	Name of directors			
	Director's compensation		Director's compensation + Compensation as an employee	
	On a stand-alone basis	On a consolidated basis	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$999,999	Richard M. Tsai, Chris Tsai, Jamie Lin	Richard M. Tsai, Chris Tsai, Jamie Lin	Richard M. Tsai, Chris Tsai	Richard M. Tsai, Chris Tsai
NT\$1,000,000~NT\$1,999,999	—	—	—	—
NT\$2,000,000~NT\$3,499,999	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.	TCC Investment Co., Ltd.
NT\$3,500,000~NT\$4,999,999	—	—	—	—
NT\$5,000,000~NT\$9,999,999	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Fu-Chi Investment Co., Ltd.	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Fu-Chi Investment Co., Ltd.	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Fu-Chi Investment Co., Ltd.	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Fu-Chi Investment Co., Ltd.
NT\$10,000,000~NT\$14,999,999	—	—	—	—
NT\$15,000,000~NT\$29,999,999	—	—	Jamie Lin	—
NT\$30,000,000~NT\$49,999,999	—	—	—	Jamie Lin
NT\$50,000,000~NT\$99,999,999	Daniel M. Tsai	Daniel M. Tsai	Daniel M. Tsai	Daniel M. Tsai
NT\$100,000,000 and above	—	—	—	—
Total	11	11	11	11

3. Management executives' compensation

Unit: NT\$

Title and name	President, Jamie Lin; Senior Vice President and Chief Technology Officer, Tom Koh; Vice President and Chief Strategy Officer, Tim Lee; Vice President and Chief Data Officer, Eddie Chan; Vice President and Chief Financial Officer, George Chang; Vice President and Chief Information Officer, Rock Tsai; Vice President and Chief Consumer Business Officer, Tony Lin; Vice President, C.H. Wu; Vice President, Luke Han; Vice President, Joan Hung; Vice President, Jay Hong; Vice President, Shirley Chu; Vice President, Ming-Tung Wu; Vice President, Steve Chou; Vice President, Kate Chen; Vice President, David Lin; Vice President, Daphne Lee; Vice President, Iris Liu; Vice President, Naomi Lee; Vice President, Vincent Wu Resigned managers: Executive Vice President and Chief Financial Officer, Rosie Yu; Vice President, Michael Teng	Total	
Salary (A)	Stand-alone	103,541,031	
	Consolidated	104,021,031	
Pension (B) *	Stand-alone	1,958,100	
	Consolidated	1,958,100	
Performance-based salary (C)	Stand-alone	75,117,076	
	Consolidated	75,502,780	
Earnings paid as bonus to employees (D)	Stand-alone	Cash	29,534,397
		Stock	—
	Consolidated	Cash	29,534,397
		Stock	—
A+B+C+D *as a % of net profit	Stand-alone	210,150,604 *1.9060%	
	Consolidated	211,016,308 *1.9139%	
Compensation from investees other than subsidiaries		7,619,844	

Note 1: The Company's contribution to employees' pension account, not actual amount paid.

Note 2: Figures do not include compensation paid to company drivers, which totaled NT\$2,012,646.

4. Range of compensation to management executives

Range of compensation to management executives	Name of management executives	
	On a stand-alone basis	On a consolidated basis
NT\$0~NT\$999,999	—	—
NT\$1,000,000~NT\$1,999,999	—	—
NT\$2,000,000~NT\$3,499,999	Luke Han, Vincent Wu	Luke Han, Vincent Wu
NT\$3,500,000~NT\$4,999,999	—	—
NT\$5,000,000~NT\$9,999,999	Eddie Chan, George Chang, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu, Naomi Lee, Michael Teng	Eddie Chan, George Chang, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu, Naomi Lee, Michael Teng
NT\$10,000,000~NT\$14,999,999	Rosie Yu, Tom Koh, Rock Tsai	Rosie Yu, Tom Koh, Rock Tsai
NT\$15,000,000~NT\$29,999,999	Jamie Lin, Tim Lee	Tim Lee
NT\$30,000,000~NT\$49,999,999	—	Jamie Lin
NT\$50,000,000~NT\$99,999,999	—	—
NT\$100,000,000 and above	—	—
Total	22	22

Note: Compensation paid to managers in the above table was based on tenure they served in 2022. Compensation paid to managers who also served as directors is detailed in the "Directors' compensation" table.

5. Compensation mix of management executives

Title and name	Salary and pension	Performance-based salary	Earnings paid as bonus to employees
President, Jamie Lin	37.0%	47.0%	16.0%
Executive Vice President and Chief Financial Officer, Rosie Yu*	80.0%	20.0%	0.0%
Senior Vice President and Chief Technology Officer, Tom Koh	47.5%	35.1%	17.4%
Vice President and Chief Strategy Officer, Tim Lee	50.3%	32.8%	16.9%
Vice President and Chief Data Officer, Eddie Chan	48.1%	35.6%	16.3%
Vice President and Chief Financial Officer, George Chang	50.3%	32.7%	17.0%
Vice President and Chief Information Officer, Rock Tsai	40.2%	46.4%	13.4%
Vice President and Chief Consumer Business Officer, Tony Lin	47.7%	33.6%	18.7%
Vice President, C.H. Wu	49.1%	34.6%	16.3%
Vice President, Luke Han	15.5%	79.2%	5.3%
Vice President, Joan Hung	42.8%	41.7%	15.5%
Vice President, Jay Hong	54.9%	32.3%	12.8%
Vice President, Shirley Chu	48.7%	34.8%	16.5%
Vice President, Ming-Tung Wu	48.2%	35.5%	16.3%
Vice President, Steve Chou	55.1%	32.0%	12.9%
Vice President, Kate Chen	48.1%	35.6%	16.3%
Vice President, David Lin	48.7%	36.3%	15.0%
Vice President, Daphne Lee	49.4%	35.5%	15.1%
Vice President, Iris Liu	49.5%	35.4%	15.1%
Vice President, Naomi Lee	51.1%	33.2%	15.7%
Vice President, Vincent Wu	49.2%	35.8%	15.0%
Vice President, Michael Teng*	85.2%	14.8%	0.0%

* Resigned

6. Employee profit sharing paid to management executives

Unit: NT\$

Title and name	Stock bonus	Cash bonus	Total	As a % of net profit
President, Jamie Lin Senior Vice President and Chief Technology Officer, Tom Koh Vice President and Chief Strategy Officer, Tim Lee Vice President and Chief Data Officer, Eddie Chan Vice President and Chief Financial Officer, George Chang Vice President and Chief Information Officer, Rock Tsai Vice President and Chief Consumer Business Officer, Tony Lin Vice President, C.H. Wu Vice President, Luke Han Vice President, Joan Hung Vice President, Jay Hong Vice President, Shirley Chu Vice President, Ming-Tung Wu Vice President, Steve Chou Vice President, Kate Chen Vice President, David Lin Vice President, Daphne Lee Vice President, Iris Liu Vice President, Naomi Lee Vice President, Vincent Wu	-	29,534,397	29,534,397	0.2679%

Compensation of directors and management executives as a percentage of net income over the past two years and guiding principles

1. Directors' compensation

Unit: NT\$

Type	Year	Directors' compensation	Net income	As a % of net income
On a stand-alone basis	2021	121,639,846	10,988,164,899	1.1070%
	2022	117,359,557	11,025,550,663	1.0644%
On a consolidated basis	2021	129,055,258	10,988,164,899	1.1745%
	2022	136,703,235	11,025,550,663	1.2399%

Guiding principles for compensation of directors

Remuneration policies, standards and package

- Directors' (including independent directors) remuneration and compensation are paid according to the Company's Articles of Incorporation and Rules for Setting Director's Remuneration as approved by the board. Remuneration or other equivalent allowance for directors is based on their involvement in the Company's operations, contribution to the Company and industry norms. Compensation paid to directors is pursuant to the ratio specified in the Company's Articles of Incorporation, when the company makes a profit.
- Transportation allowances are paid based on attendance in board meetings and for services rendered as the chairman or a member of the Audit Committee, Remuneration and Nomination Committee or ESG Steering Committee.

Procedures for setting remuneration

- (1) In accordance with the Company's Articles of Incorporation, compensation paid to directors shall not exceed 0.3% of the Company's annual profit after deducting losses from previous years.
- (2) Directors' remuneration and transportation allowances are determined in accordance with the Rules for Setting Director's Remuneration.

Performance factor

According to the Company's Articles of Incorporation, directors' remuneration shall be based on the Company's operating profit. Directors' remuneration is assessed based on their contribution to the operations of the Company and the board. The Company also has Rules for Setting Director's Remuneration, and the Remuneration and Nomination Committee reviews the compensation mechanism periodically, taking future operating risks, environmental conservation and sustainable development into consideration.

2. Compensation of management executives

Unit: NT\$

Type	Year	Compensation of management executives	Net profit	As a % of net profit
On a stand-alone basis	2021	177,056,511	10,988,164,899	1.6113%
	2022	210,150,604	11,025,550,663	1.9060%
On a consolidated basis	2021	184,016,627	10,988,164,899	1.6747%
	2022	218,636,152	11,025,550,663	1.9830%

Guiding principles for compensation of management executives

Remuneration policies, standards and package

- (1) Compensation paid to the president and vice presidents comprises a fixed monthly salary and performance bonus.
- (2) Performance bonuses are determined based on the president's or the vice president's contribution to the Company and the results of an annual performance appraisal. The above-mentioned bonuses have been proposed by the Remuneration and Nomination Committee for approval at the board meeting.

Procedures for setting performance bonuses

- (1) In accordance with the Company's Articles of Incorporation, employee profit sharing shall come from a pool of 1% to 3% of the Company's annual net income after deducting losses from previous years.
- (2) Year-end bonuses are set based on the Company's performance and the annual budget approved by the board and the chairman.

Performance factor

- (1) Variable compensations in the form of employee profit sharing and performance-based bonuses account for approximately 40% to 50% of the remuneration and are determined based on the president's or vice president's contribution to the Company's operations. The Company shall review the compensation mechanism periodically, taking future operating risks, environmental conservation and corporate sustainable development into consideration. To strengthen the link between corporate sustainable development and managers' compensation, if the president or vice president fails to meet all ESG metrics, his/her annual performance ranking may drop by one level, or his/her employee profit sharing and performance-based bonus may be cut by up to 10%.
- (2) The Human Resources Division is tasked with preparing the annual compensation for the president and vice presidents, and submitting a report to the Remuneration and Nomination Committee.

Corporate Governance

Board of Directors attendance

The Board of Directors convened six meetings in 2022

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	6	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	6	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Chris Tsai	6	0	100%	None
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	6	0	100%	None
Independent Director	Hsueh-Jen Sung	6	0	100%	None
Independent Director	Char-Dir Chung	6	0	100%	None
Independent Director	Hsi-Peng Lu	6	0	100%	None
Independent Director	Tong Hai Tan	6	0	100%	None
Independent Director	Drina Yue	6	0	100%	None

1. Any objections or issues raised by independent directors against resolutions passed by the Board of Directors:

(1) Pursuant to Article 14-3 of the Securities and Exchange Act:

Not applicable. The Company has already established an audit committee.

(2) Other items not covered in the preceding table: None

2. Any recusals due to conflicts of interest:

Date	Name of directors	Proposal	Reasons for recusal	Participation in deliberation
2022.01.25	Daniel M. Tsai Richard M. Tsai Jamie Lin	2021 performance evaluation and proposed year-end bonuses for chairman, managers and audit supervisor by the Remuneration and Nomination Committee	Daniel M. Tsai and Jamie Lin: Personal interest Richard M. Tsai: Interested party	All three were excluded from the deliberations
2022.02.22	Jamie Lin	2022 Balanced scorecard for president	Personal interest	Mr. Lin was excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations
2022.05.06	Richard M. Tsai Chris Tsai	Removal of non-competition restrictions for board members	Chris Tsai: Personal interest Richard M. Tsai: Interested party	Both were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations
2022.08.01	Daniel M. Tsai Richard M. Tsai Jamie Lin	Distribution of 2021 bonuses and adjustment of 2022 remuneration for the Company's chairman, managers and audit supervisor	Daniel M. Tsai and Jamie Lin: Personal interest Richard M. Tsai: Interested party	All three were excluded from the deliberations
2022.11.10	Jamie Lin	Investment in AppWorks Fund IV L.P. through 100%-owned TWM Venture Co., Ltd.	Personal interest	Mr. Lin was excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Chris Tsai	Acquisition or disposal of right-of-use assets	Richard M. Tsai: Personal interest Daniel M. Tsai and Chris Tsai: Interested party	All three were excluded from the deliberations

3. Information regarding the implementation of the evaluation of the BoD and functional committees

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation measures	
Once a year	Jan. 2022 to Dec. 2022	Performance evaluation of the board as a whole, individual directors and functional committees	<ol style="list-style-type: none"> 1. Evaluation of the performance of the board of directors <ol style="list-style-type: none"> (1) Participation in the operations of the company (2) Improvement in the quality of decision-making (3) Composition and structure of the board (4) Election and continuing education of directors (5) Internal controls (6) Participation in corporate social responsibility 2. Self-evaluation by individual directors <ol style="list-style-type: none"> (1) Alignment with the goals and missions of the company (2) Awareness of the duties of a director (3) Participation in the operations of the company (4) Management of internal relationships and communication (5) Professionalism and continuing education of directors (6) Internal control 3. Self-evaluation by Functional Committees: <ol style="list-style-type: none"> (1) Participation in the operations of the company (2) Awareness of the duties of the functional committees (3) Improvement in the quality of decision-making (4) Election and composition of the functional committees (5) Internal controls 	
Every three years	March 2020 to Feb. 2021	Commissioning of an independent evaluator to conduct an overall assessment of the board's performance	Commissioned the Taiwan Corporate Governance Association to conduct the evaluation	Evaluation of the performance of the board, including its composition, guidance, delegation, supervision, communication, internal controls and risk management, self-discipline and other matters, e.g. board meetings and support systems

4. Other BoD objectives:

- (1) Training programs for directors: Aside from encouraging directors to attend outside seminars, the Company holds annual in-house sessions to facilitate interactions between lecturers and directors. The total number of training hours was 82.5 in 2022, which included programs such as "Trends and impact of sustainable finance" and "The new financial era: Development trends and strategies in digital technology."
- (2) Information transparency: Committed to upholding operational transparency and protecting shareholders' interests, the Company regularly discloses resolutions by the Board of Directors in a timely and consistent manner. In addition, the Company holds institutional investor conferences on a quarterly basis and has set up Chinese/English sections for Investor Relations and Corporate Social Responsibility on its official website.
- (3) Liability insurance: The Company provides its directors and managers with annual liability insurance to cover risks as they carry out their duties, reviews the insurance coverage on an annual basis and reports to the board to make sure the amount and scope are sufficient to the need.
- (4) The Chairman of the Board of Directors is not a member of the Company's management team to ensure a system of checks and balances.
- (5) The Audit Committee, the Remuneration and Nomination Committee and the ESG Steering Committee assist the Board of Directors in carrying out supervisory tasks. The chairperson of each committee reports on their committee's operations to the board on a regular basis.
- (6) The Company passed the Rules and Procedures on Evaluating the Performance of the Board and Functional Committees to enhance efficiency, under which the Remuneration and Nomination Committee conducts an analysis and submits a report on proposed improvements to the board after an annual performance evaluation. Board members completed an evaluation assessment in the first quarter of 2023.
- (7) To strengthen corporate governance and enhance the board's functions, the Board of Directors passed a proposal that independent directors should comprise at least 40% of the board, and that the Remuneration and Nomination Committee should be in charge of identifying and nominating competent candidates.

Audit Committee attendance

The Audit Committee is responsible for reviewing the following:

- Financial reports
- Internal control systems and related policies, procedures and assessment of their effectiveness
- Compliance with Article 36-1 of the Securities and Exchange Act
- Material asset or derivatives transactions
- Material monetary loans, endorsements or guarantees
- Offering, issuance or private placement of equity-type securities
- Fairness and rationality of the Company's M&A plans and transactions
- Any matter that has a bearing on the personal interest of a management executive or director
- Fraud investigation reports
- Interacting and communicating with management and listening to business strategy development reports
- Hiring or dismissal of an attesting CPA, or the compensation given thereto
- Performance, qualification and independence of CPAs
- Appointment or discharge of financial, accounting or internal auditing officers

1. The Audit Committee convened six times in 2022

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Hsueh-Jen Sung	6	0	100%	Appointed committee chairman
Independent Director	Char-Dir Chung	6	0	100%	None
Independent Director	Hsi-Peng Lu	6	0	100%	None
Independent Director	Tong Hai Tan	6	0	100%	None
Independent Director	Drina Yue	6	0	100%	None

2. Any objections or issues raised by the Audit Committee against resolutions passed by the Board of Directors

(1) Pursuant to Article 14-5 of the Securities and Exchange Act:

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2022.01.24	13th meeting of the fifth Audit Committee	Appointment of CPA	None	Approved as proposed	Approved as proposed
		2022 capital expenditure plan and donation to TWM Foundation			
		Procurement of mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. (capped at NT\$4.205bn)			
		Participation in the NT\$2.8bn new share issue of 100%-owned TWM Venture Co., Ltd.			
		2021 internal control statement			
2022.02.21	14th meeting of the fifth Audit Committee	Acquisition or disposal of right-of-use assets	None	Approved as proposed	Approved as proposed
		2021 business report and financial statements			
2022.05.05	15th meeting of the fifth Audit Committee	1Q22 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use of assets			
		2021 earnings distribution and cash return from capital surplus			
		Revisions to the Rules and Procedures for Acquisition or Disposal of Assets			
		Removal of non-competition restrictions for board members			
		Additional capital expenditure for network integration with Taiwan Star (NT\$4.025 billion)			
Procurement of mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. (capped at NT\$3.296bn)					

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2022.06.16	16th meeting of the fifth Audit Committee	Subscription to LINE Bank Taiwan Ltd's common shares via private placement	None	Approved as proposed	Approved as proposed
		Acquisition of secondary shares of Cloud Mile Inc. through 100%-owned TWM Venture Co., Ltd.			
2022.08.01	17th meeting of the fifth Audit Committee	2Q22 financial statements	None	Approved as proposed	Approved as proposed
2022.11.09	18th meeting of the fifth Audit Committee	3Q22 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use assets			
		Internal audit plan for 2023			
		Investment in AppWorks Fund IV L.P. through 100%-owned TWM Venture Co., Ltd.			

(2) In addition to the items listed above, any resolution passed by over two-thirds of the Board of Directors, but not approved by the Audit Committee: None.

3. Any recusals due to conflicts of interest: None.

4. Communication between independent directors and the Internal Audit Chief Officer and CPAs about major financial/operational matters:

(1) The Internal Audit Chief Officer and CPAs communicated directly with independent directors when needed.

(2) In addition to presenting monthly reports to the independent directors, the Internal Audit Chief Officer and CPAs met with the independent directors at the quarterly Audit Committee meetings, bringing communication into full play.

(3) Regular communication between independent directors and internal audit officers/CPAs:

Date	Internal Audit Officers		CPAs	
	Subject matter	Results	Subject	Results
2022.01.24 13th meeting of the fifth Audit Committee	1. 4Q21 internal audit report 2. 2021 internal control statement	1. Acknowledged 2. Reviewed and submitted to BoD for approval	-	-
2022.02.21 14th meeting of the fifth Audit Committee	-	-	1. 2021 financial statements, key audit matters, explanations of computer audit, and other communication items 2. Discussed the international standards for management of innovation and intellectual property 3. Discussed inquiries raised by attendees	Acknowledged
2022.05.05 15th meeting of the fifth Audit Committee	1Q22 internal audit report	Acknowledged	1. 1Q22 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2022.08.01 17th meeting of the fifth Audit Committee	1. 2Q22 internal audit report 2. Report the business of the Risk Management Committee 3. Revision of risk management policy	1. Acknowledged 2. Acknowledged 3. Reviewed and submitted to BoD for approval	1. 2Q22 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2022.11.09 18th meeting of the fifth Audit Committee	1. 3Q22 internal audit report 2. Internal audit plan for 2023	1. Acknowledged 2. Reviewed and submitted to BoD for approval	1. 3Q22 financial statements and communication of key audit matters 2. Discussed inquiries raised by attendees	Acknowledged

Corporate governance practices

Item		Current practices
Has the Company established principles based on the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?		The Company has established said Corporate Governance Best Practice Principles and published them on the Company's official website and market observation post system (MOPS).
Shareholding structure and shareholders' interests	Handling of shareholders' suggestions and disputes	The Corporate Governance Best Practice Principles includes a chapter on upholding shareholders' interests. The spokesperson or Secretarial Division handles all non-legal issues; the Legal Division handles all legal issues.
	Identification of major shareholders and investors with controlling interests	The Secretarial Division submits a monthly report listing the shareholdings of directors, managers and major shareholders (over 10% shareholding) to the authorities.
	Risk control mechanisms and firewalls between the Company and its subsidiaries	The Company's internal control system set up the Rules and Procedures on Conducting Transactions between Group Companies and Related Parties and the Rules and Procedures on Monitoring Subsidiaries as risk control mechanisms.
	Prohibitions on insider trading	The Company has established Rules and Procedures on Handling Internal Material Information, which are given to employees when they start work. The Company also provides guidelines on handling and processing internal material information, as well as corporate ethics, to ensure that employees and directors are familiar with and comply with said regulations.
Board of directors and its responsibilities	Board diversity and execution	Diversity of board members is stipulated in the Company's Rules for Election of Directors and has been fully implemented.
	Establishing a Remuneration and Nomination Committee and an Audit Committee in accordance with the law and voluntarily setting up other functional committees	The Company has established an ESG Steering Committee, Cyber Security and Data Privacy Protection Committee, and Risk Management Committee to enhance various functions.
	Board performance evaluation	<p>The Company passed the Rules and Procedures on Evaluating the Performance of the Board and Functional Committees to enhance efficiency, under which the Remuneration and Nomination Committee conducts an analysis and submits a report on proposed improvements to the board after an annual performance evaluation and uses it as a reference for remuneration and re-appointment. The performance evaluation was completed through self-assessments by board members, which covered evaluations of the performance of the board, board members and functional committees. Both the board and committees performed well, with an average rating of 4.96, with 5 being the highest score.</p> <p>The Company appointed the Taiwan Corporate Governance Association (TCGA) to conduct its board evaluation in January 2021. The evaluation, covering the period from March 1, 2020 to February 28, 2021, focused on eight aspects: composition, guidelines, authorization, supervision, communication, internal controls and risks, self-discipline and support systems. The report was issued on May 3, 2021 and presented to the Board of Directors by the Remuneration and Nomination Committee on August 5, 2021. The results of the evaluation and proposed countermeasures were as follows:</p>

Item	Current practice
	<p>A. Comments :</p> <p>(a) The Company values having a diverse board of directors, with members who are selected based not only on the Company's current needs, but also their capabilities in advancing its future development. Independent members take up more than half of the board seats. Aside from attending scheduled meetings, board members take an active role in the Company's various business operations and interact closely with management.</p> <p>(b) To lead the Company's transformation, the board appointed a president with a nontraditional telecommunications industry background two years ago. The president's performance is evaluated by the Remuneration and Nomination Committee using the Balanced Scorecard model, taking into consideration the Company's short, medium and long-term goals.</p> <p>(c) The Company again appointed an independent evaluator to assess the board's performance. It took actions on all recommendations from the previous evaluation and disclosed relevant information in the annual report and on its corporate website. This showed the board's proactive approach to enhancing corporate governance and the effectiveness of the board.</p> <p>(d) To manage potential risks related to the Company's transformation, the chairman acts as the convener and supervisor of the Risk Management Committee. The committee holds a meeting at least every six months and reports its operations to the board at least once a year.</p> <p>B. Suggestions/Implementation:</p> <p>(a) As the Company pursues a new growth curve with a business model that differs from its existing position as a traditional telecommunications company, it was recommended that the board continuously strengthen risk controls, regularly review the effectiveness of the internal control system and make adjustments accordingly. The Company has executed the suggestions.</p> <p>(b) The Company was advised to set up a Nomination Committee. The functions of the Nomination Committee were incorporated into the Remuneration and Nomination Committee in 2018.</p>
Periodic review of CPA's independence	<p>The heads of finance and other divisions of the Company and its subsidiaries conduct annual evaluations of the independence and reappointment of CPAs according to "The Bulletin of Norm of Professional Ethics for Certified Public Accountants of the Republic of China" and "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies," and referring to Audit Quality Indicators (AQIs) based on the following criteria and procedures:</p>

Item	Current practices
	<ol style="list-style-type: none"> 1. The CPAs' resumes. 2. The CPAs neither serve as a director/supervisor/ manager nor hold a position with major influence in the Company or its subsidiaries, and have no interests that conflict with the Company's. 3. The CPAs have not served as auditors for the Company for seven consecutive years. 4. The CPAs should provide the Company with a Declaration of Independence on a quarterly basis. 5. The CPAs have not provided non-audit services to the Company which might affect their independence. 6. The CPAs are not involved in any significant lawsuit or litigation, and have never been censured by any regulatory body. 7. The CPA firm's involvement, quality control review and innovative plans. 8. Effective interaction with manager and internal audit officer. <p>The results of the 2022 evaluation met the independence criteria and were approved by the Audit Committee on February 23, 2023 and the board on February 24, 2023.</p>
<p>Has the Company set up a full/part time unit or personnel and appointed a Chief Corporate Governance officer in charge of handling corporate governance-related matters – including, but not limited to providing information for board directors to carry out their duties, preparing board and shareholders' meetings, handling company registration and any changes therein, and recording board and shareholders' meeting minutes?</p>	<p>The VP/CFO who heads the Secretarial Division is also the Chief Corporate Governance officer. He has more than 10 years of experience in the securities industry, including managing listed companies' financial affairs. The division head attended the following training programs in 2022:</p> <ol style="list-style-type: none"> 1. Corporate governance 3.0: Practical analysis of sustainability reports (Accounting Research and Development Foundation, 3hr) 2. Digital technology development and application trends (Taiwan Corporate Governance Association, 3hr) 3. The explosion of the virtual world: The development of metaverse and cryptocurrency blockchain (Taiwan Corporate Governance Association, 3hr) 4. The new financial era: Development trends and strategies in digital technology (Independent Directors' Association Taiwan, 3hr) 5. Driving the green transition: Aiming for net zero (Accounting Research and Development Foundation, 3hr) <p>The division provided the following:</p> <ol style="list-style-type: none"> 1. Assisted directors in assuming their positions, furnished them with information required for business execution and held seminars to facilitate interaction between lecturers and directors. 2. Purchased annual liability insurance for directors. 3. Prepared board of directors' and shareholders' meetings, and handled company registration and any changes therein.

Item		Current practices
Has the Company established communication channels with stakeholders (including, but not limited to shareholders, employees, customers and suppliers) and set up a stakeholders' section on the Company's website to respond to critical corporate social responsibility issues?		Sections on investor relations, procurement and ESG have been set up on the Company's official website and integrated into one comprehensive stakeholders' section. Special personnel have been assigned to handle ESG related issues.
Has the Company outsourced its shareholders' general meetings?		The Company has engaged the Transfer Agency and Registry Department of Fubon Securities Co., Ltd. to manage its annual general meeting.
Information disclosure	Disclosure of information on financial status, operations and corporate governance	Disclosure of financial-related and corporate governance information is posted periodically on the Company's website.
	Other ways of disclosing information	Aside from having a spokesperson, the Company has a dedicated department – the Investor Relations Division – to handle information disclosure. It also has an English website and a team working on gathering and releasing relevant Company information.
	Has the Company published and reported its annual financial statement within two months after the end of a fiscal year, and published and reported its financial statements for the first, second and third quarters, as well as its operating status for each month, before the specified deadline?	In 2022, the Company published and reported its annual financial statement within two months after the end of the fiscal year. It published and reported its first, second and third quarter financial statements before deadline, as well as its monthly operating status ahead of the target date.

Additional information

1. Employee rights

The Company's human resources policies comply with provisions prescribed under the law, such as the Labor Standards Act, in safeguarding employee rights.

2. Employee care

The Company provides different communication channels to facilitate communication within the firm. These include holding regular labor-management meetings to accommodate suggestions for improvement and conducting surveys to gather employees' comments about the workplace and management practices.

3. Investor relations

The Company posts financial, operational and material information on its official website and MOPS in a timely manner to keep investors abreast of Company developments and strategies and, thus, maximize shareholders' interests.

4. Supplier relations

The Company holds procurement bids based on the "Procedures Governing Procurement" and suppliers deliver products in accordance with the contract.

5. Stakeholders' rights

To protect the interests of stakeholders, the Company has established various free and open communication channels to promote trust and corporate social responsibility.

6. Training programs for directors in 2022

Training program	Organization	Date	Hours	Participant(s)
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.01.24	1	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Jamie Lin
Principles on fair treatment of customers	Taiwan Insurance Institute	2022.03.04	1.5	Richard M. Tsai
Forum on independent directors and 2022 shareholders' meeting – an international perspective	Taiwan Stock Exchange, Quantum International Corp., Georgeson LLC	2022.03.10	1	Hsueh-Jen Sung, Tong Hai Tan, Drina Yue
The development of green energy innovation business: Vision and strategies for low carbon investments	Taiwan Corporate Governance Association	2022.03.22	3	Char-Dir Chung
Metaverse, NFT, Web 3.0 and social network: basic concepts and applications	Taiwan Corporate Governance Association	2022.03.22	3	Hsi-Peng Lu
Carbon neutrality, enterprise management and promotion and prospects of Taiwan taxonomy for sustainable activities	Independent Directors' Association Taiwan	2022.04.21	3	Daniel M. Tsai, Richard M. Tsai
Carbon pricing guidelines in Taiwan – TCFD climate-related analysis	Independent Directors' Association Taiwan	2022.04.29	3	Daniel M. Tsai
Twin-summit forum	Taiwan Stock Exchange, Alliance Advisers Pty Ltd., Taiwan Corporate Governance Association	2022.05.04	2	Drina Yue
Twin-summit forum	Taiwan Stock Exchange, Alliance Advisers Pty Ltd., Taiwan Corporate Governance Association	2022.05.12	2	Hsueh-Jen Sung
2030/2050 green industrial revolution	Taiwan Corporate Governance Association	2022.07.05	3	Drina Yue

Training program	Organization	Date	Hours	Participant(s)
Sharing of actual cases by the Audit Committee – Review of mergers and the responsibilities of directors	Taiwan Corporate Governance Association	2022.07.12	3	Tong Hai Tan
Sustainability accelerators: CSR, ESG and SDGs	Taiwan Investor Relations Institute	2022.08.09	3	Hsi-Peng Lu
Challenges and opportunities in pursuing sustainable development	Taiwan Securities Association	2022.08.10	3	Char-Dir Chung
Latest IFRS 17 related issues	Taiwan Insurance Institute	2022.08.12	3	Richard M. Tsai
Multifaceted view of ESG governance – from knowing to doing	Taiwan Corporate Governance Association	2022.08.16	3	Tong Hai Tan
Information security oversight between government and competent authority for supply chains and financial services	EY Advisory Services Inc.	2022.09.30	2	Richard M. Tsai
Trends and impact of sustainable finance	Taiwan Corporate Governance Association	2022.10.07	3	Daniel M. Tsai, Hsi-Peng Lu, Jamie Lin
Information security and privacy issues in the metaverse	Taiwan Insurance Institute	2022.11.01	3	Hsueh-Jen Sung
Principles on fair treatment of customers and financial inclusion services	Independent Directors' Association Taiwan	2022.11.02	3	Daniel M. Tsai
The new financial era: Development trends and strategies in digital technology	Independent Directors' Association Taiwan	2022.11.25	3	Daniel M. Tsai, Chris Tsai, Hsi-Peng Lu, Jamie Lin
The application of AI technology in new fields – financial technology and anti-money laundering	Independent Directors' Association Taiwan	2022.12.09	3	Daniel M. Tsai, Chris Tsai

Note: The training hour requirements listed above have been fulfilled.

7. Corporate governance related training programs and succession plan for management in 2022

At the end of every year, the Company develops a training plan for the following year in accordance with enterprise development strategies, a survey of training needs and interviews with each group's senior executives. Training courses for senior executives are closely aligned with corporate strategies and global business trends. In 2022, the Company arranged training courses covering topics such as "Exploring the business opportunities of telecom integration with fintech," "A new consumption model for OMO," "Net-zero emissions" and "Corporate governance and securities regulations."

The Company has developed a succession plan for senior executives that is in line with corporate core values and future strategies. It evaluates the capability and performance of each executive on a regular basis and provides customized training programs, job assignments or job rotation accordingly. The progress of the succession plan is reviewed by the Remuneration and Nomination Committee.

In line with this plan, the Company recently promoted Mr. Tim Lee to Vice President and Chief Strategy Officer on November 10, 2022. Mr. Lee has contributed greatly to the Company, building an international team of investment professionals and leading several major investment projects to assist in the Company's transition to the global market.

Training program	Organization	Date	Hours	Participant(s)
Code of ethics	In-house training (e-learning)	2022.02.19 ~ 2022.12.23	0.5	George Chang, Rock Tsai, Tony Lin, Luke Han, Vincent Wu

Training program	Organization	Date	Hours	Participant(s)
Ethical corporate management best practice principles	In-house training (e-learning)	2022.05.05 ~ 2022.11.18	0.9	Jamie Lin, Tom Koh, Tim Lee, Eddie Chan, Rock Tsai, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu, Naomi Lee, Vincent Wu
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.01.24	1	Jamie Lin
Constructing a sustainable DNA to achieve a net-zero future	Chinese National Association of Industry and Commerce	2022.05.18	3	Tom Koh, Iris Liu
Exploring the business opportunities of telecom integration with fintech	In-house training	2022.05.20	1.83	Tom Koh, Rock Tsai, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu
A new consumption model for OMO	In-house training	2022.07.08	2	Tom Koh, Rock Tsai, Tony Lin, C.H. Wu, Joan Hung, Jay Hong, Shirley Chu, Ming-Tung Wu, Steve Chou, Kate Chen, David Lin, Daphne Lee, Iris Liu
Taiwan's net-zero emissions goal: scientific solutions and industrial opportunities	Chinese National Association of Industry and Commerce	2022.08.22	2	Tom Koh
Multinational corporations' operations	Taiwan Renaissance Platform	2022.08.26	68.5	Tony Lin, Joan Hung
Digital technology development and application trends	Taiwan Corporate Governance Association	2022.09.07	3	George Chang
The explosion of the virtual world: The development of metaverse and cryptocurrency blockchain	Taiwan Corporate Governance Association	2022.09.23	3	George Chang
Analysis of "Audit Committee Guide"	Taiwan Corporate Governance Association	2022.10.07	3	Jamie Lin
Seminar on net zero emissions	Taiwan Communications Society	2022.10.07	4	Tom Koh
Corporate sustainability seminar – how to implement ESG	Taiwan Stock Exchange Corporation	2022.10.17	2	Shirley Chu
Corporate governance summit: Improving the functional competencies of directors and implementing sustainable corporate governance	Taiwan Corporate Governance Association	2022.10.19	3.5	Iris Liu

Training program	Organization	Date	Hours	Participant(s)
Corporate governance and securities regulations	In-house training	2022.11.18	3	Shirley Chu
The new financial era: Development trends and strategies in digital technology	Independent Directors' Association Taiwan	2022.11.25	3	Jamie Lin, George Chang
Fintech and AI: Development trends and strategies during a pandemic	In-house training	2022.11.25	3	George Chang
Driving the green transformation: net-zero emissions	Accounting Research and Development Foundation	2022.12.21	3	George Chang

8. Risk management

Risk management policies

- (1) Promote a risk management-based business model
- (2) Establish a risk management mechanism that can effectively cite, evaluate, supervise and control risks
- (3) Create a company-wide risk management structure that can limit risks to an acceptable or controllable level
- (4) Introduce best risk management practices and continue to seek improvements

Risk management structure



* Added as a working group based on a proposal by the ESG Steering Committee to the Board of Directors on Nov. 10, 2022

The Company's risk management structure is made up of three levels of control mechanism, and a monitoring mechanism:

	Responsible unit	Function
Ground	Corporate Affairs, Information Technology Group, Technology Group, Consumer Business Group, Enterprise Business Group, Home Business Group, Finance Group	Risk factors are analyzed and assigned to responsible units to monitor and ensure timely and effective detection. Each unit shall ensure, on a daily basis, that risks are kept under acceptable levels. Should there be any changes in condition or other factors, the responsible unit shall report these to the Company for an appropriate course of action.
Middle	Risk Management Committee*	Integrate the Company's risk management framework and internal control mechanism. Execute risk management strategies and conduct a review of the efficiency of the overall risk management mechanism. Exercise control over the four following committees:
	1) Operations and Management Committee	Conduct periodic reviews of each business group's operating targets and performance to meet the Company's guidance and budget.
	2) Communication Quality Assurance Committee	Ensure and manage network communication quality.
	ESG Steering Committee	Establish a functional committee governance system, strengthen management functions, and commit to the implementation of corporate social responsibility and sustainable management.
	1) ESG Working Group	Integrate operations and core resources to promote the Company's ESG policies to move toward sustainable development.
	2) Occupational Safety and Health Working Group	Supervise and minimize potential risks to workers' health and safety.
	3) Environmental Working Group	Develop and manage the Company's policies and objectives for environmental and energy management.
	4) Innovation Working Group	Integrate the Company's innovation strategies and establish a management mechanism.
	5) Brand Development Working Group	Implement the brand spirit of "Open Possible" and build a seamless brand experience from the inside out through employee conduct, products and services, internal and external working environments, and marketing communications.
	Cyber Security and Data Privacy Protection Committee	Demonstrate the Company's commitment to these principles by investigating reported breaches of information privacy principles and policies, and, if necessary, take appropriate corrective measures.
Top	Board of Directors	Responsible for assessing material risks, designating actions to control these risks and keeping track of their execution.

	Responsible unit	Function
Monitoring mechanism	Internal Audit Office	Regularly monitor and assess potential and varying levels of risks that the Company might face and use this information as a reference for drafting an annual audit plan. Report any discrepancy to the concerned unit chief and ensure that remediation efforts are completed.

* The Board of Directors exercises control over the ESG Steering Committee and the Cyber Security and Data Privacy Protection Committee. In addition, the Chairman exercises control over the Risk Management Committee. If any major event or incident happens, the responsible unit shall report it to the Operations and Management Committee and corresponding Committee or Working Group to determine the necessary measurement to be undertaken.

Risk management scope

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision
1	Operating risk	Technology Group / IT Group	Operations and Management Committee	The highest decision-making body: Board of Directors
2	Market risk A. Competition B. New products C. Channel management D. Inventory management	CBG, EBG and HBG		
3	Credit and collection risks	Business Operations Management Division and Billing Management Division		
4	Government policies and regulatory compliance	Regulatory and Carrier Relations Division		
5	M&A and investments	President's Office		
6	Volatility of interest rates, exchange rates and financial risks	Finance Division		
7	Financing and endorsements / guarantees provided to others, derivatives transactions and working capital management	Finance Division		
8	Financial report disclosure and tax risk management	Accounting Division		
9	Litigious and non-litigious matters	Legal Office		
10	Changes in shareholding of directors and major shareholders	Secretarial Division		
11	Board meeting facilitation	Secretarial Division		
12	Employee behavior, code of ethics and conduct	Human Resources Division		
13	Corporate social responsibility risks and other emerging risks	Sustainability and Brand Development Division	ESG Steering Committee -- ESG Working Group	Monitoring mechanism: Internal Audit Office

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision
14	Employee safety	Occupational Safety and Health Office and Administration Division	Occupational Safety and Health Working Group	
15	Risks related to privacy and information security	ICT and Personal Information Security Management Division	Cyber Security and Data Privacy Protection Committee	
16	Technology and maintenance risks	President's Office – Communication Quality Assurance Department	Communication Quality Assurance Committee	
17	Environmental and energy risks	Network Engineering Division	Environmental Working Group	
18	Innovation risk	CBG, EBG, HBG, Technology Group, IT Group, Sustainability and Brand Development Division	Innovation Working Group	

9. Implementation of customer policy

With customer service as a core value, the Company provides online customer services on its official website. To gain customer trust, the Company established the 080 Home Agent to continue providing customer services amid the COVID-19 pandemic.

10. Liability insurance for board directors

The Company purchases annual liability insurance for its directors and reports the insurance coverage, amount and scope to the board of directors on a regular basis.

11. Employee certifications relating to information transparency

Certification	Number of Employees		
	Internal Audit Office	Corporate Affairs	Finance Group
Certified Public Accountant (CPA)			11
US Certified Public Accountant (US CPA)		1	3
Certified Internal Auditor (CIA)	3		2
Certified Information Systems Auditor (CISA)	2		
Chartered Financial Analyst (CFA)		2	1
Corporate Governance basic skills			3
Stock affairs specialist (Securities and Futures Institute)			3
Bond specialist (Securities and Futures Institute)			2
ISO20000/ISO22301/ISO27001/ISO27701/ISO29100/ISO9001/BS10012/BS25999/BS7799 Lead Auditor	11	12	10

Any internal evaluation or third-party assessment reports on corporate governance. If yes, specify results, major flaws or recommendations for improvements:

The Company participated in the "Corporate Governance Evaluation" conducted by the Taiwan Stock Exchange and Taipei Exchange, ranking among the top 5% listed companies for eight consecutive years.

Remuneration and Nomination Committee operations

The Remuneration and Nomination Committee, composed entirely of independent directors, is bound by the Remuneration and Nomination Committee Charter. The committee is responsible for the following:

- (1) Establishing a policy, system, standard and structure for directors' and managers' compensation and reviewing them periodically.
- (2) Deciding the compensation of directors and managers and carrying out periodic evaluations.
- (3) Selecting, assessing and nominating candidates for directorships.

Qualifications and independence criteria of members of the Remuneration and Nomination Committee

Identity	Name	Professional qualifications and experience	Independence criteria	No. of public companies in which he or she also serves as a member of the Remuneration and Nomination Committee
Independent Director	Char-Dir Chung	Please refer to page 24-28 "Qualifications and independence criteria of directors"		0
Independent Director	Hsueh-Jen Sung			0
Independent Director	Hsi-Peng Lu			3
Independent Director	Tong Hai Tan			0
Independent Director	Drina Yue			0

Remuneration and Nomination Committee attendance

- (1) The Remuneration and Nomination Committee consists of five members.
- (2) Tenure of the Fourth Remuneration and Nomination Committee: June 18, 2020 to June 17, 2023. The committee convened five times in 2022:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Char-Dir Chung	5	0	100%	None
Independent Director	Hsueh-Jen Sung	5	0	100%	None
Independent Director	Hsi-Peng Lu	5	0	100%	None
Independent Director	Tong Hai Tan	5	0	100%	None
Independent Director	Drina Yue	5	0	100%	None

- Any suggestion made by the Remuneration and Nomination Committee that was not accepted or revised by the Board of Directors: None
- Any written objections or issues raised by a member of the Remuneration and Nomination Committee against resolutions passed by the committee: None

Meetings of Remuneration and Nomination Committee

Date	R&N Committee meeting	Agenda	R&N Committee's opinion	Company response
2022.01.25	6th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Results of a 2021 performance evaluation of managers/head of internal audit, and year-end bonus distribution	Approved as proposed	Approved by the BoD
		2021 year-end bonus of the Chairman	Approved as proposed	Approved by the BoD
2022.02.22	7th meeting of the fourth R&N Committee	Report on the results of a 2021 performance evaluation of the BoD and functional committees	Approved as proposed	Approved by the BoD
		2021 remuneration distribution plan for BoD	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD

Date	R&N Committee Meeting	Agenda	R&N Committee's Opinion	Company Response
		2022 balanced scorecard goal setting for the President	Approved as proposed	Approved by the BoD
2022.05.06	8th meeting of the fourth R&N Committee	Appointment of a manager	Approved as proposed	Approved by the BoD
2022.08.01	9th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD
		Results of 2021 year-end bonus distribution for managers	Approved as proposed	Approved by the BoD
		2021 employee profit sharing and mid-year bonus distribution plan and 2022 salary adjustment proposal for managers/head of internal audit	Approved as proposed	Approved by the BoD
		2021 annual compensation and 2022 salary adjustment proposal for the Chairman	Approved as proposed	Approved by the BoD
2022.11.10	10th meeting of the fourth R&N Committee	Severance pay proposal for manager	Approved as proposed	Approved by the BoD
		Appointment of a manager	Approved as proposed	Approved by the BoD

Environmental, social and corporate governance (ESG)

Item	Current practices
<p>Corporate governance</p> <p>1. Setting up a unit to carry out environmental, social and corporate governance (ESG) policy or system</p> <p>2. Applying the materiality principle to identify material ESG topics, and setting corresponding policies or strategies</p>	<p>1. The Sustainability and Corporate Citizenship Department was established under the Sustainability and Brand Development Division with a dedicated staff and an independent budget. It serves as the executive secretary to the ESG Steering Committee and the ESG Working Group, and is responsible for integrating interdepartmental ESG tasks.</p> <p>The CSR Committee was established in 2014, and renamed the ESG Steering Committee in 2021 following the Board's approval. In 2022, the ESG Steering Committee, which fell under the Chairman's purview, was elevated to a board-level committee, and the Chairman was appointed as the convener with five independent directors. The committee holds meetings at least twice a year to comprehensively supervise all decision-makings involving ESG. The previous ESG Steering Committee, which was under the Chairman's purview, was renamed the ESG Working Group in 2022, with TWM's Chairman and President serving as its chairman and vice chairman, respectively. The ESG Working Group holds quarterly meetings and reports to the ESG Steering Committee and the Board of Directors every six months about environmental, social and governance proposals and implementations. In March 2022, TWM officially joined the RE100 renewable energy initiative, and the Board of Directors in May approved a pledge to achieve net zero emissions by 2050.</p> <p>2. The ESG materiality boundaries were defined based on the nature of Taiwan Mobile's operations.</p> <p>A total of 24 topics concerning sustainability were selected by applying the materiality principle after researching international trends, referring to world-class corporates, holding stakeholder forums, and analyzing questionnaires from our official website. The material topics were confirmed by the ESG Working Group after surveying stakeholders' level of concern and assessing the significance of impact.</p> <p>TWM prioritized topics that were more vital to its operations, concerned stakeholders more, and in which the Company had a high impact on society. It also considered topics that the Company would manage internally in an autonomous manner. The material topics were confirmed by the ESG Steering Committee. In 2022, TWM identified these key material topics and conducted an impact analysis, setting strategic targets in accordance with its risk management policies.</p>

Item	Current practices
<p>Environmental sustainability</p> <p>1. Establishing an environmental management system in line with the nature of the Company's business operations</p> <p>2. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment</p>	<p>1. The Environmental Management Committee was formed in 2016, and renamed the Environmental Management Working Group in 2022, with the CTO serving as the chairperson, and the Sustainability and Brand Development Division VP as the vice chairperson. It was tasked with developing environmental policies and objectives, as well as integrating the administration of ISO 14001 environmental management, ISO 14064-1 greenhouse gas inventories, ISO 50001 energy management, renewable energy, biodiversity conservation and smart energy conservation. The committee meets semi-annually to assess the Company's progress in reducing electricity and water consumption, as well as waste and carbon emissions, to meet its goal to lower GHG emissions and promote renewable energy, and to report back to the ESG Working Group, ESG Steering Committee and Board of Directors. The company conducts ISO 14001, ISO 14064 and ISO 50001 verifications every year, and obtains corresponding certificates. The scope of the inspection is as follows:</p> <ul style="list-style-type: none"> (1) ISO 14001: Telecommunications and cable TV operations, covering Taipei New Horizon headquarters, Cloud IDC, Taipei 480 Ruiguang Building, Taipei Dunnan Building, the main computer room in Kaohsiung's Hsin Ya, the Kaohsiung Po Ai Building, the Taichung Peiping Building and the momo Cable TV Building. (2) ISO 14064: Office buildings, computer rooms, base stations and directly operated stores of Taiwan Mobile (including Taiwan Mobile Foundation), Taiwan Digital Service, Taiwan Teleservices & Technologies, Taiwan Fixed Network, TFN Media and its broadcasting channels, Win TV Broadcasting, Taiwan Kuro Times Co., Ltd, Taipei New Horizon Co., Ltd. and Tai Hsin Insurance Agent. (3) ISO 50001: Taipei Guangdian Building, Cloud IDC and two directly operated stores. <p>2. The Company has recycled 190,000 smartphones since 2008, reducing carbon emissions by 149,000 kilograms, and since 2015, has accepted 67,000 trade-ins of old devices for new ones, extending the lifecycle of smartphones and creating NT\$490 million in economic benefits. In 2022, it launched the "Upcycle, Create Possible!" project. Working in cooperation with 14 NPOs, it took stock of the need for 1,200 mobile phones and tablets and encouraged the public to donate second-hand devices. The Company reburbished the used phones and tablets and donated them to students in rural areas to help narrow the digital gap. At the same time, it has continuously improved the efficient use of resources, including paper, water, electricity and energy, and to promote the reduction and recycling of domestic waste (e.g., cables, batteries and cellphones).</p>

Item	Current practices
<p>3. Evaluating climate change risks and opportunities for the Company and taking action</p>	<p>3. Climate change is incorporated into corporate risk management at TWM in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.</p> <p>Governance The Environmental Management Working Group is in charge of identifying and managing climate change risks and opportunities, reporting climate and environmental risk issues to the Risk Management Committee on a regular basis in accordance with the Company's risk management system. Relevant mitigation and adaptation projects are assessed and approved by the committee. In addition, the Risk Management Committee reports company risks (including climate risks) to the Board of Directors on an ad hoc basis, allowing the board to supervise and provide guidance on formulating relevant strategies.</p> <p>Risk management A total of 12 climate risks were reviewed, four of which posed a high risk to operations: increased frequency and severity of typhoons/hurricanes, increased costs of greenhouse gas emissions, increase in demand and regulations relating to sustainability, and increase in the costs of transformation to low-carbon technology.</p> <p>Financial impact assessment An impact assessment on three risks selected from the four high climate risks was conducted to fully evaluate their financial effect on the Company.</p> <p>(1) Increase in demand and regulations relating to sustainability: Investment is estimated to reach NT\$12.6 billion to NT\$15.0 billion in 2022-2030.</p> <p>(2) Increased frequency and severity of typhoons/hurricanes: Total losses due to typhoons in 2019-2030 are estimated to reach up to NT\$58 million.</p> <p>(3) Increase in the cost of transformation to low-carbon technology: Investment is estimated to reach NT\$2.05 billion in 2019-2030.</p> <p>Strategic objectives Based on the results of the financial impact assessment, five core strategies were set:</p> <p>(1) Strengthen climate-related financial impact disclosures (2) Boost smart energy conservation at its telecommunication facilities and base stations (3) Procure green energy (4) Build green energy generating stations for self-use (5) Invest in green energy</p>

Item	Current practices																														
<p>4. Statistics on GHG emissions, water consumption and waste, and formulation of environmental sustainability policies</p>	<p>4. The Environmental Management Working Group formulates environmental goals and strategies in accordance with the Environmental and Energy Management Policies, holds meetings every six months to review the implementation of policies relating to electricity and water conservation, waste and carbon reduction, and renewable energy, and track their progress.</p> <p>Statistics on GHG emissions, water consumption and waste for 2021-2022 are detailed below:</p> <table border="1" data-bbox="660 517 1382 999"> <thead> <tr> <th colspan="2">Category</th> <th>2021</th> <th>2022**</th> </tr> </thead> <tbody> <tr> <td rowspan="3">GHG emissions (ton-CO₂e)</td> <td>Scopes 1+2 location based</td> <td>275,302.34</td> <td>287,472.24</td> </tr> <tr> <td>Scopes 1+2 market based</td> <td>275,302.34</td> <td>287,428.46</td> </tr> <tr> <td>Scope 3</td> <td>350,484.78</td> <td>313,385.34</td> </tr> <tr> <td colspan="2">Water withdrawal (m³)*</td> <td>278,876</td> <td>294,821</td> </tr> <tr> <td colspan="2">Waste (tons)</td> <td>1,625.07</td> <td>1,503.42</td> </tr> <tr> <td>Energy consumption</td> <td>Direct (MJ)</td> <td>31,069,681</td> <td>22,586,412</td> </tr> <tr> <td>Energy consumption</td> <td>Indirect (MJ)</td> <td>1,957,402,998</td> <td>2,089,276,824</td> </tr> </tbody> </table> <p>*The source of water withdrawal includes tap water and rainwater. The amount in 2021 is adjusted retrospectively.</p> <p>**GHG emissions rose due to the increase in mobile data traffic and Internet Data Center users. TWM continues to adopt various renewable energy sources to reduce carbon emissions.</p> <p>The above-mentioned contents have been externally confirmed by ISAE 3000, and corresponding certificates have been obtained. The scope of the investigation is the same as the boundary and scope of the 2022 sustainability report.</p>	Category		2021	2022**	GHG emissions (ton-CO ₂ e)	Scopes 1+2 location based	275,302.34	287,472.24	Scopes 1+2 market based	275,302.34	287,428.46	Scope 3	350,484.78	313,385.34	Water withdrawal (m ³)*		278,876	294,821	Waste (tons)		1,625.07	1,503.42	Energy consumption	Direct (MJ)	31,069,681	22,586,412	Energy consumption	Indirect (MJ)	1,957,402,998	2,089,276,824
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Item	Current practices
<p>Commitment to corporate social responsibility</p> <ol style="list-style-type: none"> 1. Complying with domestic and international labor laws to safeguard and uphold the rights of workers, following a non-discriminatory hiring policy, and establishing appropriate management practices, procedures and execution 2. Establishing reasonable employee benefits measures (such as remuneration and leave policy) and linking company performance to employee compensation 3. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education 4. Developing individual training plans for career development 	<ol style="list-style-type: none"> 1. Pursuant to related national regulations, including the Labor Standards Act, Employment Services Act, Gender Equality in Employment Act and International Bill of Human Rights, the Company has never employed child workers, discriminated against any employee or ethnic group, or forced its employees to work. 2. The Company offers a well-rounded benefits package. Our Employee Welfare Committee is responsible for planning and implementing various benefits, including general benefits, birthday allowance, holiday vouchers, cafeteria benefit, staff clubs activities, childbirth allowance, childcare subsidy, free group insurance coverage for employees and their spouses, an employee stock ownership trust, high subsidies for phone bills, discounts on Company products and a tenure reward program. The Company offers maternity leave, sick leave and bereavement leave that surpass requirements stipulated in Taiwan's labor law. Moreover, the Company provides paid volunteer leave, flexible working hours, and work-from-home as an option. <p>The Company values the importance of diversity and equality in the workplace. It has continuously educated its employees about the value of diversity and resisting unconscious bias in order to build an inclusive workplace. Employee compensation, benefits, promotion, training and other rights are not affected by gender, sexual orientation, marriage status, etc. Women comprise 49.0% of the Company's workforce and 49.0% of its management. The proportion of women in top management positions is 35.9%.</p> <p>Year-end bonuses and employee profit sharing plans are set based on the Company's performance. The Company's compensation policy is to reward employees commensurate with their performance. Evaluation meetings are held at the end of the year for supervisors and staff to discuss their performance over the past year and set objectives for the following year, including core functions and corporate sustainable development. Performance is graded based on employees' fulfillment of annual objectives and accordingly rewarded with bonuses and/or salary increases.</p> 3. The Company aims to provide a safe and healthy working environment for employees and has implemented measures to promote employee health and mental well-being. It also conducts periodic evaluations of the working environment and programs on promoting workers' safety and health education. Related information on employee safety and health is posted on the Company's intranet. 4. The Company conducts a survey of employees' career development plans and supervisors provide feedback to all employees. Based on individual key job achievements, career interests, strengths and weaknesses, supervisors help their staff draw up individual development plans during the annual performance review to give them systematic guidance on enhancing their skills and abilities for career development. From new recruits to top executives, the Company provides different training programs to meet employees' needs at different stages in their career.

Item	Current practices
<p>5. Complying with relevant regulations and international standards on marketing and labeling of products and services</p>	<p>5. TWM's mobile base stations were constructed in accordance with relevant laws and regulations and passed base station electromagnetic checks by the National Communications Commission, having fully complied with the International Commission on Non-Ionizing Radiation Protection standards.</p> <p>The Company holds ISO/IEC 27001 Information Security Management System and BS 10012 and ISO 27701 Privacy Protection Management System certifications. It established an Information Communication and Personal Information Privacy Security Committee, which has invested a lot of resources to comply strictly with various management and control requirements. Every six months, the Company conducts internal and external audits to ensure management quality.</p> <p>The Company abides by the Consumer Protection Law and the Fair Trade Law, and conducts internal legal reviews before launching new marketing ads.</p> <p>The Company has provided a variety of service channels for customers to submit complaints or suggestions to provide them with world-class mobile services. The Company has passed the Swiss SGS Qualicert service verification for 11 consecutive years.</p>
<p>6. Establishing a policy on supplier management, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights</p>	<p>6. TWM believes that ethics serves as the moral foundation of a well-managed enterprise. To promote a fair and just system, the Company set up an open procurement system to select suppliers and requires that all suppliers comply with the "Environmental and Occupational Health and Safety Policy for Contractors" and "Guidelines on Corporate Social Responsibility for Suppliers." Should a supplier break its social responsibility and adversely impact the environment and society, the Company has the right to suspend its account.</p> <p>(1) TWM does not use any product from conflict material/product suppliers.</p> <p>(2) TWM requests its suppliers investigate their supply chains to ensure that no products are from conflict areas.</p>
<p>Has the Company issued ESG reports that have been verified by an independent third-party assurance organization?</p>	<p>In 2014, Taiwan Mobile was proud to be the first Taiwan telecom company to pass the International Standard on Assurance Engagements (ISAE) 3000, demonstrating the Company's commitment to management integrity. In 2023, the Company published its 2022 sustainability report. A limited assurance of the report's contents was performed by KPMG, a reputable independent institution, in accordance with the Assurance Standard No. 1 of the Republic of China. The sustainability report also conforms to the Sustainability Accounting Standards Board's (SASB) Standards on ESG disclosure.</p>

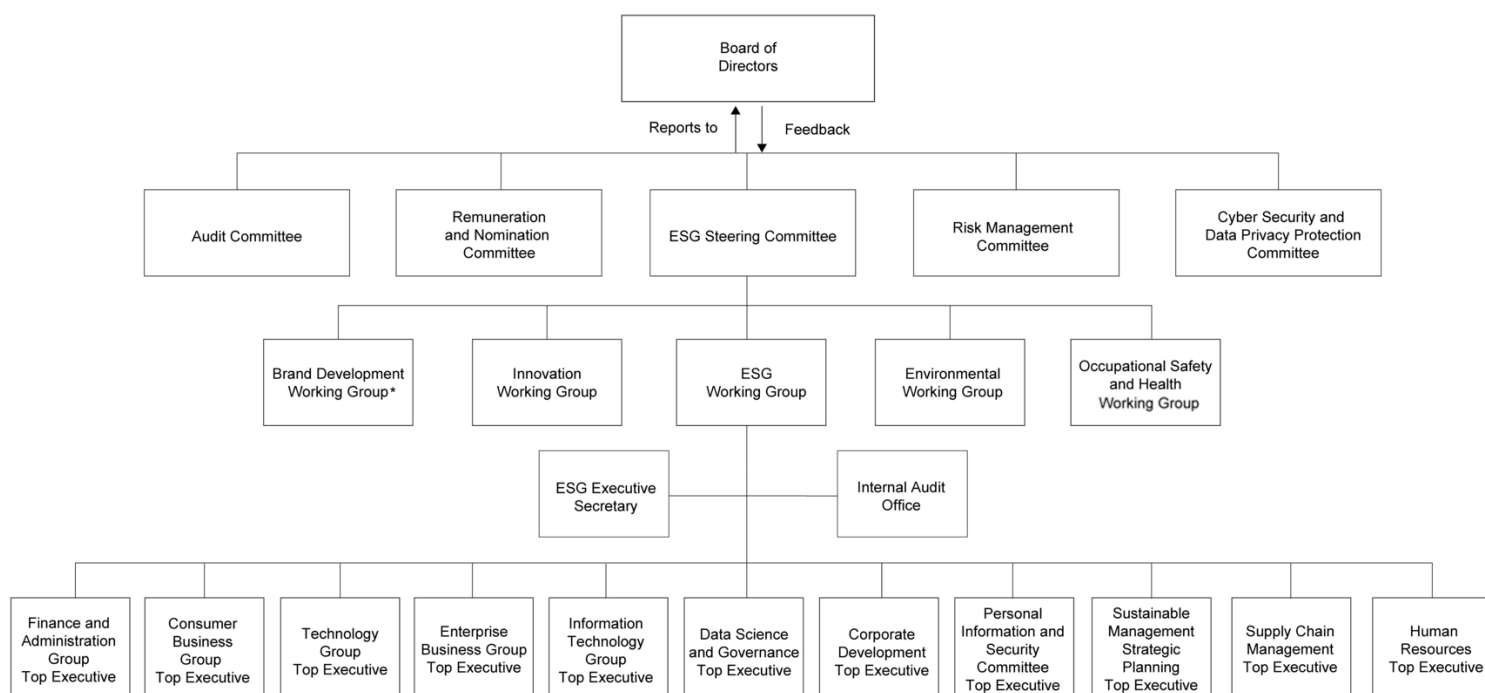
The Company’s ESG policy and practices fully comply with the ESG Best Practice Principles for TWSE/GTSM Listed Companies.

The concept of ESG is embedded in the strategic decisions and daily operations of all departments. The Board of Directors approved the “Taiwan Mobile CSR Policy” and “Taiwan Mobile CSR Guidelines” in 2011 and 2015, respectively. In 2022, in order to enhance the level of sustainable development, and incorporate the company's ESG implementation status and international trends into its policy and guidelines, the Company revised the “CSR Policy” and "CSR Code of Practice" and renamed them "Corporate Sustainable Development Policy" and "Corporate Sustainable Development Guidelines" to serve as long-term guidelines for promoting sustainability. With its underlying corporate philosophy and core values serving as the foundation, TWM emphasizes corporate governance, stakeholders’ interests and full disclosure, and leverages off the Company’s core competencies and services to promote environmental conservation and the public welfare.

Additional information on ESG-related matters:

The Company has formulated a comprehensive mechanism for sustainable operations management. TWM's independent directors, who comprise more than half of the board, took the lead in the industry in elevating the ESG Steering Committee into a board-level unit. The move was approved by the Board of Directors on May 6, 2022, with the Chairman appointed as the convener with the five independent directors serving as members to comprehensively supervise all ESG-related decision-making, enhancing the depth and width of corporate sustainable management.

Other ESG-related measures include the establishment of the Risk Management Committee under the Board of Directors in 2015 and placing the Cyber Security and Data Privacy Protection Committee directly under the board in 2020. The ESG Steering Committee communicates sustainable development issues related to business risks, social innovation and information security with various committees from time to time. The ESG Working Group members are drawn from the senior management of each business group to enhance accountability, participation and governance by the Company’s top executives. To strengthen implementation, the compensation of the President and Vice Presidents has been tied to the Company’s ESG performance since 2016, and board directors have carried out self-assessments of their ESG performance since 2017.



* Added as a working group on Nov. 10, 2022

Ethical corporate management

Item	Current practices
<p>1. Establishing a policy on ethical corporate management:</p> <p>(1) Has the Company established an ethical management policy approved by the Board of Directors, and clearly stated, in the regulations and external documents, the policies and practices of ethical management, and the commitment of the Board of Directors and senior management to actively implement the management policy?</p> <p>(2) Has the Company established a mechanism for assessing risks of unethical conduct, regularly analyzing and evaluating business activities with a higher risk of unethical conduct, and formulating a plan to prevent unethical conduct, and at least covering the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies' precautionary measures in Article 7(2)?</p> <p>(3) Has the Company set up a system, including operational guidelines, reporting system and punishment for violations, to prevent dishonest behavior, as well as reviewed the aforementioned guidelines periodically and amended them as needed?</p>	<p>(1) The Company has promulgated its Ethical Corporate Management Best Practice Principles to establish its ethical management policy. Its formulation and amendments were approved by the Board of Directors, submitted to the shareholders' meeting, and disclosed on the corporate website and MOPS to declare the commitment of the board and senior management to implementing the policy.</p> <p>(2) (i) The Operating Rules of Ethical Corporate Management Principles provide specific regulations on matters that warrant the Company's special attention in conducting its business. The Audit Office regularly analyzes and evaluates business activities with a high risk of dishonest behavior by conducting annual risk assessments, and makes audit plans to ensure compliance.</p> <p>(ii) The Company avoids contact with dubious traders. Contracts signed with third parties specify compliance with ethical corporate management practices and, failing that, the Company reserves the right to terminate or rescind the contract.</p> <p>(3) (i) The Operating Rules of Ethical Corporate Management Principles prohibit directors, managers, employees and other mandataries of the Company from directly or indirectly offering, promising to offer, requesting or accepting any improper benefits, or committing unethical acts that contravene the principle of good faith, are illegal or a breach of fiduciary duty.</p> <p>(ii) Employees and suppliers are required to sign a Declaration of Integrity or Declaration of Integrity in Business Conduct to ensure that they fully understand the Company's determination to enforce ethical management and the consequences of behaving in a dishonest manner.</p> <p>(iii) The Audit Office shall periodically notify senior management and the Legal Office of the auditing results of compliance with the prevention plan, and prepare an audit report for the Board of Directors.</p>

Item	Current practices
<p>2. Implementation of ethical corporate management</p> <p>(1) Has the Company avoided transactions with parties that have a record of dishonest behavior, stipulating in all contracts what constitute unacceptable behavior?</p> <p>(2) Has the Company established a dedicated unit to promote ethical corporate management under the supervision of the Board of Directors and regularly (at least once a year) report to the board its management policy and implementation?</p> <p>(3) Has the Company set up policies to prevent conflicts of interest and provide channels to report such conflicts?</p> <p>(4) Has the Company built an effective accounting system and internal control system to carry out ethical corporate management, and has the internal auditor set up relevant audit plans based on the results of assessments of risks of dishonesty and compliance with the prevention plan, or delegated the task to an accountant?</p> <p>(5) Has the Company conducted regular internal and external training courses on ethical corporate management?</p>	<p>(1) The Company provides “Guidelines on Social Responsibility for Suppliers” and requires all suppliers to sign a “Declaration of Ethical Corporate Management,” which states that suppliers must not engage in bribery; otherwise, the Company has the right to suspend their accounts and terminate or rescind their contracts any time.</p> <p>(2) (i) The Internal Audit Office and functional committees were established under the Board of Directors to supervise and audit the practices and implementation of the Company’s ethical corporate management policy. In addition, the Legal Office, which reports to the President directly, is responsible for executing the policy, setting up guidelines to prevent dishonest behavior and reporting to the Board of Directors at least once a year to ensure the implementation of the highest guiding principles for ethical management.</p> <p>(ii) To implement the ethical corporate management policy and prevent unethical conduct, the Company has set up Ethical Corporate Management Best Practice Principles and Operation Rules of Ethical Corporate Management Best Practice Principles.</p> <p>(3) (i) The Company has promulgated policies to prevent conflicts of interest. If there is any proposal that might be harmful to the interest of the Company, board directors who have conflicts of interest with the Company shall recuse themselves from discussing or voting on the issue. Any board director, manager, employee and mandatary must not use his/her position or influence in the Company to obtain improper benefits for himself/herself or any other person.</p> <p>(ii) Any breach of ethical corporate management practices can be reported via email or fax hotline to the Company.</p> <p>(4) (i) The Company has established an effective accounting system and internal control system. In addition, the Audit Office regularly analyzes and evaluates business activities with a high risk of dishonest behavior through annual risk assessment processes, and sets up an audit plan and checks its execution, then reports the findings to the board on a periodic basis.</p> <p>(ii) The Company periodically delegates independent accountants to audit its financial statements and to verify the effectiveness of its internal control system.</p> <p>(5) The Company promotes the importance of Ethical Corporate Management Best Practice Principles to directors, managers, employees and appointees on an annual basis to help them fully understand the need to comply with such practices. The Company also conducts related training courses (such as, compliance with integrity management regulations, preventing insider trading and money laundering, and protecting trade secrets and personal information) upon request to strengthen colleagues' awareness. From January 1, 2022 to February 25, 2023, a total of 8,507.4 training hours were held, with 32,511 participants.</p>

Item	Current practices
<p>3. Reporting ethical violations</p> <p>(1) Has the Company established a reporting and incentive system to facilitate the processing of complaints and assigned a person or unit to deal with the cases?</p> <p>(2) Has the Company set up investigation and confidentiality procedures?</p> <p>(3) Has the Company protected whistle-blowers from harm?</p>	<p>(1) The Company has established procedures for dealing with complaints about employees or suppliers, with the Internal Audit Office tasked with handling the cases.</p> <p>a) Supplier complaints can be filed with the Internal Audit Office in written form or via fax to (02) 6636- 1600.</p> <p>b) Employee complaints can be sent to a designated internal e-mail account.</p> <p>(2) The Internal Audit Office must immediately launch an investigation upon receipt of a complaint and ensure that the name and identity of the complainant are kept confidential.</p> <p>(3) The Internal Audit Office must be objective and fair in its investigation. It must report the results of its investigation directly to a higher supervisor and ensure that the whistle-blower is not harmed.</p>
<p>4. Has the Company strengthened information disclosure by posting related information on ethical corporate management and promoting its effectiveness on the Company's website and MOPS?</p>	<p>The Company has posted its Ethical Corporate Management Best Practice Principles on its website and MOPS. Its annual report and 2022 ESG Report further shed light on its execution and enhance corporate transparency.</p>
<p>5. Has the Company promulgated its own ethical corporate management principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? If yes, describe the differences between the principles and current practices: No difference.</p>	
<p>6. Other important information to facilitate understanding of the Company's implementation of ethical corporate management practices:</p> <p>(1) The Company's electronic procurement system mandatorily requires suppliers to sign a Declaration of Integrity in Business Conduct every year; otherwise, they are not allowed to participate in the bidding process.</p> <p>(2) To improve its ethical corporate management policy, the Company regularly monitors local and international developments of relevant ethical corporate management standards. The Company has also amended its Ethical Corporate Management Best Practice Principles, which were approved by the Board of Directors on November 10, 2022.</p>	

Corporate governance rules and procedures

The Company has implemented a number of rules and procedures to enhance its corporate governance practices: Corporate Governance Best Practice Principles, Audit Committee Charter, Remuneration and Nomination Committee Charter, ESG Steering Committee Charter, Rules and Procedures Governing Board of Directors' Meetings, Rules and Procedures Governing Shareholders' Meetings, Regulations Governing Internal Material Information, Procedures Governing Applications to Suspend or Resume Trading, Code of Ethics, Ethical Corporate Management Best Practice Principles, Corporate Sustainable Development Policy, Corporate Sustainable Development Guidelines and Standard Operating Protocols for Responding to Requests from Directors. With these efforts, not only does the Company's corporate governance mechanism comply with Taiwan's Securities and Exchange Act, it also adheres to the highest international standards. The aforementioned charters and rules are available on the Company's website: www.taiwanmobile.com.

Additional information on corporate governance operations:

Corporate governance principles

- Timely disclosure of material information
- Checks and balances between the board and management
- Independent directors should comprise at least 40% of the board: Current ratio is 56%
- Audit Committee was established to ensure fair and independent financial oversight
- Remuneration and Nomination Committee was established to bolster corporate governance practices, promote a sound compensation system for directors and managers, and select candidates for directorships
- ESG Steering Committee was established to promote the implementation of corporate social responsibility and sustainable operations
- Adoption of a high cash dividend payout policy
- Shareholders' rights are guaranteed with the right to vote on all proposals at the annual general meeting or through an electronic voting system
- Strict compliance with the Code of Ethics and Ethical Corporate Management Best Practice Principles, and establishment of an internal audit mechanism

To ensure that employees, managers and directors promote information transparency and timely disclosure, the Company holds annual training sessions to familiarize employees with the Regulations Governing Internal Material Information and have incorporated them into its internal control system to avoid insider trading risks.

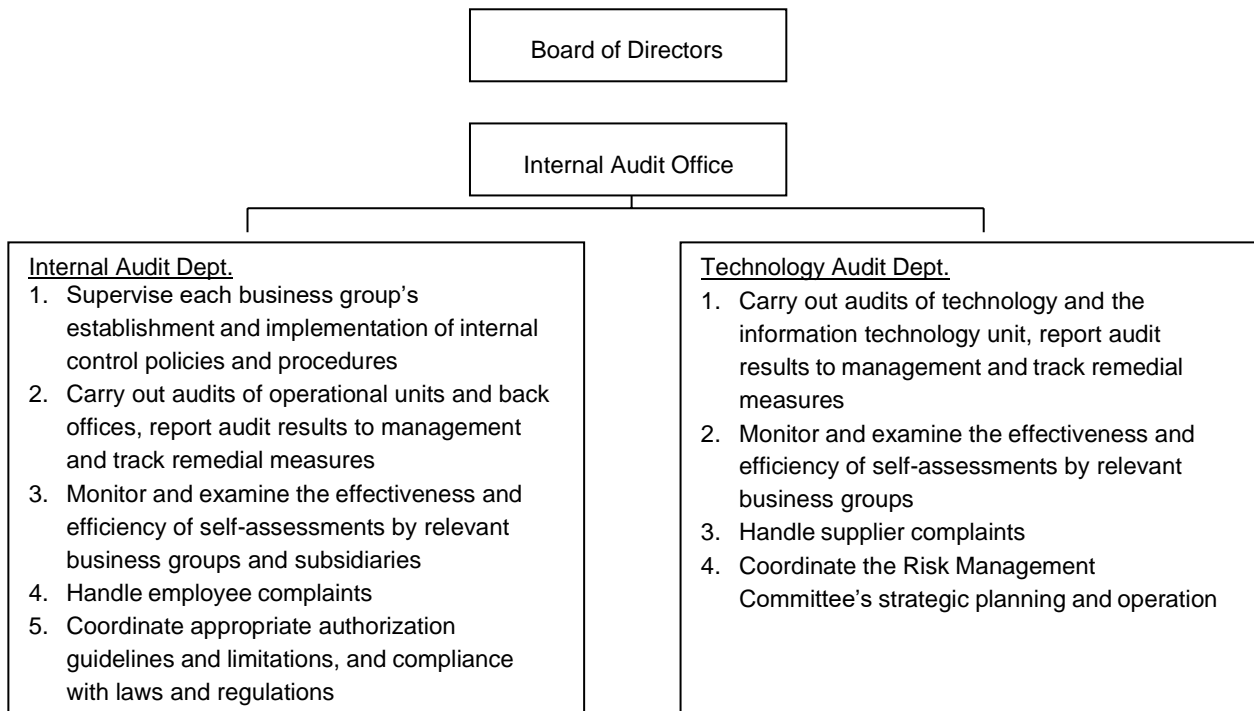
Internal control system

1. Internal control mechanism

The Internal Audit Office is an independent unit with designated personnel who report directly to the Board of Directors.

- It is responsible for the examination and assessment of the internal controls of the Company's financial, sales, operations and management departments. All departments, including those of the subsidiaries, are subject to its audit.
- Regular internal audits are executed according to an annual audit plan. Special audit projects are implemented as needed. These audits enhance internal control and provide timely recommendations for future improvements.
- In accordance with corporate governance, audit reports are submitted on a regular basis and reviewed by the Chairman, as well as presented to the Audit Committee and the Board of Directors by the Chief Internal Auditor.
- The Internal Audit Office also examines the mechanisms and results of self-evaluations by departments and subsidiaries to ensure strict implementation. In addition, it generates and consolidates related inspection reports for the President and the Board of Directors to evaluate the overall efficiency of existing internal control systems before generating an internal control system statement.

There are 12 dedicated internal audit staff members, including one supervisor in charge of the Internal Audit Office, whose responsibilities are detailed below:



2. Has the Company delegated CPAs to review its internal audit system and issued an audit report? No.

3. Internal control statement

Internal Control Statement

Date: January 11, 2023

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2022:

1. TWM is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and management. TWM has established such a system to provide reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. An effective internal control system, no matter how perfectly designed, can provide only a reasonable assurance in the accomplishment of the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms and the Company takes corrective actions as soon as a deficiency is identified.
3. TWM evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission and the Executive Yuan (herein referred to as the "Regulations"). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1) Control environment, (2) Risk assessment and response, (3) Control activities, (4) Information and communications, and (5) Monitoring. (Please refer to the Regulations for details on these five key elements.)
4. TWM has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the third paragraph, TWM believes that as of December 31, 2022, its internal control system (including its supervision of subsidiaries), which encompasses internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations, was effectively designed and operating, and is reasonably assured of achieving the above-stated objectives.
6. This statement will form a major part of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been passed by the TWM Board of Directors' Meeting on January 11, 2023, where all of the nine attending directors did not express any dissenting opinion and affirmed the content of the same.

Taiwan Mobile Co., Ltd.



Daniel M. Tsai
Chairman



Jamie Lin
President

Violation of regulations and internal policies: None.

Major resolutions at the shareholders' and board meetings

1. Major resolutions at the 2022 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2021 business report and financial statements
- (2) Distribution of 2021 earnings and cash return from capital surplus
Execution: Ex-dividend date was set for July 16, 2022, and cash payment of NT\$4.3 per share on August 3, 2022.
- (3) Revisions to the Company's Articles of Incorporation
Execution: Approved by the Ministry of Economic Affairs on July 21, 2022, the revised rules were posted on the Company's website.
- (4) Revisions to the Rules and Procedures Governing Shareholders' Meeting
Execution: Published on the Company's website and MOPS on June 23, 2022.
- (5) Revisions to the Rules and Procedures for Acquisition or Disposal of Assets
Execution: Published on the Company's website and MOPS on July 13, 2022.
- (6) Removal of non-competition restrictions on board directors
Execution: Published on MOPS on June 23, 2022.

2. Major resolutions by the board (from 2022 up to the publication date in 2023)

1. 12th meeting of ninth BoD on January 25, 2022
 - (1) Approved the 2022 capital expenditure plan and donation to TWM Foundation
 - (2) Approved the 2022 guidance
 - (3) Approved executive personnel changes
 - (4) Approved the procurement of mobile broadband equipment
 - (5) Approved a proposal to participate in the NT\$2.8bn new share issue of 100%-owned TWM Venture Co., Ltd.
2. 13th meeting of ninth BoD on February 22, 2022
 - (1) Approved executive personnel changes
 - (2) Approved the 2021 business report and financial statements
 - (3) Approved the schedule for the 2022 annual general meeting
 - (4) Approved the acquisition or disposal of right-of-use assets
3. 14th meeting of ninth BoD on May 6, 2022
 - (1) Approved executive personnel changes
 - (2) Approved the 2021 earnings distribution proposal and cash return from capital surplus
 - (3) Approved the 1Q22 financial statements
 - (4) Approved capex budget additions for 2022
 - (5) Approved the procurement of mobile broadband system
 - (6) Approved the establishment of the ESG Steering Committee
 - (7) Approved the acquisition or disposal of right-of-use assets
4. 15th meeting of ninth BoD on June 16, 2022
 - (1) Approved a proposal to subscribe to LINE Bank Taiwan Ltd.'s common shares via a private placement
5. 16th meeting of ninth BoD on August 1, 2022
 - (1) Approved the 2Q22 financial statements
 - (2) Approved executive personnel changes
6. 17th meeting of ninth BoD on November 10, 2022
 - (1) Approved the 3Q22 financial statements
 - (2) Approved executive personnel changes
 - (3) Approved the acquisition or disposal of right-of-use assets
7. 18th meeting of ninth BoD on January 11, 2023
 - (1) Approved the 2023 capital expenditure plan and donation to TWM Foundation
8. 19th meeting of ninth BoD on February 24, 2023
 - (1) Approved the 2022 business report and financial statements

- (2) Approved the adjustment of its share swap ratio for the merger with Taiwan Star Telecom Co., Ltd.
- (3) Approved the issuance of unsecured straight corporate bonds
- (4) Approved the schedule for the 2023 Annual General Meeting
- (5) Approved a proposal to participate in the NT\$3.1bn new share issuance of 100%-owned TWM Venture Co., Ltd.
- (6) Approved the acquisition or disposal of right-of-use assets

The above information is posted on MOPS: <https://mops.twse.com.tw>.

Major dissenting comments over board meeting resolutions from 2022 up to the publication date in 2023: None

Resigned/discharged chairman, president, chief accounting officer, chief financial officer, chief internal audit officer, chief corporate governance officer and chief research officer:

As of February 25, 2023

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Vice President and Chief Information Officer	James Chang	2017/01/25	2022/01/01	Retirement
Executive Vice President and Chief Financial Officer	Rosie Yu	2014/04/29	2022/09/01	Retirement
Corporate Governance Officer	Rosie Yu	2019/04/30	2022/09/01	Retirement

Certified Public Accountant (CPA) Information

1. CPA service fees

Unit: NT\$'000

Accounting firm	Name of CPA	Period covered by CPA's audit	Audit fee	Non-audit fee (Note)	Total	Remarks
Deloitte & Touche	Pei-De Chen Te-Chen Cheng	2022.01.01~ 2022.12.31	7,890	2,940	10,830	-

Note: Fees for non-audit services were mainly for tax certifications, tax-related consultations and attestation services.

- (1) For CPA changes, if the audit fee in the first year is lower than that of the prior year, specify the audit fee before and after the change and the reasons: Not applicable
- (2) If the audit fee dropped by more than 10%, specify the amount and percentage of decline and reasons: Not applicable

2. Information on CPA changes:

(1) Former CPA

Date of change	Approved by the Board of Directors on January 25, 2022		
Reason for change	Due to job rotations at Deloitte & Touche from the fourth quarter of 2021		
Specify whether services/engagement were terminated/refused	Conditions	Party	Company
	Termination	Not applicable	Not applicable
	Refusal of new mandate	Not applicable	Not applicable
Has any audit opinion, other than an unqualified opinion, been issued in the past two years? If yes, cite reasons.	None		
Disagreement with securities issuer	Yes		Accounting principles and practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	No	v	
	Explanation: None		
Other disclosure items	None		

(2) Current CPA

Name of company	Deloitte & Touche
Name of CPA	Pei-De Chen, Te-Chen Cheng
Date of engagement	Approved by the Board of Directors on January 25, 2022
Results of consultations with the CPA on accounting measures and principles that might influence his/her opinion prior to his/her engagement	None
Has the incumbent CPA issued any dissenting opinion on opinions issued by the previous CPA?	None

(3) The former CPA's response to the issues referred to in Article 10.6.1 and Item 3 of Article 10.6.2 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None

3. Company Chairman, President or finance/accounting manager held positions in the Company's audit firm or its affiliates within the past year: None

Direct and indirect investments in affiliated companies

As of December 31, 2022

Unit: shares, %

Long-term investments under equity method (Note)	Investment by TWM		Investment by TWM's directors, managers and its directly or indirectly controlled businesses		Total investment	
	Shares	Holding (%)	Shares	Holding (%)	Shares	Holding (%)
Taiwan Cellular Co., Ltd.	502,970,309	100.00	—	—	502,970,309	100.00
Wealth Media Technology Co., Ltd.	42,065,000	100.00	—	—	42,065,000	100.00
TWM Venture Co., Ltd.	433,051,035	100.00	—	—	433,051,035	100.00
Taipei New Horizon Co., Ltd.	191,865,500	49.90	—	—	191,865,500	49.90
Fu Sheng Digital Co., Ltd.	3,000,000	100.00	—	—	3,000,000	100.00
AppWorks Ventures Co., Ltd	2,167,500	51.00	1,708,500	40.20	3,876,000	91.20

Note: Investments accounted for using equity method

Changes in shareholdings of directors, managers and major shareholders

1. Minor changes in shareholder structure

Unit: shares

Title	Name	2022		2023 (as of February 25)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai				
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	0	0	0	0
Director	Fu Chi Investment Co., Ltd. Representative: Chris Tsai				
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	0	0	0	0
Independent Director	Hsueh-Jen Sung	0	0	0	0
Independent Director	Char-Dir Chung	0	0	0	0
Independent Director	Hsi-Peng Lu	0	0	0	0
Independent Director	Tong Hai Tan	0	0	0	0
Independent Director	Drina Yue	0	0	0	0
Major Shareholder (shareholding of more than 10%)	TFN Union Investment Co., Ltd.	0	0	0	0
President	Jamie Lin	60,000	0	0	0
SVP and Chief Technology Officer	Tom Koh	0	0	0	0
VP and Chief Data Officer	Eddie Chan	0	0	0	0
VP and Chief Information Officer	Rock Tsai (Took office on February 22, 2022)	0	0	0	0
VP and Chief Business Officer	Tony Lin (Took office on May 6, 2022)	0	0	0	0
VP and Chief Strategy Officer	Tim Lee	0	0	0	0
VP and Chief Financial Officer	George Chang (Took office on September 1, 2022)	0	0	0	0
Vice President	C.H. Wu	0	0	0	0
Vice President	Steve Chou	0	0	0	0
Vice President	Kate Chen	0	0	0	0
Vice President	Jay Hong	0	0	0	0
Vice President	Shirley Chu	0	0	0	0
Vice President	Joan Hung	0	0	0	0
Vice President	Ming-Tung Wu	0	0	0	0
Vice President	David Lin	0	0	0	0
Vice President	Naomi Lee	0	0	0	0
Vice President	Iris Liu	0	0	0	0

Vice President	Daphne Lee	0	0	0	0
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Title	Name	2021		2022 (as of February 23)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Vice President	Vincent Wu (Took office on August 1, 2022)	0	0	0	0
Vice President	Luke Han (Took office on December 1, 2022)	0	0	0	0
Chief Accounting Officer	Darren Shih	0	0	0	0
VP and Chief Information Officer	James Chang (Retired on January 1, 2022)	0	0	NA	NA
EVP and Chief Financial Officer	Rosie Yu (Retired on September 1, 2022)	0	0	NA	NA
Vice President	Michael Teng (Retired on November 1, 2022)	0	0	NA	NA

2. Shareholding transferred with related party: None

3. Stock pledged with related party: None

Relationship between TWM's top 10 shareholders

As of July 16, 2022

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's top 10 shareholders who are defined as related parties, spouse or a relative within two degrees	
	Shares	%	Shares	%	Name (B)	Relationship
TFN Union Investment Co., Ltd.	410,665,284	11.67%	–	–	TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman
Shin Kong Life Insurance Co., Ltd.	251,579,000	7.15%	–	–	None	None
Chairman: Bo-Jheng Pan	–	–	–	–	None	None
TCC Investment Co., Ltd.	200,496,761	5.70%	–	–	TFN Union Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman
Cathay Life Insurance Co., Ltd.	198,667,900	5.65%	–	–	None	None

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's top 10 shareholders who are defined as related parties, spouse or a relative within two degrees	
	Shares	%	Shares	%	Name (B)	Relationship
Chairman: Tiao-Kuei Huang	-	-	-	-	None	None
Ming Dong Co., Ltd.	184,736,452	5.25%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman
Fubon Life Insurance Co., Ltd.	150,880,400	4.29%	-	-	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai Richard M. Tsai TCCI Investment and Development Co., Ltd.	B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman B's chairman is a relative within two degrees of A's chairman B is a relative within two degrees of A's chairman B is A's chairman B's chairman is a relative within two degrees of A's chairman
Chairman: Richard M. Tsai	93,310,663	2.65%	5,086,496	0.14%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai TCCI Investment and Development Co., Ltd.	A is a director at B A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees A is a director at B

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's top 10 shareholders who are defined as related parties, spouse or a relative within two degrees	
	Shares	%	Shares	%	Name (B)	Relationship
Dao Ying Co., Ltd.	113,609,742	3.23%	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Daniel M. Tsai Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman B is A's chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman
Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman
Richard M. Tsai	93,310,663	2.65%	5,086,496	0.14%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai TCCI Investment and Development Co., Ltd.	A is a director at B A is a director at B A is a director at B A is B's chairman A is a director at B B is A's relative within two degrees A is a director at B
TCCI Investment and Development Co., Ltd.	87,589,556	2.49%	–	–	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Daniel M. Tsai Richard M. Tsai	A and B have the same chairman A and B have the same chairman A and B have the same chairman B's chairman is a relative within two degrees of A's chairman A and B have the same chairman B is A's chairman B is a director at A

Name (A)	Current shareholding		Spouse's/minor's shareholding		Name and relationship between TWM's top 10 shareholders who are defined as related parties, spouse or a relative within two degrees	
	Shares	%	Shares	%	Name (B)	Relationship
Chairman: Daniel M. Tsai	95,162,715	2.70%	4,580,070	0.13%	TFN Union Investment Co., Ltd. TCC Investment Co., Ltd. Ming Dong Co., Ltd. Fubon Life Insurance Co., Ltd. Dao Ying Co., Ltd. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A is B's chairman A is B's chairman A is B's chairman A is a relative within two degrees of B's chairman A is B's chairman B is A's relative within two degrees A is B's chairman

Note: Shareholding percentage is calculated based on outstanding shares of 3,519,233,603 as of July 16, 2022.

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 25, 2023

Date	Par value (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Source of capital (NT\$)	In a form other than cash	Cert. No. & effective date
Feb. 2022	10	6,000,000,000	60,000,000,000	3,519,233,603	35,192,336,030	Convertible bonds: 57,134,640	—	Authorization No. 1050043485 Nov. 7, 2016

As of February 25, 2023

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,519,233,603	2,480,766,397	6,000,000,000	None

Information related to shelf registration: None

Shareholder structure

As of July 16, 2022

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	24	406	64,243	887	65,567
Total shares owned	264,101,156	773,052,459	1,441,221,938	453,598,304	587,259,746	3,519,233,603
Holding percentage	7.50%	21.97%	40.95%	12.89%	16.69%	100.00%

Shareholding distribution

As of July 16, 2022

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	18,808	5,220,346	0.15%
1,000 ~ 5,000	37,614	74,082,129	2.11%
5,001 ~ 10,000	4,733	36,573,740	1.04%
10,001 ~ 15,000	1,330	16,819,568	0.48%
15,001 ~ 20,000	807	14,778,019	0.42%
20,001 ~ 30,000	690	17,620,523	0.50%
30,001 ~ 40,000	332	11,812,307	0.34%
40,001 ~ 50,000	206	9,511,324	0.27%
50,001 ~ 100,000	388	27,840,625	0.79%
100,001 ~ 200,000	210	30,388,480	0.86%
200,001 ~ 400,000	143	40,001,499	1.14%
400,001 ~ 600,000	52	24,647,157	0.70%
600,001 ~ 800,000	31	21,591,365	0.61%
800,001 ~ 1,000,000	24	21,935,691	0.62%
1,000,001 and above	199	3,166,410,830	89.97%
Total	65,567	3,519,233,603	100.00%

2. Preferred shares: None

Major shareholders

As of July 16, 2022

Name	Total shares owned	Holding percentage (Note)
TFN Union Investment Co., Ltd.	410,665,284	11.67%
Shin Kong Life Insurance Co., Ltd.	251,579,000	7.15%
TCC Investment Co., Ltd. Ltd.	200,496,761	5.70%
Cathay Life Insurance Co.,	198,667,900	5.65%
Ming Dong Co., Ltd.	184,736,452	5.25%
Fubon Life Insurance Co., Ltd.	150,880,400	4.29%
Dao Ying Co., Ltd.	113,609,742	3.23%
Daniel M. Tsai	95,162,715	2.70%
Richard M. Tsai	93,310,663	2.65%
TCCI Investment & Development Co., Ltd.	87,589,556	2.49%

Note: Shareholding percentage was calculated based on outstanding shares of 3,519,233,603 as of July 16, 2022.

Share price, net worth, earnings, dividends and related information

		2021	2022	As of February 25, 2023
Share price (NT\$)	High	109.50	110.50	98.50
	Low	95.50	90.40	93.80
	Average	99.85	101.19	96.05
Net worth per share (NT\$)	Before earnings appropriation	23.23	22.86	—
	After earnings appropriation	18.93	(Note 1)	—
Earnings per share (NT\$)	Adjusted weighted average outstanding shares (‘000 shares)	2,814,930	2,820,482	—
	Earnings per share	3.90	3.91	—
Dividends per share (NT\$)	Cash dividends	4.30	(Note 1)	—
	Stock dividends	—	(Note 1)	—
		—	(Note 1)	—
	Accumulated unpaid dividends	—	—	—
PE and dividend yield (Note 2)	Price earnings ratio (x)	25.60	25.88	—
	Price to cash dividend (x)	23.22	—	—
	Cash dividend yield (%)	4.31	—	—

Note 1: The appropriation amount for 2022 has yet to be approved at the AGM.

Note 2: Price earnings ratio = Average closing price / earnings per share
 Price to cash dividend = Average closing price / cash dividend per share
 Cash dividend yield = Cash dividend per share / average closing price

Dividend policy

1. Dividend policy under Articles of Incorporation

The dividend policy in general is to distribute earnings from retained earnings in the form of cash after deducting forecast capital expenditure. Should there be a stock dividend distribution, it should not exceed 80% of the total dividends distributed in a single year. The dividend payout proposed by the Board of Directors (BoD) has to be approved at the annual shareholders' meeting.

2. Proposed dividend allocation for approval at annual shareholders' meeting

The BoD has not yet approved the proposed dividend allocation for 2022 as of publication date. The board expects to approve the proposal 40 days prior to the AGM, and the related resolution will be announced on the Company's website and MOPS.

3. The Company maintains a dividend policy with a high payout ratio

Historically, dividends distributed to shareholders were no less than 80% of retained earnings available for distribution for that year and composed of over 80% cash. A historical listing of dividends distributed is posted on TWM's official website.

Impact of stock dividend distribution on business performance and EPS

The BoD has not yet approved the dividend allocation proposal for 2022 as of publication date.

Employees' and directors' compensation

1. Earnings distribution plan according to the Company's Articles of Incorporation

If the Company posts an annual profit, it shall set aside 1% to 3% of the profit as employee bonuses and not more than 0.3% of the profit as compensation for directors. However, if the Company posts a loss, it shall first reserve a certain amount to offset the losses, then allocate the remainder for employee bonuses and directors' compensation. Recipients are to include qualified employees of TWM subsidiaries.

2. Accounting treatment for the deviation between the estimated and actual distribution amount of employees' and directors' compensation

The Company accrues employee bonuses and directors' compensation proportionally from the pre-tax income before deducting employee bonuses and directors' compensation, and amounts reserved in advance. Should there be a deviation between the actual distribution amount and the accrued amount in the annual financial reports after the publication date, the difference should be treated as changes in accounting estimates and adjusted in the following year.

3. 2022 employees' and directors' compensation proposals adopted by the BoD

- (1) Employees' and directors' compensation paid in the form of cash or shares and differences/reasons/treatments of accrued numbers if any:

The 2022 employee bonuses and directors' compensation approved by the BoD on February 24, 2023 totaled NT\$305.936 million and NT\$30.594 million, respectively, in the form of cash, while the accrued amounts in the 2022 financial report are the same as the cash compensation.

- (2) Employee bonuses paid in the form of shares and as a percentage of total net income on a stand-alone basis and of total employee bonuses: None.

4. Earnings distributed as employee bonuses and directors' compensation in the previous year

Difference between the amount approved by the BoD and actual distribution of 2021 employee bonuses and directors' compensation: None

Share buyback: None

Corporate bond issuance

Corporate bonds

As of February 25, 2023

Issuance	Fifth Unsecured Corporate Bond	Sixth Unsecured Corporate Bond	Seventh Unsecured Corporate Bond
Issue date	April 20, 2018	March 24, 2020	July 13, 2021
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issuance and listing	Not applicable	Not applicable	Not applicable
Issue price	100% of par value	100% of par value	100% of par value
Total amount	NT\$15,000,000,000 Tranche A : NT\$6,000,000,000 Tranche B : NT\$9,000,000,000	NT\$20,000,000,000 Tranche A : NT\$5,000,000,000 Tranche B : NT\$10,000,000,000 Tranche C : NT\$5,000,000,000	NT\$2,500,000,000
Coupon	Tranche A : 0.848% p.a. Tranche B : 1.000% p.a.	Tranche A : 0.640% p.a. Tranche B : 0.660% p.a. Tranche C : 0.720% p.a.	0.530% p.a.
Term	Tranche A : 5 years, maturing on April 20, 2023 Tranche B : 7 years, maturing on April 20, 2025	Tranche A : 5 years, maturing on March 24, 2025 Tranche B : 7 years, maturing on March 24, 2027 Tranche C : 10 years, maturing on March 24, 2030	7 years, maturing on July 13, 2028
Guarantor	None	None	None
Trustee	Bank of Taiwan	Bank of Taiwan	Bank of Taiwan
Underwriter	Yuanta Securities Co., Ltd.	KGI Securities Co., Ltd.	Fubon Securities Co., Ltd.
Legal counsel	Jim Chen, Attorney	Jim Chen, Attorney	Ariel Hwang, Attorney
Auditor	Li-wen Kuo, CPA Kwan-chuang Lai, CPA Deloitte & Touche	Li-wen Kuo, CPA Kwan-chuang Lai, CPA Deloitte & Touche	Li-wen Kuo, CPA Kwan-chuang Lai, CPA Deloitte & Touche
Repayment	Bullet repayment	Bullet repayment	Bullet repayment
Outstanding balance	NT\$15,000,000,000	NT\$20,000,000,000	NT\$2,500,000,000
Early repayment clause	None	None	None
Covenants	None	None	None
Credit rating agency, rating date, company credit rating	None	None	None
Ancillary rights	Amount converted/exchanged into common shares, ADRs or other securities	Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable	Not applicable
Dilution and other effects on shareholders' equity	Not applicable	Not applicable	Not applicable
Custodian	Not applicable	Not applicable	Not applicable

Convertible bond information: None

Exchangeable bonds: None

Shelf registration issuance: None

Bonds with warrant: None

Preferred shares: None

Depository receipt issuance: None

Employee stock options and new restricted employee shares: None

Shares issued for mergers and acquisitions:

1. Completed mergers and acquisitions: None
2. Board of Directors' resolution:

Taiwan Mobile's Board of Directors reached a resolution to merge Taiwan Star Telecom Co., Ltd. (T Star) on December 30, 2021. The share exchange ratio was adjusted to one T Star share for 0.03260 TWM shares on February 24, 2023. The National Communications Commission (NCC) conditionally approved the Company's merger with T Star on January 18, 2023. The merger still requires regulatory approval from the Fair Trade Commission and the Taiwan Stock Exchange. The surviving entity would be Taiwan Mobile, while T Star would be dissolved. The merger would be value accretive to shareholders.

Mergers and acquisitions:

Name of the company		Taiwan Star Telecom Co., Ltd.	
Address of the company		6F, No. 239, Tiding Avenue, Sec. 2, Neihu District, Taipei	
Responsible person		Lin Ching-Tang	
Paid-in capital (NT\$)*		62,600,806	
Mobile service/product lines		Telecommunications industry, etc.	
Financial data (Unit: NT'000)	June 30, 2022	Total assets	59,492,453
		Total liabilities	36,321,421
		Total shareholders' equity	23,171,032
	For the six months ended June 30, 2022	Operating revenue	5,964,731
		Gross profit	1,039,297
		Operating profit and loss	(866,020)
		Net income (loss)	(1,278,260)
		EPS (NT\$)	(0.21)

*Source: T Star 2Q 2022 financial report

Use of proceeds from rights issue: None

Chapter 4 Operational Highlights

Performance by division

	Consumer Business Group	Enterprise Business Group	Home Business Group	Retail Business
Brand name	Taiwan Mobile	Taiwan Mobile Enterprise Services	TWM Broadband	momo
Services	<ul style="list-style-type: none"> ● Voice, data and mobile value-added services for consumers 	<ul style="list-style-type: none"> ● Voice and data mobile services for enterprises ● Fixed-line services ● Cloud and enterprise total solutions 	<ul style="list-style-type: none"> ● Pay TV services (CATV/DTV) ● Cable broadband services ● Others 	<ul style="list-style-type: none"> ● E-commerce ● TV home shopping

Unit: NT\$m

	Telecom business		Cable TV business	Retail business
	Mobile business	Fixed-line broadband business		
Market position	One of top three mobile operators in a five-player market, with a market share of around 24% in terms of mobile subscribers (excluding 040 prefix)	One of top three internet service providers (ISP)	Fourth-largest multiple system operator (MSO), covering about 11% of households in Taiwan	Ranked first in B2C e-commerce
2022 revenue*	65,692		6,333	103,436
2022 EBIT*	10,134		2,170	4,285

* Source: 2022 financial reports. The difference between the sum of each division and consolidated numbers was due to interdivisional adjustments and eliminations.

Scope of Business

Business overview

Telecom Business

1. Telecom products and services

Consumer Business Group

Besides providing customers mobile voice and data services, the Consumer Business Group also offers diversified value-added services and exclusive games and devices. These value-added services include video and music streaming, online cloud gaming, mobile devices, instant messenger, IoT-related services, and smart home services. In October 2022, the Company launched “OP Life” – a one-stop integrated service – to give users the ultimate innovative audiovisual experience.

Enterprise Business Group

The Enterprise Business Group offers a full range of one-stop services to corporate clients. Aside from providing basic telecommunication services, the Enterprise Business Group can also serve as an enterprise's partner in the fields of 5G solutions, cloud services, IoT and information security.

2. Telecom revenue breakdown

Unit: NT\$mn

Item	Year	2022	
		Revenue	% of total
Service revenue		46,508	71%
Device sales		19,184	29%
Total		65,692	100%

3. New telecom products and services

Consumer Business Group

- (1) OP Life one-stop solution: Offer "Gamer" mobile game/VR device packages; adopt Matter connectivity standards to offer better Smarter Home packages.
- (2) momo ecosystem: Deepen cooperation with the installation of a TWM e-shop on momo's platform, offering exclusive "momobile member's day" deals for TWM users and facilitating purchases of devices and accessories using momo coins on myfone stores.
- (3) Diversified metaverse experience: MyMoji booths allow users to create their own 3D interactive avatar that they can use on popular apps on TWM's platform.

Enterprise Business Group

- (1) Multi-cloud and hybrid cloud solutions:

By combining telecom services, Smart IT service and public cloud, TWM provides solutions to help customers build private cloud services using TWM's data center for their production environment while deploying public cloud services such as AI and SaaS for related application development and testing.

- (2) AI and industrial solutions:

TWM continues to cooperate with partners in the industrial ecosphere and is working on becoming a Tier 1 Amazon Web Services (AWS) Partner Network. The Company has launched manufacturing data governance solutions with CloudMile to provide data monitoring, analysis and cloud AI solutions, such as preventive maintenance and detecting abnormal activities. In addition, it has collaborated with Cadmen and Rescale to create a one-stop "industrial simulation solutions" based on Taiwan Cloud Computing (TWCC) services, as well as provide a One AI platform to help developers

quickly prepare data, build models, and achieve efficient deployment and maintenance operations and landing applications.

(3) 5G/Internet of Vehicles:

TWM works with private 5G vertical application partners to develop private 5G dedicated and shared services. Moreover, it has bolstered its partners' commercial promotions to boost their market share in IoV and continue to develop new IoT platform services (IoTBS, IoTA, eSIM).

Cable TV and Broadband (Home Business Group)

1. CATV products and services

Its main operations cover a variety of products and services, including cable TV, HD digital TV, high-speed fiber-optic internet access, over-the-top (OTT) service platform, HomeSecurity services, A1 Box and digital TV channel content agency.

2. CATV revenue breakdown

Unit: NT\$mn

Item	Year	2022	
		Revenue	% of total
Pay TV service		3,155	50%
Cable broadband service		1,943	31%
TV content agency and others*		1,235	19%
Total		6,333	100%

* Including channel leasing revenue

3. New CATV products and services

(1) HD digital TV services:

TWM has led the industry in ushering in a whole new era in home entertainment with its introduction of 4K content and multi-angle vision.

(2) High-speed fiber-optic internet access services:

Given the increasing demand for high-speed internet access, TWM Broadband launched its 1Gbps+WiFi 6 and Mesh WiFi 6 service, and aims to offer even faster access in the near future.

(3) Digital home services:

The Company is developing multiple value-added services, such as IoT, cloud games and smart home applications.

Retail Business (momo.com Inc. or “momo”)

1. Retail products and services

momo offers e-commerce and TV home shopping services:

(1) e-commerce

momo sells over 4 million stock keeping units (SKUs), a quarter of which offer 24-hour delivery guarantee. It also provides 24-hour online customer service and a supplier contact platform to satisfy customers' shopping needs.

(2) TV home shopping

momo has its own professional studio and filming team that provides momo TV programs to 5 million cable TV and 2.1 million MOD households nationwide.

0800 toll-free hotline and mobile app allow consumers to purchase products featured on momo TV programs or the momo TV app. A customer service team works around the clock to answer questions about product features, as well as purchase and return policy.

2. Retail revenue breakdown

Unit: NT\$m

Item	Year	2022	
		Revenue	% of total
E-commerce		98,607	95%
TV home shopping and others		4,829	5%
Total		103,436	100%

3. New categories and services

(1) momo has continued to introduce more international brands and to enhance long-term relationships with brand partners.

With the aid of key opinion leaders, live-streaming, social commerce marketing and cross-selling within Fubon Group, momo has added new categories, such as books and fresh food, to boost sales. Its TV home shopping platform has also developed new product categories, and introduced more overseas niche products to enhance its unique platform and broaden its customer base.

momo has stepped up its logistics network build-out to accelerate last-mile delivery to offer customers greater convenience. In terms of mobile device application, momo introduced AI technology to enhance visual and voice searches, as well as to enhance information security.

(2) momo's TV home shopping business has steadily adapted to changes in consumer lifestyle and trends. To enhance engagement with its client base and boost customer stickiness, it has expanded its TV fan clubs' operations, launched a TV app, broadcast live-stream videos on Facebook, and listed on Chunghwa Telecom's MOD. It has also laid out plans for cooperation with livestreaming influencers and major OTT operators.

(3) momo plans to set up logistics centers in southern and central Taiwan to improve shipping efficiency.

Industry overview

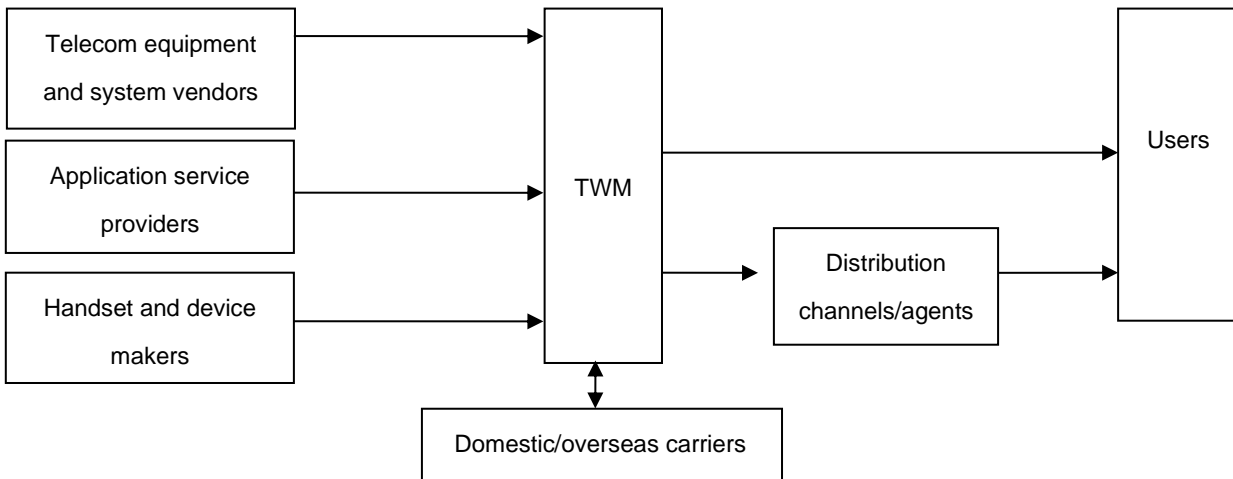
Consumer Business Group

1. Industry status and development

It has been almost three years since 5G's launch. The heavy investment in 5G network buildout has peaked, but there is still no 5G killer app.

The mergers of Taiwan Mobile and Taiwan Star and Far EasTone and Asia Pacific Telecom are still waiting for regulatory approval. Once approved, they could reduce pricing competition.

2. Industry value chain



3. Product development trends and competitive landscape

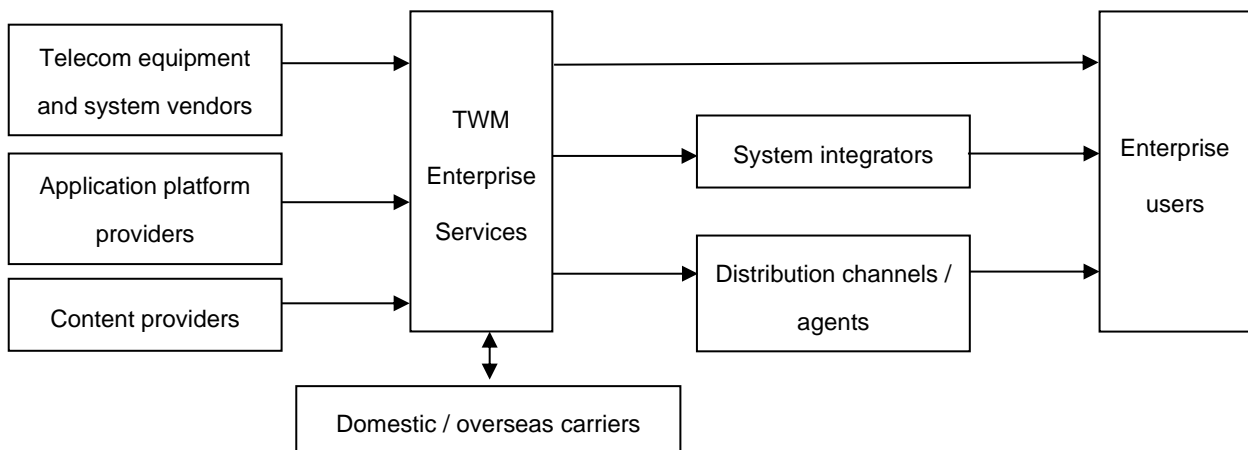
The three major operators are focused on upgrading users' contribution to increase revenue. Industry consolidation when the two proposed mergers are approved could lead to the withdrawal of low-tier unlimited data plans. The 5G competition would switch to smart home, IoT, exclusive devices and streaming/video services.

Enterprise Business Group

1. Industry status and development

The COVID-19 pandemic has changed the way we work and live, spurring new developments in communications technology, as demand for cloud, IoT and information security services increased. These changes have ushered in more business opportunities for telecom companies.

2. Industry value chain



3. Product development trends and competitive landscape

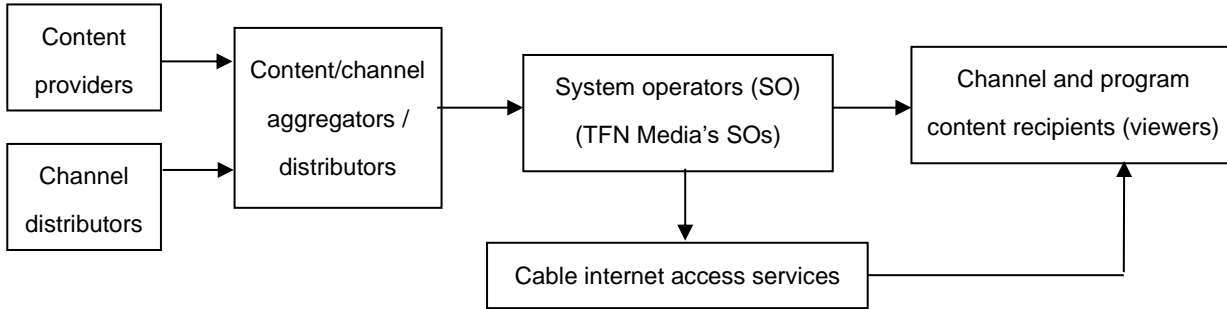
In the enterprise market, telecom operators face competition not only from traditional service providers, but also from other industries. The promotion of 5G development during the COVID-19 pandemic has also given rise to various innovative vertical application business opportunities, including IoT, smart factories, smart healthcare, smart retail and smart cities, underscoring the growing importance of cross-disciplinary cooperation.

Home Business Group

1. Industry status and development

Cable TV faces challenges from alternative services, such as IPTV, digital terrestrial TV and other emerging media (e.g., OTT video streaming) that have successively entered the market. The cable TV industry is facing a critical period of transformation.

2. Industry value chain



Aided by its control over last mile access to customers, TWM Broadband is aiming to take the lead in vertical integration to build up its core competitiveness and explore new business opportunities in the digital age.

3. Product development trends and competitive landscape

Fixed broadband is a saturated market that is dominated by Chunghwa Telecom and characterized by slowing growth. Technological advances and the demand for 5G indoor coverage have also spurred intense competition on price and speed. Furthermore, with the CATV industry becoming fully digitalized, user demand for high-definition digital TV channels and OTT content has increased. 4K content and smart home applications, such as internet-connected and voice control devices, are the future trends.

Retail Business

1. Industry status and development

As a leader in the B2C market, momo continues to build up its logistics and warehousing system, providing fast delivery services and a one-stop shopping experience for consumers, while expanding its economies of scale and raising barriers to entry in the B2C industry.

2. Industry value chain



momo sources its products from suppliers and sells them through its TV home shopping networks, online shopping sites and mail order catalogues for members and general consumers.

3. Product development trends and competitive landscape

- (1) E-commerce: Competition is no longer limited to e-commerce channels. Fast delivery and cold chain logistics services are maturing. Groceries have become a new focus of competition between e-commerce platforms and hypermarket chains.

(2) TV home shopping: The rise of virtual shopping platforms, such as e-commerce and mobile commerce, has intensified competition in TV home shopping. momo has countered this challenge by collaborating with key opinion leaders or influencers, launching its own mobile apps and leveraging its social platform and capabilities, including livestreaming, to bolster engagement with members and its customer base.

Research and development expenditure

Research and development expenses totaled NT\$391.273 million in 2022 and NT\$36.79 million in January 2023. Continued investment in the research and development of more advanced technologies is expected to increase customer satisfaction, which in turn should boost value-added service revenue and overall operations growth.

Major research and development achievements

Project name	Description
Deep learning-based acceleration technology for ray-tracing model	Apply deep-learning technique on ray-tracing model to accelerate the estimation of 3D building images' effect on a base station's coverage and received signal strength.
myVideo	Develop 5G video applications such as selectable multiple streams on one screen. Adopt watermarking solution to enhance streaming video security.
MyMusic	Cooperate with other telecom operators to expand sales channels. Work with strategic partner SoundOn to enrich Podcast service content. Build a gamification marketing platform to attract young people using MyMusic.
Number masking service	Enrich communication platform as a service (CPaaS) application programming interfaces for various integration scenarios. Introduce number masking service to transportation industry.
Intelligence overdue collection model	Use AI machine learning algorithms to optimize overdue collection process.
AI optical character recognition (OCR) for Chinese handwriting	Develop a Chinese handwriting recognition mechanism using AI OCR technology and 13,500+ traditional Chinese handwriting datasets.
myfone online service	Design a customer-centric self-service system that encourages users to subscribe to and purchase TWM products online.
M+ Messenger	Improve office collaboration functions and integrate cloud PBX to enrich voice communication for enterprise customers.
Phone number tokenization and management regulations	Convert consumers' phone numbers into tokens to protect personal data, as well as enable suppliers and logistics providers to contact buyers during the delivery process.

Sales development plans

Consumer Business Group

1. Short-term plan

- (1) The Company has developed more OP Life packages, such as Gamer by bundling mobile/VR gaming and devices, and Smarter Home with Matter devices. These packages are expected to drive ARPU higher and increase customer loyalty.
- (2) The Company offers diversified and exclusive services such as Disney+ and YouTube Premium to expand its 5G competitive advantages and grow its 5G customer base. The Company will keep on investing in exclusive content for MyVideo to enhance product differentiation.
- (3) The Company has strengthened cooperation with momo to provide unique 5G packages. A TWM e-shop will be built on the momo platform and a “momobile members’ day” will be set for TWM users. The Company also plans to expand channels that accept momo coins to enlarge its ecosystem.
- (4) As the agent of League of Legends PC game, the Company is exploring business opportunities and expanding its customer base in the gaming industry. Another collaboration involves bundling GeForce Now with Logitech’s G Cloud device.

2. Medium to long-term plan

- (1) Become a smart home leader: The Company’s “Taiwan Mobile Smarter Home” brand strives to provide integrated services by offering a better network environment, smart appliances and smart devices to users. For individual consumers, the Company creates holistic solutions including products, services, and channel; and for enterprise customers, the Company aims to become a core partner for smart housing companies.
- (2) Develop metaverse industries, social media platforms and hardware information related to virtual reality (VR), augmented reality (AR), mixed reality (MX) and extended reality (XR). The Company is open to opportunities for cooperation, aiding users in exploring metaverse through their own digital avatars by creating new application services on Web3.

Enterprise Business Group

1. Short-term plan

- (1) Actively develop solutions for the manufacturing, retail, medical care, finance and government sectors, and integrate 5G technology and partner application services to promote industrial innovation and upgrading.
- (2) Promote cloud services to meet the needs of enterprises.
- (3) Implement sustainable value in the process of enterprise product promotion and cultivate brand ESG development.

2. Long-term plan

- (1) Actively expand the industrial ecosystem, launch innovative vertical integration solutions that meet different industries' requirements, improve enterprise customers' operating efficiency, and expand TWM's presence in foreign markets.
- (2) Continue to develop diversified cloud services and accelerate the practical applications of AI to help corporate customers speed up their digital transformation.
- (3) Improve sales growth productivity and strengthen the relationship between customers and TWM products.

Home Business Group

1. Short-term plan

- (1) TWM Broadband will continue to optimize its network infrastructure in regions where it is already operating CATV systems and provide more HD digital content and video on demand to set the foundation for its digital services.
- (2) TWM Broadband launched 1Gbps super high-speed internet access service and HD digital TV service to boost its cable broadband and digital TV service penetration rates, as well as increase its ratio of high-speed broadband internet users.

2. Long-term plan

The Home Business Group plans to integrate HD digital content, multiple-viewing terminal devices, high-speed fiber-optic internet access services and cloud technology to introduce more innovative and value-added digital TV services, allowing families and individual subscribers to enjoy the benefits of “multi-screens and a cloud” (i.e., mobile phones, PCs, tablets and TVs) and experience smart living.

Retail Business

1. Short-term plan

- (1) E-commerce: Provide differentiated and value-added services by leveraging big data analysis to optimize product portfolios and recommend more personalized products to customers; deepen cooperation between momo and leading brands; and integrate offline and online loyalty programs.
- (2) TV home shopping: Enhance distribution channel’s competitiveness by listing more branded products from overseas, cultivating fan bases on social platforms, such as Facebook and LINE, and cooperating with e-commerce suppliers to expand product offerings.

2. Medium to long-term plan

- (1) E-commerce: Increase market share to further dominate B2C market by implementing a multi-channel sales strategy, optimizing search functions, facilitating short-chain logistics efficiency, and improving user experience (UX) and user interface (UI).
- (2) Take a pro-active approach in raising momo’s brand image, further explore Asia’s TV shopping market, export best-selling products across multiple countries, leverage the group’s marketing resources and sales channels to enhance operating efficiency, and provide innovative services through mobile and cloud platforms.

Market and Sales Overview

Market analysis

Consumer Business Group

1. Main products and service areas

The Company provides nationwide and international roaming services. The coverage includes Taiwan and the outlying islands of Kinmen and Matsu.

2. Market status

As of October 2022, the mobile subscription penetration rate had reached 129.2%. Although it is a mature market, 5G's commercialization offers exciting opportunities as demand for IoT, broadband, smart devices and value-added services surges.

3. Competitive advantages

- (1) The Company provides integrated and diversified telecom-cable-e-commerce rate plans to increase users' stickiness and build a win-win ecosystem.
- (2) The Company has launched various services based on customers' usage scenarios to solve their pain points, such as multiple OTT-video and music streaming, online cloud gaming, and rate plans combined with e-commerce consumption rewards. It has also integrated various technical services and devices to provide a one-stop service aimed at enhancing service value and brand differentiation.

4. Opportunities and challenges

Positive factors

- (1) Diversified 5G applications should boost value-added services and increase revenue.
- (2) With the rise of the lazy economy, a one-stop integrated service can solve users' pain points and increase brand value.
- (3) Smart home trend and an aging society should open up new business opportunities, such as home security.

Negative factors

- (1) Limited knowledge and low involvement of smart home.
- (2) The cost of IoT production is still high, and users are unwilling to pay a high price for it.
- (3) Metaverse is a popular theory, but there is no killer app or service yet.

Countermeasures

- (1) The Company plans to attract potential users with Google's brand power to encourage them to upgrade to smart home.
- (2) The Company is cooperating with more Taiwanese home appliance brands, helping them convert their products into IoT and co-developing the smart home market.
- (3) MyMoji provides cross-domain service and lets user get a taste of metaverse.

Enterprise Business Group

1. Main products and service areas

Taiwan Mobile Enterprise Services provides international services in 247 countries. As of the end of 2022, its roaming services included the following: 3G: 183 countries, 353 networks; 4G: 122 countries, 215 networks; 5G: 56 countries, 82 networks.

2. Market status

According to IDC's "2022-2026 Asia-Pacific (excluding Japan) 5G Enterprise Service Forecast" report, the Asia-Pacific (excluding Japan) 5G enterprise service market is rapidly growing, and 5G service revenue would reach US\$8 billion in 2026, with a compound annual growth rate of 137%. IDC's forecast of Taiwan's top 10 ICT trends in 2023 include enterprises accelerating digital transformation and development, international political tensions accelerating the implementation of AI, digital twins and cloud services, and demand for information security services rising.

3. Competitive advantages

- (1) Premium brand equity and customer relationship: Taiwan Mobile Enterprise Services is a brand under Taiwan Mobile. It actively responds to customer needs and designs one-stop services for enterprises to help them create maximum benefits for their customers. Taiwan Mobile Enterprise Services has won widespread recognition among major corporations.
- (2) Professional management team and efficient support unit: Taiwan Mobile Enterprise Services has experienced sales and logistics teams, as well as extensive corporate group resources. Its cloud IDC server room has received Uptime Tier III certifications for design, construction and operational sustainability.
- (3) Industry ecosystem partner resources: The Company effectively integrates the advantages of partners and creates customized industry solutions for corporate customers.

4. Opportunities and challenges

Positive factors

- (1) The COVID-19 pandemic has accelerated the digital transformation of enterprises. A telecom company has the advantage of having an existing communication network infrastructure, which can drive and take advantage of the demand for cloud and information security services.
- (2) IMC's top 10 global trends forecast for 2023 sees the rising emphasis on net zero emissions, sustainable ESG and digital transformation. As the Company has actively invested in sustainable management and possesses comprehensive tools for enterprise digital transformation, it is well-positioned to seize market opportunities.

Negative factors

- (1) The popularity of mobile data has seen local and long-distance calls replaced by free communication software.
- (2) Chunghwa Telecom has fixed network services and scale advantage.

Countermeasures

The Company will continue to pursue innovation, strengthen vertical integration capabilities, develop cross-field alliance opportunities, and cooperate with partners in various fields to create industrial vertical integration solutions, as well as more comprehensive 5G, cloud, IoT and information security services, and work with customers to carry out digital transformation and strengthen customer adhesion.

Home Business Group

1. Main products and service areas

TWM Broadband's main service areas are New Taipei City's Xinzhuang and Xizhi districts, Yilan County and Kaohsiung's Fongshan District among others.

2. Market status

- (1) Cable TV: Taiwan's CATV penetration rate has reached over 50% of households, according to NCC data. Watching TV is a major leisure activity in Taiwan – one that is relatively unaffected by fluctuations in the economy. However,

intensifying competition from cable system operators (SO), Chunghwa Telecom's MOD system and OTT content providers has affected market pricing.

- (2) HD digital TV and broadband internet access: Thanks to rich HD content, stable and quality signals, expanding platforms for viewing TV programs, and rapid development of online video services and social media, the demand for HD digital TV and high-speed broadband Internet access has continued to increase.

3. Competitive advantages

- (1) TWM offers high-speed broadband network and WiFi 6 transmission which, coupled with its rich digital content and value-added services, should drive digital TV revenue growth.
- (2) The Company can leverage off the group's rich and varied resources to offer innovative digital convergence products and services.

4. Opportunities and challenges

Positive factors

- (1) High-speed broadband internet service has become the mainstream.
- (2) Demand for multi-screen viewing of video content has increased, demonstrating the growing importance of digital convergence for families.
- (3) Backed by a solid base in smart home applications, TWM leads the industry in launching comprehensive services, such as A1 Box and HomeSecurity services.

Negative factors

- (1) At its 840th meeting on Jan. 23, 2019 the NCC approved proposed changes to Chunghwa Telecom's operation of its multimedia content transmission platform, allowing the company to form its own channel packages, as well as add or remove channels, for its MOD system. The changes place cable TV operators at a disadvantage as they must still obtain the NCC's approval to switch channels, while their pricing schemes have to be reviewed by city/county governments on an annual basis. This unequitable competition could have an impact on the cable TV industry's future.
- (2) The competitiveness of cable system operators (SO) expanding their service areas has been ebbing. However, they still pose a risk of subscriber losses for TWM.
- (3) The TV industry is facing operational difficulties due to the rise of OTT platforms and unauthorized set-top boxes.

Countermeasures

- (1) TWM Broadband is observing developments in Taiwan's digital content industry and global industry trends, focusing on providing a richer assortment of digital channels and connected TV content.
- (2) With the launch of A1 Box – an open platform integrating cable TV channels and diverse OTT content – and 1Gbps+WiFi 6 service, TWM Broadband offers Smarter Home service, GeForce NOW cloud gaming, Disney+, etc.

Retail Business

1. Main products and service areas

momo mainly provides e-commerce and TV home shopping services in Taiwan.

2. Market status

B2C e-commerce topline growth is accelerating, bolstered by share gains from offline and continued expansion in mobile and streaming platforms.

3. Competitive advantages

- (1) Scale benefit: momo is the largest B2C e-commerce in Taiwan and continues to widen its gap with rivals. Its bargaining power has increased, and more and more first-tier brands are doing direct business with it, broadening its offerings of high-quality products.
- (2) Solid reputation: momo has built a solid reputation among suppliers and customers in the TV home shopping industry. Besides winning customers' confidence, it has enhanced suppliers' willingness to entrust their brands to the Company, boosting its product diversity.
- (3) Strong support from the group: momo is able to leverage the resources of affiliates to create opportunities in digital convergence, mobile platforms, mobile payment mechanisms and warehouse management system.

4. Opportunities and challenges

Positive factors

- (1) Mobile usage time and mobile shopping continue to increase.

Negative factors

- (1) High product homogeneity and intensifying market competition have led to margin pressure.
- (2) Risk management of product quality and food safety is increasingly important as momo's scale continues to increase.

Countermeasures

- (1) momo has an extensive system of suppliers and a professional product development team. This facilitated its expansion into mobile and streaming platforms, as it already has a trove of best-selling products to tap into, which not only prolonged their product life cycle, but also increased sales volumes and differentiated it from the competition.
- (2) momo has an online shopping mobile app to tap into the mobile commerce market and optimize customer experience. By promoting limited time and livestream promotions, momo is able to reach more consumers and stimulate buying willingness. The mobile platform also offers convenience, encouraging consumers to increase their shopping frequency.
- (3) momo has set up a quality control team to visit new suppliers' factories, outsource product testing to reduce food safety risks, filter out controversial products and clarify supplier responsibility to provide consumers with a safe place to shop.

Main features and production process of major products:

The Company provides wireless/fixed-line telecom services, digital TV subscription, cable broadband, e-commerce/TV home shopping, and integrated information and communication services.

Supply of raw materials: Not applicable as the Company is not a manufacturer.

Major suppliers and customers in the past two years

- A supplier/customer that accounts for at least 10% of consolidated procurement/revenue

1. Major suppliers

Unit: NT\$'000

		2021			2022			
	Company	Procurement amount	As a % of 2021 total net procurement	Nature of relationship	Company	Procurement amount	As a % of 2022 total net procurement	Nature of relationship
1	Company A	13,111,786	12	Third party	Company A	13,176,835	11	Third party
	Others	95,569,791	88		Others	111,443,330	89	
	Total	108,681,577	100		Total	124,620,165	100	

2. Major customers:

Not applicable as the Company's revenue from a single customer did not exceed 10% of its consolidated operating revenue.

3. Reasons for variation

Procurements from suppliers varied as the Company purchased handsets from different vendors to meet its business development needs and market demand.

Production volume in the past two years: Not applicable as the Company is not a manufacturer.

Sales volume in the past two years

Services		2021		2022	
		Sales volume	Revenue (NT\$'000)	Sales volume	Revenue (NT\$'000)
Mobile	Mobile services ('000 subs at year-end)	7,270	40,216,905	7,482	41,202,847
Domestic fixed telephony	Local calls ('000 minutes) ¹	233,294	443,466	215,900	435,182
	Long distance calls ('000 minutes) ¹	77,488	51,738	69,246	47,206
International fixed telephony	International calls ('000 minutes) ¹	27,997	485,141	18,973	484,963
Fixed-line data transmission ('000 lines)		243	2,652,809	290	2,845,478
Sales revenue ²		NA	104,122,968	NA	118,931,066
Others		NA	8,136,506	NA	8,259,370
Total			156,109,533		172,206,112

1: Outgoing minutes only.

2: Including retail sales of handsets, accessories, IT products and 3C home appliances.

Human Resources

Employee statistics in the past two years up to the publication date

Year		2021	2022	2023 (as of February 25)
Number of employees	Consolidated	8,925	9,389	9,351
	Stand-alone	3,739	3,824	3,807
Education level	Ph.D.	0.17%	0.17%	0.16%
	Master's	12.80%	12.68%	12.79%
	University	60.74%	60.93%	60.82%
	College	14.39%	13.63%	13.75%
	Others	11.90%	12.59%	12.48%
Average age		38.27	38.57	38.72
Average years of service		8.32	8.37	8.47

Environmental Protection Expenditure

Loss or penalty due to environmental pollution in 2022 up to the publication date in 2023

None.

Countermeasures:

TWM has taken into consideration any potential risks or breach of environmental regulations in formulating its environmental management system. The Company also closely monitors developments in the government's environmental policies or regulations to design precautionary measures. It does not expect any substantial expenditure arising from environmental pollution. The Company is committed to protecting the environment and has adopted various measures, such as promoting green procurement, establishing energy-efficient base stations and data centers, minimizing the use of water and paper in offices and stores, exchanging old devices for new ones, recycling waste cables, batteries and handsets, and encouraging users to switch to e-billing and online services.

Employee Relations

Employee behavior/ethical standards

The Company has established policies and rules to serve as guidelines for employee conduct, rights, responsibilities and ethical standards.

Delegation of authority

1. Authorization guidelines and limitations: Aimed at streamlining business processes, strengthening distribution of responsibility, and detailing management authority at each job level.
2. Empowerment and delegation rules: Designed to ensure smooth and normal business operations.

3. Job ranking, title and organizational structure policy: Formulated to correspond to employees' career plans.

Work rules

The Company's work rules clearly define the rights and obligations of management and employees. Its modern management approach has promoted cooperation among employees and benefited the Company.

Divisional responsibilities

The Company's major divisions are separated by functions. Each division is tasked with specific job responsibilities and this separation of functions has strengthened the Company's core competency.

Reward and punishment policies

The Company has drawn up a number of policies on rewards and punishments to encourage employees who have made special contributions to the Company, as well as discourage employees from behaving in a manner deemed damaging to the Company. These policies are stated in the Company's "Work Rules."

Employee assessment policy

Supervisors provide feedback, assistance and map out individual development plans based on employees' performance.

Attendance and leave policy

Enforcement of this policy – designed to serve as a guideline for employees – helps enhance work quality.

Business confidentiality policy

To maintain the Company's competitiveness, employees are required to sign a "Confidentiality and Intellectual Property Rights Statement" and an "Employment Contract" as safeguards against potential damage arising from the disclosure of trade secrets. The Company provides employees with the required information and training courses to strengthen their understanding of information security.

Sexual harassment prevention and handling procedures

The Company's "Work Rules" include regulations on preventing sexual harassment in the workplace and promoting gender equality. The Company disseminates information on laws and procedures for filing complaints on sexual harassment on the intranet to serve as a guideline for employees.

Code of Conduct

The Company and its affiliates have a Code of Conduct that all directors, managers and employees are expected to adhere to and advocate in accordance with the highest ethical standards.

Employee benefits program

1. All employees are entitled to labor insurance, national health insurance and free group insurance coverage for employees and their spouses starting from the first day of work.
2. The Company has an employee share ownership trust (ESOT).
3. The Company and its subsidiaries had established Employee Welfare Committees to handle and implement employee benefits

programs. The committees are in charge of a number of benefits designed to raise employees' quality of life and promote physical and mental well-being, including club activities, company outings, family day, benefits for special occasions, such as weddings, festivals and funerals, employee purchase discount, and subsidies for fitness centers, group insurance and health examinations.

4. The Company grants high subsidies for phone bills, discounts on company products, and childbirth and childcare subsidies. It also provides maternity leave, sick leave and bereavement leave that surpass the requirements of Taiwan's labor law. Moreover, it supports paid volunteer leave, flexible working hours and work-from-home as an option.

Employee training and education program

1. Training expenses up to January 31, 2023 totaled NT\$33,966,678, with 666,645 attendees taking a total of 550,842 training hours.
2. Orientation for new employees includes company profile, brand and organization, telecommunications market, innovative services, internal network systems, employee health and safety, IT security training and avenues for learning.
3. Core competency development: Develop basic competencies, such as self-management and work management, problem analysis and solution skills, creative thinking, communication and interaction skills, project management, knowledge of industry trends and code of ethics; hold service training programs; organize book clubs; invite celebrity speakers; and screen humanist films.
4. Management training and development: Separate training programs for entry-level, middle and senior management. Training courses include performance management, leadership, strategy management, innovative thinking, team dynamics, organizational development skills and corporate governance.
5. The Company arranges for employees to participate in different programs according to their professional knowledge and skills, including information technology, auditing, human resources, marketing, procurement, safety, finance, accounting and telecommunications technology. These activities have a profound impact on upgrading the Company's technologies, developing new products, introducing new and innovative ideas, and improving managerial skills.
6. The Company has a scholarship program for employees to develop their expertise in telecommunications technology, digital technology and business administration.
7. The Company sponsors external training courses for all employees annually. Employees can select courses that combine their personal interests and job needs to reap the maximum benefit from these training sessions.

Retirement plan and implementation

1. Old Labor Pension System

The Company has published its Employee Retirement Guidelines and formed a Labor Pension Supervisory Committee in accordance with the law. In addition, the Company retains the services of an actuary to assess and calculate labor pension reserves and provide a detailed report annually. It contributes a sum equivalent to 2% of a worker's monthly wage into a special labor pension account as a reserve fund to pay retirees.

As of January 2023, the accumulated reserve fund was NT\$703,894,000.

2. New Labor Pension System

The Company implemented the New Labor Pension System in July 2005. It deposits 6% of a worker's monthly wage into an individual labor pension account managed by the Bureau of Labor Insurance, with ownership going to the worker.

A total of NT\$164,292,000 was deposited in 2022.

3. Retirement policy

The Company regulates its retirement policy in accordance with labor laws. It also offers the option of early retirement for employees who have worked for at least five years with the Company, which plus his/her age would equal 65 years or above, subject to the Chairman's approval.

Employee safety and health policy

The Company endeavors to contain potential hazards in the workplace, as well as build and promote a safety culture, by observing the following:

1. Regulatory compliance: Follow all rules and regulations pertaining to occupational safety and health as well as international standards, and conduct periodic reviews of compliance.
2. Risk control: Implement measures to identify safety risks at work to remove hazards and reduce occupational safety risk.
3. Consultation and communication: Enhance employee knowledge of the importance of health and safety, invite employees or representatives to participate in consultation and communication, and encourage them to participate in and take responsibility for their personal health and safety.
4. Environment-friendly: Provide safe and healthy working conditions, prevent occupational injuries and safeguard health.
5. Performance evaluation: Conduct systematic evaluations of these measures to gauge their effectiveness and improve occupational safety and health standards.
6. Action plans and targets: Prioritize the aspects to focus on and action plans, set quantitative goals and regularly track indicators.

The Company's employee safety and health policy is posted on the intranet and is summarized as follows:

1. As an ISO 45001: 2018 (Occupational Safety and Health Management Systems) certified company, TWM strives to constantly improve health and safety management in order to reduce risks in the workplace.
2. A unit dedicated to conducting environmental inspections and employee hygiene training courses was established in accordance with regulations.
3. An Occupational Safety and Health Committee was set up to meet every three months to draft a plan to prevent job injuries, ensure compliance and conduct periodic reviews of related rules on employee health and sanitary improvement solutions.
4. Full-time professional nursing healthcare personnel are employed to perform health checks, track the progress of staff who failed their health examinations, and hold talks on health promotion. Employees who are able to administer first aid treatment have been placed in each work area.
5. Each office site is equipped with an automated external defibrillator and staffed with a sufficient number of first-aid personnel.
6. Fire/flood protection exercises are held every six months to reduce risks of employee injury and property loss from natural disasters.
7. Guards and security systems have been installed at all main base stations and work offices to protect staff, property and information security.

Employee negotiations and protection of employee benefits

The Company, working under the management and employees as one concept and the belief that a win-win situation can be achieved when the two sides work together, has followed relevant labor laws and regulations, held quarterly employee communication forums hosted by the President and management/employee meetings to facilitate communication, develop comprehensive communication channels between management and employees, and promoted employee benefits to build a harmonious and satisfactory management/employee relationship.

Losses caused by employee disputes in 2022 up to the publication date in 2023:

The Company maintains a harmonious management/employee relationship and there were no material disputes.

Number of workplace injuries resulting in disabilities or fatalities in 2022 up to the publication date in 2023:

In 2022, there were three cases of workplace injuries¹, two caused by exposure to hazardous substances and one caused by falling. To prevent recurrences, the Company has promoted health and safety measures, improved the safety awareness of employees, and revised rules and regulations to enhance workplace safety.

Year	2022	2023 (as of February 25)
Number of disabilities	3	0
Disabling injury frequency rate ²	0.39	0
Disabling injury severity rate ³	2.98	0

Note 1: Based on the Ministry of Labor's definition of occupational accidents resulting in major disabling injuries, traffic accidents outside the workplace are not included.

Note 2: The number of injuries resulting in fatalities and permanent total disabilities cases per million hours worked.

Note 3: The number of working days lost due to fatalities and permanent total disabilities per million hours worked.

ICT security risk management

ICT security risk management framework, ICT security policy, specific management plan and resources invested in ICT security management

1. ICT security risk management framework

Based on the current risk management structure and operation mechanism, TWM's board of directors serves as the highest decision-making mechanism and has incorporated information security risks into the Company's overall personal information and information security management policies. The general manager, as the Chief Information Security Officer (CISO), leads the first-level control mechanism. TWM has set up the ICT and Personal Information Security Management Division, which is responsible for supervising and reviewing information security implementation, supervision and management. TWM has also installed a second-level control mechanism – the Cyber Security and Data Privacy Protection Committee – which is responsible for supervising and reviewing all matters concerning the implementation of a personal information and information security management system.

2. Company information security organizational structure

Taiwan Mobile has set up a Cyber Security and Data Privacy Protection Committee. The committee chairman is appointed by the president, and the top executive of each functional organization assigns a member to the committee. The committee meets quarterly and invites the independent director for observation. When issues relating to ICT are proposed by members of the Cyber Security and Data Privacy Protection Committee and the Information Security Officer, a meeting will be held with the approval of the chairperson. In compliance with the law, Taiwan Mobile has deployed a supervisor and more than 10 dedicated cybersecurity personnel on a full-time basis to execute all matters concerning the implementation of the personal information and information security management system.

3. ICT security policy

The ICT security policy has been established to ensure the sustainable operation of TWM's business, strengthen the ICT security management system, ensure the confidentiality, integrity and availability of information communication assets, and meet the requirements of relevant laws and regulations to effectively and reasonably reduce enterprise operational risk.

4. Specific management plan

The following four management schemes have been adopted to ensure security maintenance of information communication:

- (1) External anti-hacking: Build intrusion prevention, network segmentation, firewall, web application firewall, etc. Conduct cyber security information sharing with Communication – Information Sharing and Analysis Center (C-ISAC) and other agency.
- (2) Internal leakage prevention: Handle data leakage protection detection and gap reinforcement.
- (3) System planning and construction: Include system development security specifications, perform code scanning, etc.
- (4) Maintenance and operation monitoring: Build an information security monitoring center, check and analyze system records, and report and track abnormal conditions in real time.

Cyber insurance investment: Allocate a certain portion of the budget to ICT security management to reduce risks.

In the most recent year up to the date of publication of the annual report, if the loss, possible impact and countermeasures of a major information security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained.

In the most recent year up to the publication data of the annual report, there was no major information security incident, so there was no resultant loss or impact. TWM continues to promote information security operations as a preventive measure.

Major Contracts

As of February 25, 2023

Nature	Counterpart	Contract period	Description	Restriction clauses
Long-term credit facility	Sumitomo Mitsui Banking Corp. Taipei Branch	2022.01.31~2024.01.31	Long-term loan of NT\$4 billion	Non-disclosure
	Mizuho Bank, Ltd., Taipei Branch	2022.04.14~2024.04.14	Long-term loan of NT\$7 billion	Non-disclosure
	China Bills Finance Corp.	2022.11.28~2024.11.27	Long-term loan of NT\$3 billion	Non-disclosure
	China Bills Finance Corp.	2022.06.02~2025.06.01	Long-term loan of NT\$1.5 billion	Non-disclosure
	Mega Bills Finance Co., Ltd.	2020.12.25~2023.12.25	Long-term loan of NT\$1.5 billion	Non-disclosure
	Yuanta Commercial Bank Co., Ltd.	2020.12.31~2023.12.31	Long-term loan of NT\$2 billion	Non-disclosure
Strategic alliance	Bridge Alliance	2004.11.03~present	Joined Bridge Alliance	Non-disclosure
Procurement	Apple Asia LLC	2022.06.01~2025.05.31	Procurement agreement for iPhone	Non-disclosure

Nature	Counterpart	Contract period	Description	Restriction clauses
		2020.11.01~2023.10.31	Procurement agreement for iPad	
	Samsung Electronics Taiwan Co., Ltd.	2014.11.01~present	Sales and supply agreement	Non-disclosure
	Google Asia Pacific Pte. Ltd.	2019.09.20~present	Sales and supply agreement	Non-disclosure
	Nokia Solutions and Networks Taiwan Co., Ltd.	2020.06.15~2023.05.31	Master supply agreement	Non-disclosure
Merger	Taiwan Star Telecom Co., Ltd.	2021.12.30~ present	100% acquisition of Taiwan Star shares	Non-disclosure
	Taiwan Star Telecom Co., Ltd.	2023.03.15	Amendment of merger agreement	
Affiliates				
Nature	Counterpart	Contract period	Description	Restriction clauses
Procurement	Cheng Loong Corp.	2022.05.01~2023.06.30	Procurement agreement for cartons	Non-disclosure
	Shuenn Chyang Paper Container Co., Ltd.	2022.05.01~2023.06.30	Procurement agreement for cartons	Non-disclosure
Contract agreement	Li Jin Engineering Co., Ltd.	2021.05.05	Construction of southern logistics center	Non-disclosure
Program broadcasting agreement	Homeplus Digital Co., Ltd.	2021.01.01~2023.12.31	Consign and authorize advertisements of TV shopping for public broadcast to cable TV viewers	Non-disclosure
Lease agreement	Fubon Life Insurance Co., Ltd.	2018.08.01~2023.07.31	momo office building	Non-disclosure
	Zong Sine Industries Inc.	2021.06.08~2033.05.31	Lease contract for warehouse	Non-disclosure
	Yongyou Development Ltd.	2022.1.28~2032.07.31	Lease contract for warehouse	Non-disclosure

Chapter 5 Financial Highlights

Condensed Balance Sheets and Statements of Comprehensive Income

Consolidated condensed balance sheet (2018-2022)

Unit: NT\$'000

		2018	2019	2020	2021	2022
Current assets		29,068,887	29,905,700	32,092,794	38,652,038	41,439,100
Investments		6,199,506	6,723,913	4,256,640	5,856,891	7,761,891
Property, plant and equipment (PP&E)		38,855,960	36,182,005	42,479,314	43,439,740	44,247,993
Intangible assets		62,175,645	59,078,475	85,766,511	81,327,563	76,871,365
Other assets		11,367,030	22,029,866	19,989,343	21,706,295	22,751,317
Total assets		147,667,028	153,919,959	184,584,602	190,982,527	193,071,666
Current liabilities	Before appropriation	41,883,503	44,522,956	58,532,319	59,486,772	69,568,116
	After appropriation	57,249,726	57,873,424	70,631,100	71,614,845	(Note1)
Non-current liabilities		37,789,829	35,220,728	54,062,071	58,218,757	50,652,770
Total liabilities	Before appropriation	79,673,332	79,743,684	112,594,390	117,705,529	120,220,886
	After appropriation	95,039,555	93,094,152	124,693,171	129,833,602	(Note1)
Equity attributable to owners of the parent company		61,881,520	68,017,291	65,365,100	65,533,753	64,470,756
Paid-in capital		34,238,338	35,093,545	35,124,215	35,192,336	35,192,336
Capital surplus	Before appropriation	12,580,692	20,274,694	18,936,574	16,903,239	15,326,778
	After appropriation	12,580,692	18,681,070	16,358,971	15,327,153	(Note1)
Retained earnings	Before appropriation	44,875,215	41,927,491	43,471,394	44,978,937	43,380,772
	After appropriation	29,508,992	30,170,647	33,950,216	34,426,950	(Note1)
Other equity interests		(95,381)	438,905	(2,449,739)	(1,823,415)	288,214
Treasury stock		(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)
Non-controlling interest		6,112,176	6,158,984	6,625,112	7,743,245	8,380,024
Total equity	Before appropriation	67,993,696	74,176,275	71,990,212	73,276,998	72,850,780
	After appropriation	52,627,473	60,825,807	59,891,431	61,148,925	(Note1)

Note 1: The appropriation amount for 2022 still has to be approved at the AGM.

Note 2: All financial data have been duly audited by independent auditors.

Stand-alone condensed balance sheet (2018-2022)

Unit: NT\$'000

		2018	2019	2020	2021	2022
Current assets		17,738,839	16,835,738	16,039,175	16,800,099	19,397,247
Investments		43,791,521	45,171,026	47,242,230	47,874,612	51,164,875
Property, plant and equipment (PP&E)		22,249,874	19,711,168	25,327,616	25,967,927	24,806,240
Intangible assets		41,053,072	38,300,915	65,347,011	61,234,729	57,114,882
Other assets		10,229,894	19,087,499	16,914,811	18,105,193	19,092,221
Total assets		135,063,200	139,106,346	170,870,843	169,982,560	171,575,465
Current liabilities	Before appropriation	40,842,446	42,009,716	57,436,944	52,284,013	62,137,094
	After appropriation	56,208,669	55,360,184	69,535,725	64,412,086	(Note1)
Non-current liabilities		32,339,234	29,079,339	48,068,799	52,164,794	44,967,615
Total liabilities	Before appropriation	73,181,680	71,089,055	105,505,743	104,448,807	107,104,709
	After appropriation	88,547,903	84,439,523	117,604,524	116,576,880	(Note1)
Paid-in capital		34,238,338	35,093,545	35,124,215	35,192,336	35,192,336
Capital surplus	Before appropriation	12,580,692	20,274,694	18,936,574	16,903,239	15,326,778
	After appropriation	12,580,692	18,681,070	16,358,971	15,327,153	(Note1)
Retained earnings	Before appropriation	44,875,215	41,927,491	43,471,394	44,978,937	43,380,772
	After appropriation	29,508,992	30,170,647	33,950,216	34,426,950	(Note1)
Other equity interests		(95,381)	438,905	(2,449,739)	(1,823,415)	288,214
Treasury stock		(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)
Total equity	Before appropriation	61,881,520	68,017,291	65,365,100	65,533,753	64,470,756
	After appropriation	46,515,297	54,666,823	53,266,319	53,405,680	(Note1)

Note 1: The appropriation amount for 2022 still has to be approved at the AGM.

Note 2: All financial data have been duly audited by independent auditors.

Consolidated statements of comprehensive income (2018-2022)

Unit: NT\$'000

	2018	2019	2020	2021	2022
Operating revenue	118,732,328	124,420,913	132,860,984	156,109,533	172,206,112
Gross profit	34,416,594	32,808,735	31,445,736	31,374,597	33,225,222
Operating income	18,162,042	17,193,335	16,056,160	16,053,041	16,892,739
Non-operating income (expenses)	(472,825)	(611,525)	(598,369)	(471,466)	(701,497)
Pre-tax income	17,689,217	16,581,810	15,457,791	15,581,575	16,191,242
Net income	14,485,768	13,291,867	12,393,778	12,825,209	12,971,412
Other comprehensive income (after tax)	98,554	487,173	(853,669)	667,222	42,699
Comprehensive income	14,584,322	13,779,040	11,540,109	13,492,431	13,014,111
Profit attributable to owners of the parent company	13,642,172	12,481,167	11,286,553	10,988,165	11,025,551
Profit attributable to non-controlling interest	843,596	810,700	1,107,225	1,837,044	1,945,861
Comprehensive income attributable to owners of parent company	13,768,068	12,971,397	10,414,104	11,662,701	11,068,344
Comprehensive income attributable to non-controlling interest	816,254	807,643	1,126,005	1,829,730	1,945,767
EPS (NT\$)	5.01	4.51	4.01	3.90	3.91

Note: All financial data have been duly audited by independent auditors.

Stand-alone statements of comprehensive income (2018-2022)

Unit: NT\$'000

	2018	2019	2020	2021	2022
Operating revenue	65,545,627	62,426,270	56,890,204	59,844,804	61,027,806
Net gross profit	22,528,422	20,285,294	17,661,456	15,047,344	14,796,158
Operating income	10,465,707	9,198,843	7,598,398	5,820,790	5,636,740
Non-operating income (expenses)	5,071,356	4,963,642	5,043,606	5,849,627	6,296,129
Pre-tax income	15,537,063	14,162,485	12,642,004	11,670,417	11,932,869
Net income	13,642,172	12,481,167	11,286,553	10,988,165	11,025,551
Other comprehensive income (after tax)	125,896	490,230	(872,449)	674,536	42,793
Comprehensive income	13,768,068	12,971,397	10,414,104	11,662,701	11,068,344
EPS (NT\$)	5.01	4.51	4.01	3.90	3.91

Note: All financial data have been duly audited by independent auditors.

Independent auditors' names and their audit opinions for the past five years

Year	Accounting firm	Name of CPA	Opinion
2018	Deloitte & Touche	Li-Wen Kuo, Kwan-Chung Lai	Unqualified opinion
2019	Deloitte & Touche	Li-Wen Kuo, Kwan-Chung Lai	Unqualified opinion
2020	Deloitte & Touche	Pei-De Chen, Kwan-Chung Lai	Unqualified opinion
2021	Deloitte & Touche	Pei-De Chen, Te-Chen Cheng	Unqualified opinion
2022	Deloitte & Touche	Pei-De Chen, Te-Chen Cheng	Unqualified opinion

Financial Analysis

Consolidated financial analysis (2018-2022)

		2018	2019	2020	2021	2022
Financial structure	Liabilities to assets ratio (%)	53.95	51.81	61.00	61.63	62.27
	Long-term fund to PP&E ratio (%)	256.51	285.33	281.14	284.88	260.18
Solvency	Current ratio (%)	69.40	67.17	54.83	64.98	59.57
	Quick ratio (%)	58.59	53.39	43.86	53.26	47.10
	Interest coverage ratio (%)	3,039.18	2,984.90	2,598.88	2,581.88	2,296.51
Operations	Accounts receivable turnover (x)	14.08	14.81	15.66	18.61	19.90
	Average collection days	25.92	24.64	23.30	19.61	18.34
	Inventory turnover (x)	12.70	12.92	12.70	15.27	14.58
	Accounts payable turnover (x)	11.20	12.44	11.54	11.47	10.72
	Average days sales	28.74	28.25	28.74	23.90	25.03
	Property, plant and equipment turnover (x)	2.95	3.32	3.38	3.63	3.93
	Total asset turnover (x)	0.77	0.80	0.78	0.83	0.90
Profitability	Return on assets (%)	9.77	8.83	7.62	7.10	7.06
	Return on equity attributable to owners of the parent company (%)	21.84	19.21	16.92	16.79	16.96
	Pre-tax income as a % of paid-in capital	51.66	47.25	44.01	44.28	46.01
	Net income margin (%)	12.20	10.68	9.33	8.22	7.53
	EPS (NT\$)	5.01	4.51	4.01	3.90	3.91
Cash flow	Cash flow ratio (%)	71.09	67.87	54.23	50.76	42.51
	Cash flow adequacy ratio (%)	107.37	112.96	121.06	121.26	121.02
	Cash reinvestment rate (%)	7.45	7.58	8.09	7.75	7.13
Leverage	Operating leverage	2.88	2.93	3.01	3.16	3.10
	Financial leverage	1.03	1.03	1.04	1.04	1.05

Stand-alone financial analysis (2018-2022)

		2018	2019	2020	2021	2022
Financial structure	Liabilities to assets ratio (%)	54.18	51.10	61.75	61.45	62.42
	Long-term fund to PP&E ratio (%)	423.47	492.60	447.87	453.25	441.17
Solvency	Current ratio (%)	43.43	40.08	27.92	32.13	31.22
	Quick ratio (%)	37.24	31.97	23.17	26.50	24.94
	Interest coverage ratio (%)	2,700.99	2,603.12	2,145.09	1,903.84	1,679.98
Operations	Accounts receivable turnover (x)	9.33	9.32	8.53	9.17	9.09
	Average collection days	39.12	39.16	42.79	39.80	40.15
	Inventory turnover (x)	6.23	6.87	6.09	8.02	6.48
	Accounts payable turnover (x)	17.67	27.34	20.79	21.20	21.01
	Average days sales	58.58	53.12	59.93	45.51	56.32
	Property, plant and equipment turnover (x)	2.82	2.98	2.53	2.33	2.40
	Total asset turnover (x)	0.47	0.44	0.37	0.35	0.36
Profitability	Return on assets (%)	10.08	9.14	7.60	6.75	6.81
	Return on equity (%)	21.84	19.21	16.92	16.79	16.96
	Pre-tax income as a % of paid-in capital	45.38	40.36	35.99	33.16	33.91
	Net profit margin (%)	20.81	19.99	19.84	18.36	18.07
	EPS (NT\$)	5.01	4.51	4.01	3.90	3.91
Cash flow	Cash flow ratio (%)	48.50	48.38	35.97	31.47	25.38
	Cash flow adequacy ratio (%)	83.91	89.37	97.27	93.56	90.17
	Cash reinvestment rate (%)	2.68	2.93	3.57	2.11	1.75
Leverage	Operating leverage	3.69	3.92	4.46	5.77	6.09
	Financial leverage	1.06	1.07	1.09	1.13	1.15

Explanation of significant changes in 2022 compared with the previous year:

Inventory turnover decreased and average days sales increased in 2022 compared with 2021 due to an increase in the ending balance of inventory.

Note 1: The financial data for 2018-2022 have been duly audited by independent auditors.

Note 2: Formulas for the above tables:

Financial structure

- (1) Debt to asset ratio = Total liabilities / Total assets
- (2) Long-term fund to PP&E ratio = (Shareholders' equity + Long-term liabilities) / Net PP&E

Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
- (3) Interest coverage ratio = Income before interest and taxes / Interest expense

Operations

- (1) Accounts receivable turnover = Net revenue / Average accounts receivable
- (2) Average collection days = 365 / AR turnover
- (3) Inventory turnover = COGS / Average inventory
- (4) Accounts payable turnover = COGS / Average accounts payable
- (5) Average days sales = 365 / Inventory turnover
- (6) PP&E turnover = Net revenue / Average net PP&E
- (7) Total asset turnover = Net revenue / Average total assets

Profitability

- (1) Return on assets = [Net income + Interest expense x (1 – Tax rate)] / Average assets
- (2) Return on equity = Net income / Average equity
- (3) Net income margin = Net income / Net sales
- (4) EPS = (Net income – Preferred stock dividends) / Weighted average outstanding shares

Cash flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liabilities
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditure + Increases in inventory + Cash dividends for the past 5 years)
 - (3) Cash reinvestment rate = (Cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other assets + Working capital)
- (Note: Use zero if working capital value is negative)

Leverage

- (1) Operating leverage = (Net revenue – Variable operating costs and expenses) / Operating income
- (2) Financial leverage = Operating income / (Operating income – Interest expense)

Audit Committee Report

Audit Committee Report

February 24, 2023

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2022 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit TWM's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Mobile Co., Ltd.

Hsueh-Jen Sung

Chairman of the Audit Committee

2022 Consolidated Financial Statements:

Refer to the attachment.

2022 Stand-alone Financial Statements:

Refer to the attachment.

Financial Difficulties for the Company and its Affiliates:

None

Chapter 6 Review and Analysis of Financial Conditions, Operating Results and Risk Management

Balance Sheet Analysis

Consolidated balance sheet analysis

Explanation of significant changes (at least a 20% change) in the past two years' assets, liabilities and equity:

Investments rose mainly due to increased cross-industry strategic investments.

2021 - 2022 Consolidated Balance Sheet

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Current assets	38,652,038	41,439,100	2,787,062	7.21
Investments	5,856,891	7,761,891	1,905,000	32.53
Property, plant and equipment	43,439,740	44,247,993	808,253	1.86
Intangible assets	81,327,563	76,871,365	(4,456,198)	(5.48)
Other assets	21,706,295	22,751,317	1,045,022	4.81
Total assets	190,982,527	193,071,666	2,089,139	1.09
Current liabilities	59,486,772	69,568,116	10,081,344	16.95
Non-current liabilities	58,218,757	50,652,770	(7,565,987)	(13.00)
Total liabilities	117,705,529	120,220,886	2,515,357	2.14
Paid-in capital	35,192,336	35,192,336	-	-
Capital surplus	16,903,239	15,326,778	(1,576,461)	(9.33)
Retained earnings	44,978,937	43,380,772	(1,598,165)	(3.55)
Other equity and treasury stock	(31,540,759)	(29,429,130)	2,111,629	(6.69)
Non-controlling interests	7,743,245	8,380,024	636,779	8.22
Total equity	73,276,998	72,850,780	(426,218)	(0.58)

Stand-alone balance sheet analysis

Explanation of significant changes (at least a 20% change) in the past two years' assets, liabilities, and equity:

No significant changes.

2021- 2022 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Current assets	16,800,099	19,397,247	2,597,148	15.46
Investments	47,874,612	51,164,875	3,290,263	6.87
Property, plant and equipment	25,967,927	24,806,240	(1,161,687)	(4.47)
Intangible assets	61,234,729	57,114,882	(4,119,847)	(6.73)
Other assets	18,105,193	19,092,221	987,028	5.45
Total assets	169,982,560	171,575,465	1,592,905	0.94
Current liabilities	52,284,013	62,137,094	9,853,081	18.85
Non-current liabilities	52,164,794	44,967,615	(7,197,179)	(13.80)
Total liabilities	104,448,807	107,104,709	2,655,902	2.54
Paid-in capital	35,192,336	35,192,336	-	-
Capital surplus	16,903,239	15,326,778	(1,576,461)	(9.33)
Retained earnings	44,978,937	43,380,772	(1,598,165)	(3.55)
Other equity and treasury stock	(31,540,759)	(29,429,130)	2,111,629	(6.69)
Total equity	65,533,753	64,470,756	(1,062,997)	(1.62)

Impact of changes in financial conditions on financial results: No significant impact.

Preventive measures: Not applicable.

Statements of Comprehensive Income Analysis

Consolidated statements of comprehensive income

Explanation of significant changes in the past two years' operating revenue, operating income and income before tax:

Increase in non-operating expenses: Mainly due to increased losses from disposal of property, plant and equipment.

2021 - 2022 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Operating revenue	156,109,533	172,206,112	16,096,579	10.31
Operating costs	124,734,936	138,980,890	14,245,954	11.42
Gross profit	31,374,597	33,225,222	1,850,625	5.90
Operating expenses	16,005,557	17,143,477	1,137,920	7.11
Operating income	16,053,041	16,892,739	839,698	5.23
Non-operating income (expenses)	(471,466)	(701,497)	(230,031)	48.79
Income before tax	15,581,575	16,191,242	609,667	3.91
Net income	12,825,209	12,971,412	146,203	1.14

Stand-alone statements of comprehensive income

Explanation of significant changes in the past two years' operating revenue, operating income and income before tax:

No significant changes.

2021 - 2022 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Operating revenue	59,844,804	61,027,806	1,183,002	1.98
Operating costs	44,797,460	46,231,648	1,434,188	3.20
Net gross profit	15,047,344	14,796,158	(251,186)	(1.67)
Operating expenses	9,812,496	9,771,507	(40,989)	(0.42)
Operating income	5,820,790	5,636,740	(184,050)	(3.16)
Non-operating income (expenses)	5,849,627	6,296,129	446,502	7.63
Income before tax	11,670,417	11,932,869	262,452	2.25
Net income	10,988,165	11,025,551	37,386	0.34

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

In terms of 5G unique bundle plans, the Company expects OP Life to drive customers to choose higher rate plans and enhance customer stickiness. Once the regulators approve the merger of Taiwan Mobile and Taiwan Star, the Company should benefit from better economies of scale, merger synergies, as well as increased revenue and EBITDA.

Cash Flow Analysis

Consolidated cash flow analysis

Increase in cash outflow from investment activities: Cash outflow rose mainly due to strategic investments and alliances for new growth avenues.

2021 - 2022 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	30,195,542	29,576,551	(618,991)	(2.05)
Cash inflow (outflow) from investment activities	(9,638,497)	(11,631,753)	(1,993,256)	20.68
Cash inflow (outflow) from financing activities	(15,932,014)	(18,413,364)	(2,481,350)	15.57
Impact from changes in exchange rate	(797)	1,281	2,078	NM
Net cash increase (decrease)	4,624,234	(467,285)	(5,091,519)	NM

Stand-alone cash flow analysis:

Increase in cash outflow from investment activities: Cash outflow rose mainly due to subsidiaries' capital increase.

2021 - 2022 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	16,451,660	15,771,527	(680,133)	(4.13)
Cash inflow (outflow) from investment activities	783,540	(978,543)	(1,762,083)	NM
Cash inflow (outflow) from financing activities	(17,151,183)	(14,241,722)	2,909,461	(16.96)
Net cash increase (decrease)	84,017	551,262	467,245	556.13

Plans to improve negative liquidity: Not applicable.

Projected consolidated cash flow for 2023

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

2023 Consolidated Projected Cash Flow

Unit: NT\$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
14,934,740	30,419,001	29,875,053	15,478,688	—	—

Source of Funding for Negative Cash Flow in 2023: Not applicable.

Analysis of Major Capex and its Impact on Finance and Operations

The Company funds its major capex with internally generated cash flows.

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

Taiwan Mobile focuses on making long-term and strategic investments. The objective is to strengthen and diversify its core business and expand into new fields to create synergies.

In 2022, on a consolidated basis, TWM's investment income from long-term investments under the equity method amounted to NT\$10,145 thousand. For future investments, TWM will continue to make decisions based on prudent strategic assessments.

Risk Management

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

1. Impact of interest rate fluctuations

The Company has mid-term loan facilities with financial institutions and mid-to-long-term straight bond issuances on partial current outstanding liabilities to lock in mid-to-long-term interest rates and minimize risks from interest rate fluctuations. Overall, interest rate fluctuations had an insignificant impact on the Company.

2. Impact of exchange rate fluctuations

Only some of the Company's payments are denominated in euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign exchange spot market transactions. Overall, exchange rate fluctuations had an insignificant impact on the Company.

3. Impact of inflation

Inflation had a minor impact on the Company's operating performance in 2022 up to the publication date in 2023.

Investment policy and reasons for gains & losses for high-risk/high-leverage financial products, derivatives, loans to others and guarantees of debts:

1. The Company was not involved in any high-risk, high-leverage financial investment.

2. The Company passed the Rules and Procedures on Lending and Making Endorsement/Guarantees to supervise its financing and endorsement activities. As the counterparties in its loans and guarantees are all its subsidiaries, there is minimal operating risk.

3. Derivatives transaction: None.

Future research and development plans

Project name	Objective
Anti-phishing solution	Use AI machine learning algorithms to identify phishing websites.
Storefront outbound call recording system	Develop outbound call recording system to facilitate customer relationship management for myfone stores.
Customer fraud/credit control	Use big data and rule engine framework to detect abnormal behavior in customer usage or transactions (ex. telco/non-telco services).
OP Pay Later: credit check and promotion system	Develop a system that checks a customer's credit status when he/she wants to purchase an item that exceeds his/her credit limit. The system would check the customer's credit status and adjust his/her credit limit within manageable risks. Assist marketing department in developing creative and interactive promotional events to attract more customers. The system would also support third-party product promotion and advertising.
M+	Develop a large-scale interactive videoconferencing system for enterprises to allow more users to take part simultaneously in the group chat, vote and share a virtual whiteboard.
MyVideo	Offer new streaming formats with home-cinema quality. Enhance encryption security for different devices.
MyMusic	Develop Podcast community service and participate in momo coin ecosystem.
Number masking service	Provide comprehensive management interface and simplify integration steps and efforts to reduce barriers in enterprise application integration.
Smarter Home	Support the Matter IoT Standard to create a new cross-brand and more diversified smart home AloT ecosystem.
Intelligent product hashtag	Develop an intelligent system that links a hashtag to products in the same category to boost product recommendations.

Forecast research and development expenses

The projected research and development expense for 2023 is NT\$448.587 million.

Regulatory changes and developments

1. The Telecommunications Consumer Mediation Center (TCMC) was founded on July 1, 2022

(1) Status

Pursuant to the provisions of paragraph 1, article 20 of the Telecommunications Management Act, the NCC appointed seven telecommunications operators to jointly establish the TCMC to take charge of accepting and mediating consumer complaints. The NCC supervises the operation of the center and intervenes only when there are major consumer disputes or when it is urgent.

(2) Countermeasures

The Company works with the TCMC to protect the rights of consumers and handle consumer complaints properly.

2. The government plans to accept applications for 4.8-4.9GHz dedicated telecommunication network for mobile broadband in 2023

(1) Status

In line with the Executive Yuan's policy to build a 5G dedicated spectrum and telecommunication network and provide innovative services, the government plans to accept applications for 4.8-4.9GHz dedicated telecommunication network for mobile broadband in 2023. The government is still working on the draft of the

Regulations Governing the Establishment and Use of Dedicated Telecommunications Networks to discuss whether to deregulate public telecommunications network access and infrastructure sharing of radio access network.

(2) Countermeasures

The Company continues constant communication with the government about the draft bill. While the government releases such spectrum for application, the Company will make efforts to plan solutions for the 5G dedicated spectrum and telecommunication network to meet market demand.

3. The Ministry of Digital Affairs (moda) was founded on August 27, 2022

(1) Status

With the establishment of the moda, it took over some of the tasks that were assigned to the NCC, including infrastructure and cybersecurity, telecommunications universal service, spectrum planning, number and website address management, telecommunications industry counsel and awards, and management of telecommunications industry related funds. The change allows the NCC to focus on its role as an independent regulator in charge of policy making and overseeing network communication and internet content classification.

(2) Countermeasures

The Company collaborates and continues effective communication with the government.

4. The moda accepts the bandwidth applications for fixed communications services of low Earth orbit (LEO) satellites

(1) Status

On November 7, 2022, the moda announced the "Matters Concerning Applications of Telecommunications Enterprises for the Assignment of Radio Frequency for Fixed-Satellite Service" for application of the spectrum for the fixed satellite communication. From November 8 to December 30, 2022, the moda accepted telecom operators' applications for Ku/Ka frequency bands (10.7~12.7GHz, 13.75~14.5GHz, 17.7~20.2GHz, and 27.5~30.0GHz) for geo-sync and non-geo-sync orbit. LEO satellites could be used as backhaul in outlying islands and remote areas in order for increasing coverage of these areas, as well as provide emergency backup to optimize telecommunication network resiliency.

(2) Countermeasures

The Company cooperates with the government and international satellite service providers to formulate testing and verification mechanisms.

5. The NCC approved Chunghwa Telecom's plan to reduce wholesale IP peering price

(1) Status

Based on the applicable tariff adjustment coefficient of the fixed network telecommunications business announced by the NCC and the consumer price index published by the Directorate General of Budget, Accounting and Statistics (DGBAS), the NCC approved Chunghwa Telecom's new wholesale pricing scheme, which lowered the private peering price of IP network interconnections by 16.39%, from NT\$61 per Mbps to NT\$51 per Mbps. This scheme took effect retroactively on April 1, 2022.

(2) Countermeasures

The Company continues to strengthen global network capability to provide diverse internet routing and stable broadband quality.

6. The NCC reduced the mobile-to-fixed termination rates on December 7, 2022

(1) Status

To facilitate market competition, the NCC on December 7, 2022 announced that the mobile-to-fixed termination rate would be lowered from NT\$0.4383 to NT\$0.4349 per minute for peak hours, and from NT\$0.2184 to NT\$0.2059 per minute for off-peak hours. The new rates were implemented on January 1, 2023.

(2) Countermeasures

The Company evaluates market demand and optimizes 5G-related application services to improve user experience and facilitate the development of the telecommunications industry.

Technology changes and development

1. Mobile broadband access network

(1) Status

In 2022, TWM's peers not only increased their bandwidth via spectrum acquisition and network sharing deals, but also continued their aggressive 5G network build-out. Meanwhile, Taiwan Mobile's network expansion plan has been affected as the merger with Taiwan Star is still under review by regulators.

(2) Countermeasures

An analysis by Taiwan Mobile showed that users do not require extremely high data speed in most usage scenarios. TWM's network investment strategy of prioritizing expansion in metropolitan areas and high usage hot spots proved to be effective in offering a competitive user experience. Its 5G N700 band offers superior propagation characteristics and was an effective tool in balancing competitors' deployment advantage. After the merger of Taiwan Mobile and Taiwan Star is formally approved by regulators, the integration of spectrum and base station resources will be carried out as soon as possible to maximize synergies.

2. Mobile voice services

(1) Status

Since operators launched free VoLTE voice services in August 2022, VoLTE subscription has grown significantly. The National Communications Commission (NCC) has called on mobile service providers to phase out their 3G networks. Chunghwa Telecom and Far EasTone have agreed to terminate their 3G services by June 2024. Taiwan Mobile is also considering the same move. As such, VoLTE related capacity needs to be expanded.

(2) Countermeasures

To accommodate the growth of VoLTE users, TWM will continue to expand core voice network capacity, while redundant multi-site will be shut down to increase network reliability and resiliency. Shutting down TWM's 3G network should reduce maintenance and power-related expenses and release more spectrum for 4G/5G services.

3. ICT security risks

(1) Risk changes in the development of mobile broadband technology

As mobile technology evolves and 5G develops, ICT security threats, risks and impacts have become more complex and significant. With 5G services expanding the scope of users and applications and increasing the importance of information carried on the network, there are risks of leakage or improper use of privacy and personal data, such as digital footprints. Meanwhile, 5G's larger capacity to support more IoT devices also opens it to risks of devices being infected with a virus and attacking the 5G system. Challenges to the resilience of the 5G system will increase from a personal level to the wider issue of information security of an enterprise, society and the nation.

In addition, as telecommunications services gradually move toward an open architecture, there is also the enhanced information security risk that software may generate.

(2) Countermeasures

In the face of these threats to information security, TWM has adopted a consistent all-round thinking, planning and deploying information security equipment, improving network strength, identifying possible types of threats, and taking corresponding protective and control measures through system implementation, standard operating procedures, personnel training and reinforcement. TWM has also maintained a prudent attitude toward new architecture, software and functions, and will not blindly pursue innovation and speed, but will carefully evaluate, verify and implement measures.

Impact of changes in brand image on the Company's risk management policies in 2022 up to the publication date in 2023:

The Company has long built up a sound image among investors and customers for its continuing efforts to enhance corporate governance, network communication quality, customer service and corporate sustainability. These efforts won numerous recognitions and awards in 2022 (please refer to Chapter 1) and should aid the Company in preventing, controlling and managing latent risks that it might face and help it maintain its good corporate image.

Expected benefits and risks from mergers in 2022 up to the publication date in 2023:

1. Expected benefits from Taiwan Mobile and Taiwan Star merger:
Enlarge customer base and spectrum resources to achieve greater economies of scale.
2. Possible risks and response actions:
 - a. Merger is awaiting approval by the FTC and the TWSE.
 - b. The NCC has given its conditional approval for the merger. One of the conditions is that the Company return 10MHz sub 1GHz spectrum without any compensation by June 30, 2024. If the aforementioned spectrum is not returned by that date, TWM will have to sell the spectrum. These are completely dependent on the willingness of other spectrum holders, namely its competitors. The Board of Directors thinks these alternatives are unfair and impossible to execute.
 - c. The board has asked management to study the possibility of taking legal action.

Expected benefits and risks related to plant facility expansions in 2022 up to the publication date in 2022:

Not applicable as the Company is not a manufacturer.

Risks from supplier and buyer concentration in 2022 up to the publication date in 2023:

The Company has minimal risks from supplier and buyer concentration (please refer to Chapter 4).

Significant changes in shareholdings of directors and major shareholders in 2022 up to the publication date in 2023: None.

Changes in management controls in 2022 up to the publication date in 2023: None.
Significant lawsuits and non-litigious matters in 2022 up to the publication date in 2023

1. The Company:

(1) Spectrum dispute between Far Eastone Telecommunications Co., Ltd. (“FET”) and Taiwan Mobile (“the Company”)

Parties Involved: FET is the plaintiff and the Company is the defendant.

Grounds for Lawsuit:

FET filed a lawsuit demanding that the Company: (a) file an immediate application to return the spectrum block 1748.7-1754.9/1843.7-1849.9 MHz (hereinafter referred to as “C4 spectrum block”) to the National Communications Commission (“NCC”); (b) stop using the C4 spectrum block in any way; (c) stop using the spectrum block 1715.1-1721.3/1810.1-1816.3 MHz (hereinafter referred to as “C1 spectrum block”) until it has returned the C4 spectrum block to the NCC; and (d) pay FET NT\$1,005,800,000.

Status:

In May 2016, the Taipei District Court (“District Court”) ruled that: (i) the Company received an unfavorable judgment on the claims stated in sections (a) to (c); (ii) FET received an unfavorable judgment on the claim stated in section (d). The Company and FET filed their respective appeals with the Taiwan High Court (“High Court”).

The High Court in January 2018 ruled as follows:

- (1) The District Court judgment in connection with the following items was dismissed:
 - (i) the unfavorable judgment against the Company on the claims stated in sections (a) to (c), and the corresponding portion that FET claimed provisional execution; and
 - (ii) the unfavorable judgment against FET on the claim stated in section (d), the corresponding portion of provisional execution, and litigation expenses.
- (2) For the dismissed portion stated in section 1(i), FET’s claim and the motion of provisional execution in the first instance were rejected.
- (3) For the dismissed portion stated in section 1(ii), the Company shall pay FET NT\$765,779,233, as well as a 5% annual interest rate on NT\$152,583,658 of the aforementioned amount from September 5, 2015 until the payment date.

The Company appealed the High Court’s ruling to the Supreme Court. In May 2019, the Supreme Court overruled the High Court’s judgment in regard to (1) FET’s other appeal, (2) the Company’s payment obligation, and (3) litigation expenses with respect to the aforementioned two items, and remanded the case to the High Court.

The High Court in August 2020 ruled as follows:

- (1) The District Court judgment in connection with the following items were dismissed: the claim stated in section 2 below, the corresponding portion of provisional execution that FET claimed, and litigation expenses (except the part on final and binding judgment).
- (2) For the dismissed portion stated in the preceding section 1, TWM shall pay FET NT\$242,153,783, as well as a 5% annual interest rate on NT\$99,468,550 from July 21, 2017 until the payment date and a 5% annual interest rate on NT\$142,685,233 from September 30, 2016 until the payment date.
- (3) The rest of the appeal was rejected.
- (4) FET shall bear 75 percent of the litigation expenses in the first and the second trials (except for the part on final and binding judgment), as well as the second and the third trials prior to the remand; TWM shall bear responsibility for the rest.
- (5) Regarding the portion of TWM’s payment as ruled, FET may file a provisional execution with a collateral of NT\$80,720,000; and TWM may provide a counter-security of NT\$242,153,783 to be exempt from the above provisional execution by FET.

The Company appealed the High Court’s ruling to the Supreme Court. The lawsuit is pending in the Supreme Court.

2. The Company’s directors, general manager, executives, major shareholder holding more than 10 percent of the Company’s shares: None.

3. The Company’s subsidiaries: None.

Other major risks and countermeasures

In terms of information security and privacy protection, the telecommunications industry has a huge trove of personal data. If they are accidentally leaked, the Company could be held legally responsible, which could seriously damage its reputation.

Countermeasures:

TWM has implemented the ISO/IEC 27001 – Information Security Management System (ISMS) and BS 10012, ISO/IEC 27701, 29100 – Personal Information Management System (PIMS). The Company's Cyber Security and Data Privacy Protection Committee reviews security and personal information protection policies on a quarterly basis and reports the results of ISMS and PIMS to the board of directors. The Company has also purchased cybersecurity insurance for advanced customer data protection. Furthermore, to ensure a four-dimensional protection of users' personal data and internal confidential data, the Company has implemented the following:

1. External anti-hackers: Build intrusion prevention, network segmentation, firewall, web application firewall, etc.
2. Internal leakage prevention: Handle data leakage protection detection and gap reinforcement measures.
3. System planning and development: Incorporate system development security specifications and execute code scanning, etc.
4. Operation and maintenance monitoring: Establish an information security monitoring center, check and analyze system records, and report and track if abnormal conditions are found.

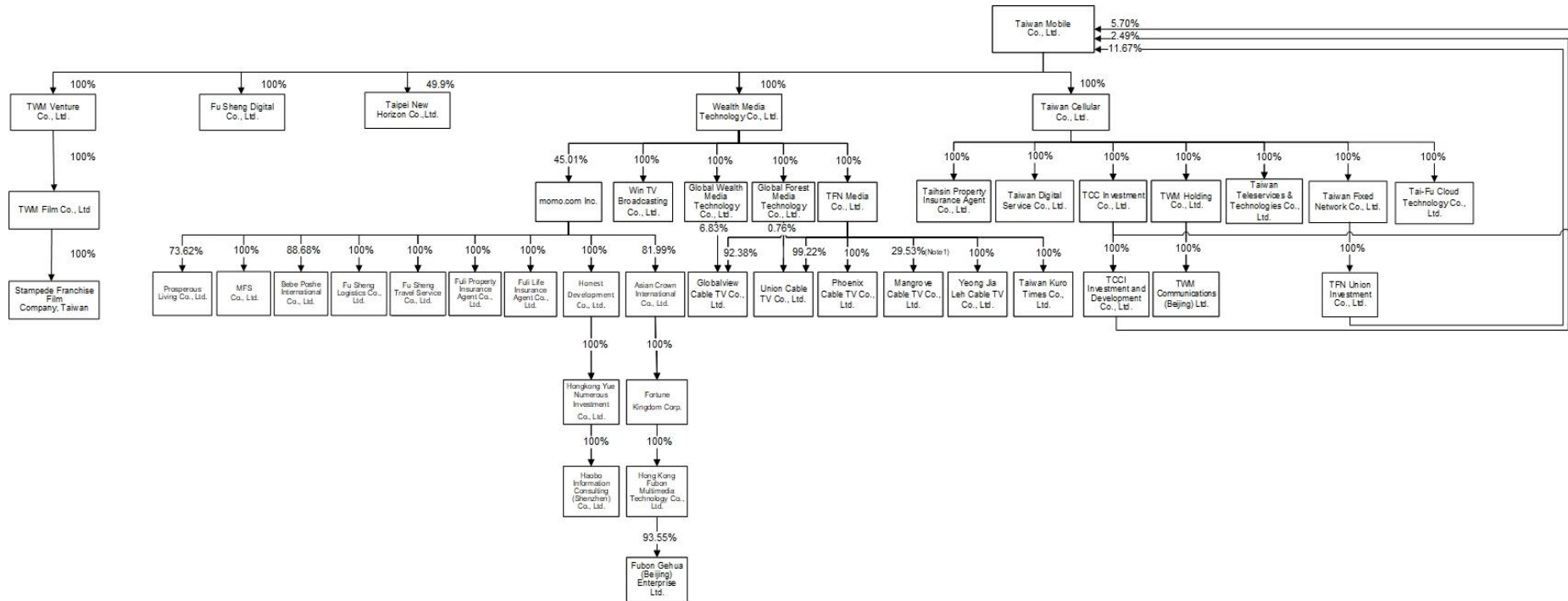
Other significant items: None

Chapter 7 Special Notes

Affiliates

1. Investment holding structure

As of December 31, 2022



Note 1: 70.47% of shares are held under trustee accounts.

2. Affiliates' profile

As of December 31, 2022; Unit: NT\$ (unless otherwise stated)

Name	Date of incorporation	Address	Paid-in capital	Main business
Taiwan Cellular Co., Ltd.	2005.09.20	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	5,029,703,090	Investment
Wealth Media Technology Co., Ltd.	2007.08.07	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	420,650,000	Investment
TWM Venture Co., Ltd.	2019.09.20	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	4,330,510,350	Investment
Taipei New Horizon Co., Ltd.	2009.01.07	6F, No. 88, Yanchang Rd., Xinyi District, Taipei	3,845,000,000	Building and operating Songshan Cultural and Creative Park BOT project
Fu Sheng Digital Co., Ltd.	2022.10.07	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	30,000,000	Information service
Taiwan Fixed Network Co., Ltd.	2007.01.30	4F, No. 111, Dunhua S. Rd., Sec. 1, Da-an District., Taipei	21,000,000,000	Fixed-line service provider
Taiwan Teleservices & Technologies Co., Ltd.	2001.06.08	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	24,843,000	Call center service and telemarketing
TWM Holding Co., Ltd.	2006.06.09	Arias, Fabrega & Fabrega Trust Co., BVI Ltd. 325 Waterfront Drive, Road Town, Tortola, British Virgin Islands	US\$ 1	Investment
TCC Investment Co., Ltd.	2009.08.10	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	1,547,213,080	Investment
Taiwan Digital Service Co., Ltd.	2013.04.02	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	25,000,000	Commissioned maintenance service
Taihsin Property Insurance Agent Co., Ltd.	2017.12.29	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	5,000,000	Property insurance agent
Tai-Fu Cloud Technology Co., Ltd.	2018.01.11	4F, No. 111, Dunhua S. Rd., Sec. 1, Da-an District., Taipei	200,000,000	Cloud and information services
Taiwan Mobile Film Co., Ltd.	2021.04.28	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	11,300,000	Film production
TFN Media Co., Ltd.	2005.01.25	11F, No. 98, Zhouzi St., Neihu District, Taipei	2,309,213,040	Type II telecommunications business
Global Forest Media Technology Co., Ltd.	2008.12.26	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	15,000,000	Investment
Global Wealth Media Technology Co., Ltd.	2007.10.26	1F, No. 206, Datong Rd., Sec. 2, Xizhi District, New Taipei City	89,448,670	Investment
Win TV Broadcasting Co., Ltd.	2005.10.17	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	181,773,820	TV program provider
momo.com Inc.	2004.09.27	4F, No. 96, Zhouzi St., Neihu District, Taipei	2,184,912,600	Wholesale and retail sales
TFN Union Investment Co., Ltd.	2009.09.22	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	4,000,000	Investment
TWM Communications (Beijing) Ltd.	2002.09.17	Room 2106, No. 9, Beisihuan West Rd., Haidian District, Beijing, China	US\$ 3,000,000	Data communication Application development
TCCI Investment and Development Co., Ltd.	2009.09.22	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	1,047,120,000	Investment
Taiwan Stampede	2022.03.11	7F, No. 206, Dunhua S. Rd.,	300,000	Film production

Name	Date of incorporation	Address	Paid-in capital	Main business
Franchise Film Co., Ltd.		Sec. 2, Da-an District., Taipei		
Taiwan Kuro Times Co., Ltd.	2009.02.11	12F, No. 88, Yanchang Rd., Xinyi District, Taipei	147,000,000	Digital music service
Yeong Jia Leh Cable TV Co., Ltd.	1994.09.26	10F, No. 651-5, Zhongzheng Rd., Xinzhuang District, New Taipei City	339,400,000	Cable TV service provider
Mangrove Cable TV Co., Ltd.	1996.01.23	5F, No. 33, Lane 3, Zhongzheng E. Rd., Sec. 1, Danshui District, New Taipei City	211,600,000	Cable TV service provider
Phoenix Cable TV Co., Ltd.	1996.08.22	No. 312, Fongping 1st Rd., Daliao District, Kaohsiung	680,901,980	Cable TV service provider
Union Cable TV Co., Ltd.	2005.02.04	No.179, Nujhong Rd., Sec. 1, Yilan City, Yilan County	1,704,632,800	Cable TV service provider
Globalview Cable TV Co., Ltd.	1995.11.25	No. 206, Datong Rd., Sec. 2, Xizhi District, New Taipei City	560,000,000	Cable TV service provider
Asian Crown International Co., Ltd.	2009.01.07	Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands	US\$ 11,873,735	Investment
Honest Development Co., Ltd.	2015.01.23	Maystar Chambers, P.O.Box 3269, Apia, Samoa	US\$ 21,778,413	Investment
Fuli Life Insurance Agent Co., Ltd.	2005.12.27	7F, No. 98, Zhouzi St., Neihu District, Taipei	5,000,000	Life insurance agency
Fuli Property Insurance Agent Co., Ltd. (Note)	2006.01.03	7F, No. 96, Zhouzi St., Neihu District, Taipei	5,000,000	Property insurance agency
Fu Sheng Travel Service Co., Ltd.	2004.12.16	7F, No. 92, Zhouzi St., Neihu District, Taipei	30,000,000	Travel agency
Bebe Poshe International Co., Ltd.	2010.01.07	4F, No. 92, Zhouzi St., Neihu District, Taipei	100,000,000	Wholesaler of cosmetics
Fu Sheng Logistics Co., Ltd.	2020.02.15	8F, No 96, Zhouzi St., Neihu District, Taipei	250,000,000	Logistics
MFS Co., Ltd.	2020.07.30	14F.-6, No.1, Zhanqian, Miaoli City, Miaoli County	100,000,000	Wholesaler
Prosperous Living Co., Ltd.	2021.11.26	7F, No 98, Zhouzi St., Neihu District, Taipei	300,000,000	Wholesale and retail sales
Fortune Kingdom Corp.	2009.01.06	Maystar Chambers, P.O. Box 3269, Apia, Samoa	US\$ 11,594,429	Investment
Hong Kong Fubon Multimedia Technology Co., Ltd.	2010.03.18	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	US\$ 11,594,429	Investment
Hongkong Yue Numerous Investment Co., Ltd.	2015.03.12	Unit 06, G/F, The Lodge, 535 Canton Road, Kowloon, Hong Kong	HK\$ 16,600,000	Investment
Haobo Information Consulting (Shenzhen) Co., Ltd.	2008.11.14	3207A, Building A, Xinghe Century Building, 3069 Caitian Road, Gangxia Community, Futian Street, Futian District, Shenzhen, China	RMB 11,000,000	Investment
Fubon Gehua (Beijing)	2010.12.08	Room 244, 2nd Floor, Building	RMB 77,500,000	Wholesaler

Name	Date of incorporation	Address	Paid-in capital	Main business
Enterprise Ltd.		2, 241, Pingfang Road, Chaoyang District, Beijing, China		

Note: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023.

3. Other significant events affecting shareholders' equity or stock price: None

4. Industries covered by affiliates' business operations

The Company's affiliates have set digital convergence as their core strategy across all businesses: telecommunications, cable TV, e-commerce, media and entertainment. An abundance of resources allows us to conduct both online and offline commerce, product bundling and cross-selling by leveraging Group synergy.

5. Affiliates' lists of directors, supervisors and presidents

As of December 31, 2022; Unit: share (unless otherwise stated), %

Company name	Title	Name of Representative	Shares (Note 3)	%
Taiwan Cellular Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Daniel M. Tsai	502,970,309	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	502,970,309	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	502,970,309	100.00%
	President	Jamie Lin	-	-
Wealth Media Technology Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Daniel M. Tsai	42,065,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	42,065,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	42,065,000	100.00%
	President	Jamie Lin	-	-
TWM Venture Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Daniel M. Tsai	433,051,035	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Richard M. Tsai	433,051,035	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	433,051,035	100.00%
	President	Jamie Lin	-	-
Taipei New Horizon Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Daniel M. Tsai	191,865,500	49.90%
	Director	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	191,865,500	49.90%
	Director	Fubon Land Development Co., Ltd. Representative: Charles Hsueh	192,634,500	50.10%
	Director	Fubon Land Development Co., Ltd. Representative: Stephanie Tsai	192,634,500	50.10%
	Director	Fubon Land Development Co., Ltd. Representative: Liang-Cheng Sung	192,634,500	50.10%
	Supervisor	Rita Kuo	-	-
	President	Liang-Cheng Sung	-	-
Fu Sheng Digital Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	3,000,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Rock Tsai	3,000,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: Tim Lee	3,000,000	100.00%
	President	Luke Han	-	-
Taiwan Fixed Network Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: Daniel M. Tsai	2,100,000,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Richard M. Tsai	2,100,000,000	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: George Chang	2,100,000,000	100.00%
	President	Jamie Lin	-	-
Taiwan Teleservices & Technologies Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: Jamie Lin	2,484,300	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Daniel M. Tsai	2,484,300	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: George Chang	2,484,300	100.00%
	President	Steve Chou	-	-
TWM Holding Co., Ltd.	Director	Taiwan Cellular Co., Ltd. Representative: George Chang	US\$ 1	100.00%
	President	(Note 1)		
TCC Investment Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: Daniel M. Tsai	154,721,308	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Richard M. Tsai	154,721,308	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: George Chang	154,721,308	100.00%
	President	Jamie Lin	-	-
Taiwan Digital Service Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: Jamie Lin	2,500,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Daniel M. Tsai	2,500,000	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: George Chang	2,500,000	100.00%
	President	Kate Chen	-	-
Taihsin Property Insurance Agent Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: Daniel M. Tsai	500,000	100.00%

Company name	Title	Name of Representative	Shares (Note 3)	%
	Director	Taiwan Cellular Co., Ltd. Representative: Jamie Lin	500,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: C.H. Wu	500,000	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: Jean Chang	500,000	100.00%
	President	Rita Kuo	-	-
Tai-Fu Cloud Technology Co., Ltd.	Chairman	Taiwan Cellular Co., Ltd. Representative: C.H. Wu	20,000,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Allen Liou	20,000,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Sara Chen	20,000,000	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: Rita Kuo	20,000,000	100.00%
	President	C.H. Wu	-	-
Taiwan Mobile Film Co., Ltd.	Chairman	TWM Venture Co., Ltd. Representative: Jamie Lin	1,130,000	100.00%
	Director	TWM Venture Co., Ltd. Representative: Daphne Lee	1,130,000	100.00%
	Director	TWM Venture Co., Ltd. Representative: Tim Lee	1,130,000	100.00%
	Supervisor	TWM Venture Co., Ltd. Representative: Rita Kuo	1,130,000	100.00%
	President	Daphne Lee	-	-
TFN Media Co., Ltd.	Chairman	Wealth Media Technology Co., Ltd. Representative: Daniel M. Tsai	230,921,304	100.00%
	Director	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	230,921,304	100.00%
	Supervisor	Wealth Media Technology Co., Ltd. Representative: George Chang	230,921,304	100.00%
	President	Jamie Lin	-	-
Global Forest Media Technology Co., Ltd.	Chairman	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	1,500,000	100.00%
	Director	Wealth Media Technology Co., Ltd. Representative: George Chang	1,500,000	100.00%
	Supervisor	Wealth Media Technology Co., Ltd. Representative: Rita Kuo	1,500,000	100.00%
	President	Jamie Lin	-	-
Global Wealth Media Technology Co., Ltd.	Chairman	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	8,944,867	100.00%
	Director	Wealth Media Technology Co., Ltd. Representative: George Chang	8,944,867	100.00%
	Supervisor	Wealth Media Technology Co., Ltd. Representative: Rita Kuo	8,944,867	100.00%
	President	Jamie Lin	-	-
Win TV Broadcasting Co., Ltd.	Chairman	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	18,177,382	100.00%
	Director	Wealth Media Technology Co., Ltd. Representative: Daniel M. Tsai	18,177,382	100.00%
	Supervisor	Wealth Media Technology Co., Ltd. Representative: George Chang	18,177,382	100.00%
	President	Feng-Chan Cheng (Acting)	-	-
momo.com Inc.	Chairman	Wealth Media Technology Co., Ltd. Representative: Daniel M. Tsai	98,353,639	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Jeff Ku	98,353,639	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	98,353,639	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: George Chang	98,353,639	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Chris Tsai	98,353,639	45.01%
	Director	Tong-An Investment Co., Ltd. Representative: Mao-Hsiung Huang	23,008,800	10.53%
	Independent Director	Chieh Wang	-	-
	Independent Director	Brian Y. Hsieh	-	-
	Independent Director	Hong-So Chen	-	-
	President	Jeff Ku	6,161	0.0028%
TFN Union Investment Co., Ltd.	Chairman	Taiwan Fixed Network Co., Ltd. Representative: Daniel M. Tsai	400,000	100.00%
	Director	Taiwan Fixed Network Co., Ltd. Representative: Richard M. Tsai	400,000	100.00%
	Supervisor	Taiwan Fixed Network Co., Ltd.	400,000	100.00%

Company name	Title	Name of Representative	Shares (Note 3)	%
		Representative: George Chang		
	President	Jamie Lin	-	-
TWM Communications (Beijing) Ltd.	Chairman	TWM Holding Co., Ltd. Representative: Tom Koh	US\$ 3,000,000	100.00%
	Director	TWM Holding Co., Ltd. Representative: Tim Lee	US\$ 3,000,000	100.00%
	Director	TWM Holding Co., Ltd. Representative: C.H. Wu	US\$ 3,000,000	100.00%
	Supervisor	TWM Holding Co., Ltd. Representative: George Chang	US\$ 3,000,000	100.00%
	President	Tom Koh	-	-
TCCI Investment and Development Co., Ltd.	Chairman	TCC Investment Co., Ltd.. Representative: Daniel M. Tsai	104,712,000	100.00%
	Director	TCC Investment Co., Ltd. Representative: Richard M. Tsai	104,712,000	100.00%
	Supervisor	TCC Investment Co., Ltd. Representative: George Chang	104,712,000	100.00%
	President	Jamie Lin	-	-
Taiwan Stampede Franchise Film Co., Ltd.	Chairman	TWM Venture Co., Ltd. Representative: Jamie Lin	30,000	100.00%
	Director	TWM Venture Co., Ltd. Representative: Daphne Lee	30,000	100.00%
	Director	TWM Venture Co., Ltd. Representative: Tim Lee	30,000	100.00%
	Supervisor	TWM Venture Co., Ltd. Representative: Rita Kuo	30,000	100.00%
	President	Jamie Lin	-	-
Taiwan Kuro Times Co., Ltd.	Chairman	TFN Media Co., Ltd. Representative: Jamie Lin	14,700,000	100.00%
	Director	TFN Media Co., Ltd. Representative: Daphne Lee	14,700,000	100.00%
	Supervisor	TFN Media Co., Ltd. Representative: George Chang	14,700,000	100.00%
	President	Daphne Lee	-	-
Yeong Jia Leh Cable TV Co., Ltd.	Chairman	TFN Media Co., Ltd. Representative: Jamie Lin	33,940,000	100.00%
	Director	TFN Media Co., Ltd. Representative: Tom Koh	33,940,000	100.00%
	Director	TFN Media Co., Ltd. Representative: George Chang	33,940,000	100.00%
	Director	TFN Media Co., Ltd. Representative: C.H. Wu	33,940,000	100.00%
	Director	TFN Media Co., Ltd. Representative: Min-Chieh Yang	33,940,000	100.00%
	Supervisor	TFN Media Co., Ltd. Representative: Jay Hong	33,940,000	100.00%
	Supervisor	TFN Media Co., Ltd. Representative: Rita Kuo	33,940,000	100.00%
	President	Min-Chieh Yang	-	-
Mangrove Cable TV Co., Ltd.	Chairman	Dai-Ka Ltd. Representative: Chao-Nan Kuo	14,912,000	70.47%
	Director	Dai-Ka Ltd. Representative: Yao-Tung Lee	14,912,000	70.47%
	Independent Director	Eric Chang	-	-
	Independent Director	Joe-Hsiang Lin	-	-
	Independent Director	Hsiu-Lan Wang	-	-
	President	Yao-Tung Lee	-	-
Phoenix Cable TV Co., Ltd.	Chairman	TFN Media Co., Ltd. Representative: Jamie Lin	68,090,198	100.00%
	Director	TFN Media Co., Ltd. Representative: Tom Koh	68,090,198	100.00%
	Director	TFN Media Co., Ltd. Representative: George Chang	68,090,198	100.00%
	Director	TFN Media Co., Ltd. Representative: C.H. Wu	68,090,198	100.00%
	Director	TFN Media Co., Ltd. Representative: Chen-Lu Lin	68,090,198	100.00%
	Supervisor	TFN Media Co., Ltd. Representative: Jay Hong	68,090,198	100.00%
	Supervisor	TFN Media Co., Ltd. Representative: Rita Kuo	68,090,198	100.00%
	President	Chen-Lu Lin	-	-

Company name	Title	Name of Representative	Shares (Note 3)	%
Union Cable TV Co., Ltd.	Chairman	TFN Media Co., Ltd. Representative: Jamie Lin	169,141,000	99.22%
	Director	TFN Media Co., Ltd. Representative: Tom Koh	169,141,000	99.22%
	Director	TFN Media Co., Ltd. Representative: George Chang	169,141,000	99.22%
	Director	TFN Media Co., Ltd. Representative: C.H. Wu	169,141,000	99.22%
	Director	TFN Media Co., Ltd. Representative: Hung-Chun Chou	169,141,000	99.22%
	Supervisor	Global Forest Media Technology Co., Ltd. Representative: Jay Hong	1,300,326	0.76%
	Supervisor	Rita Kuo	-	-
	President	Hung-Chun Chou	-	-
Globalview Cable TV Co., Ltd.	Chairman	TFN Media Co., Ltd. Representative: Jamie Lin	51,733,200	92.38%
	Director	TFN Media Co., Ltd. Representative: Tom Koh	51,733,200	92.38%
	Director	TFN Media Co., Ltd. Representative: George Chang	51,733,200	92.38%
	Director	TFN Media Co., Ltd. Representative: C.H. Wu	51,733,200	92.38%
	Director	TFN Media Co., Ltd. Representative: Sheng-Hung Lin	51,733,200	92.38%
	Supervisor	Global Wealth Media Technology Co., Ltd. Representative: Jay Hong	3,825,333	6.83%
	Supervisor	Rita Kuo	-	-
	President	Sheng-Hung Lin	-	-
Asian Crown International Co., Ltd.	Director	momo.com Inc.	US\$ 9,735,459	81.99%
	President	(Note 1)		
Honest Development Co., Ltd.	Director	momo.com Inc.	US\$ 21,778,413	100.00%
	President	(Note 1)		
Fuli Life Insurance Agent Co., Ltd.	Chairman	momo.com Inc. Representative: C.F. Lin	500,000	100.00%
	Director	momo.com Inc. Representative: Jeff Ku	500,000	100.00%
	Director	momo.com Inc. Representative: Julia Chou	500,000	100.00%
	Supervisor	momo.com Inc. Representative: Summer Hsieh	500,000	100.00%
	President	C.F. Lin	-	-
Fuli Property Insurance Agent Co., Ltd.(Note 2)	Chairman	momo.com Inc. Representative: Gina Lu	500,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	500,000	100.00%
	Director	momo.com Inc. Representative: Jeff Ku	500,000	100.00%
	Supervisor	momo.com Inc. Representative: Hana Hsieh	500,000	100.00%
	President	Gina Lu	-	-
Fu Sheng Travel Service Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	3,000,000	100.00%
	Director	momo.com Inc. Representative: Gina Lu	3,000,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	3,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Terry Lee	3,000,000	100.00%
	President	(Note 1)		
Bebe Poshe International Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	8,867,500	88.68%
	Director	Jennifer Lin	-	-
	Director	momo.com Inc. Representative: Summer Hsieh	8,867,500	88.68%
	Director	momo.com Inc. Representative: Roxanne Chiu	8,867,500	88.68%
	Director	momo.com Inc. Representative: Jeremy Hong	8,867,500	88.68%
	Supervisor	Gina Lu	-	-
	President	Summer Hsieh	-	-

Company name	Title	Name of Representative	Shares (Note 3)	%
Fu Sheng Logistics Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	25,000,000	100.00%
	Director	momo.com Inc. Representative: Leanne Wang	25,000,000	100.00%
	Director	momo.com Inc. Representative: Robinson Lin	25,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Gina Lu	25,000,000	100.00%
	President	Leanne Wang	-	-
MFS Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	10,000,000	100.00%
	Director	momo.com Inc. Representative: Summer Hsieh	10,000,000	100.00%
	Director	momo.com Inc. Representative: Ally Yu	10,000,000	100.00%
	Supervisor	momo.com Inc. Representative: Jeremy Hong	10,000,000	100.00%
	President	Ally Yu	-	-
Prosperous Living Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	22,085,000	73.62%
	Director	momo.com Inc. Representative: Jeremy Hong	22,085,000	73.62%
	Director	momo.com Inc. Representative: Roxanne Chiu	22,085,000	73.62%
	Supervisor	Gina Lu	100,000	0.33%
	President	Roxanne Chiu	100,000	0.33%
Fortune Kingdom Corp.	Director	Asian Crown International Co., Ltd.	US\$ 11,594,429	100.00%
	President	(Note 1)		
Hong Kong Fubon Multimedia Technology Co., Ltd.	Director	Fortune Kingdom Corp.	US\$ 11,594,429	100.00%
	Director	Jeff Ku	-	-
	President	(Note 1)		
Hongkong Yue Numerous Investment Co., Ltd.	Director	Honest Development Co., Ltd.	HK\$ 16,600,000	100.00%
	Director	Jeff Ku	-	-
	President	(Note 1)		
Haobo Information Consulting (Shenzhen) Co., Ltd	Chairman	Hongkong Yue Numerous Investment Co., Ltd. Representative: Jeff Ku	RMB 11,000,000	100.00%
	Supervisor	Hongkong Yue Numerous Investment Co., Ltd. Representative: Gina Lu	RMB 11,000,000	100.00%
	President	Summer Hsieh	-	-
Fubon Gehua (Beijing) Enterprise Ltd.	Chairman	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: C.F. Lin	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Jeff Ku	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Jeremy Hong	RMB 72,499,800	93.55%
	Director	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Nien-Pei Tsai	RMB 72,499,800	93.55%
	Director	Prosperous Group (Asia) Ltd. Representative: Pei-Yin Yu	RMB 5,000,200	6.45%
	Supervisor	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Summer Hsieh	RMB 72,499,800	93.55%
	Supervisor	Hong Kong Fubon Multimedia Technology Co., Ltd. Representative: Gina Lu	RMB 72,499,800	93.55%
	President	C.F. Lin	-	-

Note 1: No President

Note 2: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023

Note 3: No. of shares unless stated otherwise, i.e., paid-in capital in foreign denomination

6. Affiliates' operating highlights

As of December 31, 2022; Unit: NT\$'000

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
Taiwan Cellular Co., Ltd.	5,029,703	79,330,938	308,425	79,022,513	-	(1,111)	3,905,482	7.76
Wealth Media Technology Co., Ltd.	420,650	22,550,029	3,459	22,546,570	-	(193)	3,173,222	75.44
TWM Venture Co., Ltd.	4,330,510	4,643,170	38,172	4,604,998	-	(10,091)	120,947	0.39
Taipei New Horizon Co., Ltd.	3,845,000	7,109,788	3,185,961	3,923,827	578,474	207,393	115,316	0.30
Fu Sheng Digital Co., Ltd.	30,000	30,788	4,034	26,754	-	(4,076)	(3,246)	(1.08)
Taiwan Fixed Network Co., Ltd.	21,000,000	56,272,213	4,733,548	51,538,665	9,724,861	4,345,995	3,538,184	1.68
Taiwan Teleservices & Technologies Co., Ltd.	24,843	494,657	339,645	155,012	1,056,670	59,298	48,442	19.50
TWM Holding Co. Ltd.	0.032	241,941	45	241,896	-	(154)	19,397	19,396,391
TCC Investment Co., Ltd.	1,547,213	26,304,386	409,652	25,894,734	410	256	2,120	0.01
Taiwan Digital Service Co., Ltd.	25,000	139,744	36,700	103,044	220,947	10,322	8,651	3.46
Taihsin Property Insurance Agent Co., Ltd.	5,000	223,824	113,253	110,571	350,495	125,463	100,571	201.14
Tai-Fu Cloud Co., Ltd.	200,000	574,604	328,002	246,602	472,033	25,886	67,009	3.35
TFN Media Co., Ltd.	2,309,213	13,631,051	3,369,481	10,261,570	3,577,281	1,811,759	1,598,631	6.92
Global Forest Media Technology Co., Ltd.	15,000	17,475	51	17,424	-	(132)	123	0.08
Global Wealth Media Technology Co., Ltd.	89,449	97,963	78	97,885	-	(158)	2,231	0.25
Win TV Broadcasting Co., Ltd.	181,774	1,099,020	710,442	388,578	1,050,562	163,465	126,931	6.98
momo.com Inc.	2,184,913	26,108,186	16,292,811	9,815,375	103,403,362	4,143,236	3,434,626	15.72
TWM Film Co., Ltd.	11,300	11,063	9	11,054	-	(149)	(184)	(0.16)
TFN Union Investment Co., Ltd.	4,000	38,890,444	994,631	37,895,813	-	(76)	(76)	(0.19)
TWM Communications (Beijing) Co., Ltd.	92,175	83,475	73	83,402	-	(370)	1,381	NA
TCCI Investment and Development Co., Ltd.	1,047,120	8,296,422	212,180	8,084,242	2	(76)	(76)	(0.00)
Taiwan Stampede Franchise Film Co., Ltd.	300	254	-	254	-	(89)	(46)	(1.53)
Taiwan Kuro Times Co., Ltd.	147,000	280,542	58,223	222,319	275,891	50,530	43,930	2.99
Yeong Jia Leh Cable TV Co., Ltd.	339,400	463,701	418,777	44,924	739,802	(62,972)	(61,672)	(1.82)
Mangrove Cable TV Co., Ltd.	211,600	596,830	231,379	365,451	399,064	29,312	24,943	1.18
Phoenix Cable TV Co., Ltd.	680,902	1,565,160	424,764	1,140,396	1,104,762	144,465	122,399	1.80
Union Cable TV Co., Ltd.	1,704,633	2,198,427	335,259	1,863,168	609,125	38,534	33,236	0.19
Globalview Cable TV Co., Ltd.	560,000	923,172	214,054	709,118	431,235	39,139	34,946	0.62
Asian Crown International Co., Ltd.	364,890	21,352	-	21,352	-	(104)	(3,448)	(0.29)
Honest Development Co., Ltd.	670,448	560,502	-	560,502	-	-	(99,495)	(4.57)
Fuli Life Insurance Agent Co., Ltd.	5,000	3,259	337	2,922	339	(2,276)	(2,280)	(4.56)
Fuli Property Insurance Agent Co., Ltd. (Note 2)	5,000	15,543	2,560	12,983	12,372	4,358	3,515	7.03
Fu Sheng Travel Service Co., Ltd.	30,000	217,929	171,317	46,612	8,816	6,090	5,577	1.86
Bebe Poshe International Co., Ltd.	100,000	33,377	1,854	31,523	38,303	(5,813)	(5,790)	(0.58)
Fu Sheng Logistics Co., Ltd.	250,000	573,093	198,680	374,413	915,827	146,473	118,512	4.74
MFS Co., Ltd.	100,000	145,159	46,760	98,399	268,552	(3,323)	(2,380)	(0.24)
Prosperous Living Co., Ltd.	300,000	312,089	8,037	304,052	35,514	3,941	4,232	0.14
Fortune Kingdom Corp.	356,500	16,913	-	16,913	-	-	(3,834)	(0.33)
Hong Kong Fubon Multimedia Technology Co., Ltd.	356,500	16,913	-	16,913	-	(126)	(3,834)	(0.33)

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
Hongkong Yue Numerous Investment Co., Ltd.	66,035	560,502	-	560,502	-	-	(99,495)	(5.99)
Haobo Information Consulting (Shenzhen) Co., Ltd.	48,411	531,879	-	531,879	-	(221)	(100,135)	NA
Fubon Gehua (Beijing) Enterprise Ltd.	341,076	14,473	5,378	9,095	5,843	(9,408)	(4,943)	NA

Note 1: Exchange rates: US\$1=NT\$30.725, HK\$1=NT\$3.942, and RMB1=NT\$4.401 as of December 31, 2022
Average exchange rates: US\$1=NT\$29.788, HK\$1=NT\$3.804, and RMB1=NT\$4.42 for 2022

Note 2: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023.

Private placement of company shares: None

TWM shares held / sold by subsidiaries

Unit : NT\$ '000, %

Subsidiary	TCC Investment Co., Ltd. (TCCI)	TFN Union Investment Co., Ltd. (TUI)	TCCI Investment and Development Co., Ltd. (TID)
Paid-in capital	1,547,213	4,000	1,047,120
Source of funding	Equity	TFN established TUI with the shares of the Company	TFN Investment (Note 1) established TID with the shares of the Company
% owned by the Company	100%	100%	100%
Acquisition / disposal date	—	—	—
No. of shares acquired and payment costs	—	—	—
No. of shares sold / proceeds	—	—	—
Investment income	—	—	—
Up to publication date: Total No. of shares / value (Note 2)	200,496,761 shares / NT\$12,163,470	410,665,284 shares / NT\$22,312,814	87,589,556 shares / NT\$4,759,033
Pledges	None	None	None
Guarantees / endorsements provided by the Company	—	—	—
Financing provided by the Company	—	—	—

Note 1 : TFN Investment was merged into TCC Investment Co., Ltd. on September 19, 2009.

Note 2 : Ending balance is carrying cost and does not include evaluation gains/losses.

Other supplementary information: None

Other significant events affecting shareholders' equity or stock price: None



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Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements of Taiwan Mobile Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Taiwan Mobile Co., Ltd. and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIWAN MOBILE CO., LTD.

By

Daniel M. Tsai
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Mobile Co., Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2022 consolidated financial statements are as follows:

Telecommunications and Value-added Services Revenue

The description of key audit matter:

One of the operating revenue sources of the Group is the telecommunications and value-added services revenue. The Group offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The

competitive telecommunication industry and complicated calculations for revenue recognition, which highly relies on automatic and systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the telecommunication revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.
6. Select the samples from telecommunications and value-added services revenue and agree to the contracts, bills and records of cash receipts.

Sales Revenue

The description of key audit matter:

The Group's another source of operating revenue is generated from the sales through virtual channels, including E-commerce portals, TV shopping channels and catalogues by momo.com Inc. (momo). Due to the nature of momo's core sales, momo offers a wide range of products and services to different customers; the trading quantity is rather high while each transaction is individually low in value and is highly automated through the website and related system. As a result of momo's business model being highly reliant on IT infrastructure and the fact that momo processes, stores and transmits large amounts of data through digital and web-based environment, the risk in revenue recognition is whether the sales amount is transmitted and recorded accurately to the IT system.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Verify the details of invoices in the system to check if the sales amount of each invoice is consistent with its shipping notice and sales order.
2. Confirm the completeness and consistency of transmission through IT system by testing the information transferred from front-end system to general ledger system, and further perform tests on whether the Daily Sales Report in the system is consistent with journal entries of revenue each day.

Other Matter

We have also audited the parent company only financial statements of Taiwan Mobile Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Pei-De Chen and Te-Chen Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

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 audit such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 6 and 29)	\$ 14,934,740	8	\$ 15,402,025	8	Short-term borrowings (Note 17)	\$ 20,550,000	11	\$ 20,510,000	11
Financial assets at fair value through other comprehensive income (Note 7)	249,824	-	268,393	-	Short-term notes and bills payable (Note 17)	3,092,395	2	4,597,793	2
Contract assets (Note 22)	5,092,822	3	4,667,271	2	Contract liabilities (Note 22)	2,079,999	1	1,894,828	1
Notes and accounts receivable, net (Note 8)	7,711,033	4	7,381,414	4	Notes and accounts payable	13,847,707	7	11,618,449	6
Notes and accounts receivable due from related parties (Note 29)	576,760	-	383,074	-	Notes and accounts payable due to related parties (Note 29)	133,150	-	338,560	-
Other receivables (Note 29)	3,359,268	2	2,734,657	2	Other payables (Note 29)	10,373,509	5	11,000,399	6
Inventories (Note 9)	8,101,340	4	6,440,116	4	Current tax liabilities	2,537,557	1	2,549,382	1
Prepayments (Note 29)	572,104	-	527,355	-	Provisions (Note 19)	80,467	-	74,007	-
Other financial assets (Notes 29 and 30)	646,289	-	665,606	-	Lease liabilities (Notes 13, 26 and 29)	3,693,801	2	3,540,466	2
Other current assets	194,920	-	182,127	-	Advance receipts	164,474	-	65,615	-
					Long-term liabilities, current portion (Notes 17 and 18)	9,772,757	5	273,459	-
Total current assets	41,439,100	21	38,652,038	20	Other current liabilities (Note 29)	3,242,300	2	3,023,814	2
					Total current liabilities	69,568,116	36	59,486,772	31
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss	1,181,015	-	273,767	-	Contract liabilities (Note 22)	97,845	-	89,480	-
Financial assets at fair value through other comprehensive income (Note 7)	4,786,843	3	3,702,635	2	Bonds payable (Note 18)	31,481,943	16	37,475,497	20
Contract assets (Note 22)	5,397,742	3	5,199,779	3	Long-term borrowings (Note 17)	6,282,531	3	8,556,973	4
Investments accounted for using equity method (Notes 10 and 29)	1,794,033	1	1,880,489	1	Provisions (Note 19)	1,440,590	1	1,392,321	1
Property, plant and equipment (Notes 12 and 29)	44,247,993	23	43,439,740	23	Deferred tax liabilities (Note 24)	1,278,223	1	1,204,261	1
Right-of-use assets (Notes 13 and 29)	9,784,277	5	9,059,855	5	Lease liabilities (Notes 13, 26 and 29)	6,155,641	3	5,552,881	3
Investment properties (Note 14)	2,734,429	2	2,591,691	1	Net defined benefit liabilities (Note 20)	108,631	-	463,562	-
Concessions (Notes 15 and 30)	56,178,122	29	60,493,425	32	Guarantee deposits	1,310,619	1	1,263,822	1
Goodwill (Note 15)	15,819,108	8	15,819,108	8	Other non-current liabilities	2,496,747	1	2,219,960	1
Other intangible assets (Note 15)	4,874,135	3	5,015,030	3	Total non-current liabilities	50,652,770	26	58,218,757	31
Deferred tax assets (Note 24)	575,978	-	709,744	-	Total liabilities	120,220,886	62	117,705,529	62
Incremental costs of obtaining a contract (Note 22)	1,913,755	1	1,828,387	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Other financial assets (Notes 29 and 30)	373,125	-	358,570	-	(Note 21)				
Other non-current assets (Notes 16 and 29)	1,972,011	1	1,958,269	1	Common stock	35,192,336	18	35,135,201	18
Total non-current assets	151,632,566	79	152,330,489	80	Capital collected in advance	-	-	57,135	-
					Capital surplus	15,326,778	8	16,903,239	9
					Retained earnings				
					Legal reserve	32,603,345	17	31,500,472	17
					Special reserve	1,823,415	1	2,449,739	1
					Unappropriated earnings	8,954,012	5	11,028,726	6
					Other equity interests	288,214	-	(1,823,415)	(1)
					Treasury stock	(29,717,344)	(15)	(29,717,344)	(16)
					Total equity attributable to owners of the parent	64,470,756	34	65,533,753	34
					NON-CONTROLLING INTERESTS				
						8,380,024	4	7,743,245	4
					Total equity	72,850,780	38	73,276,998	38
TOTAL	\$ 193,071,666	100	\$ 190,982,527	100	TOTAL	\$ 193,071,666	100	\$ 190,982,527	100

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 29 and 35)	\$ 172,206,112	100	\$ 156,109,533	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	<u>138,980,890</u>	<u>81</u>	<u>124,734,936</u>	<u>80</u>
GROSS PROFIT FROM OPERATIONS	<u>33,225,222</u>	<u>19</u>	<u>31,374,597</u>	<u>20</u>
OPERATING EXPENSES (Notes 29, 33 and 35)				
Marketing	10,434,740	6	10,007,715	6
Administrative	6,059,250	3	5,530,575	4
Research and development	391,273	-	242,608	-
Expected credit loss	<u>258,214</u>	<u>-</u>	<u>224,659</u>	<u>-</u>
Total operating expenses	<u>17,143,477</u>	<u>9</u>	<u>16,005,557</u>	<u>10</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>810,994</u>	<u>-</u>	<u>684,001</u>	<u>-</u>
OPERATING INCOME (Note 35)	<u>16,892,739</u>	<u>10</u>	<u>16,053,041</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	110,440	-	56,370	-
Other income	55,497	-	25,398	-
Other gains and losses, net (Note 23)	(140,445)	-	94,260	-
Finance costs (Note 23)	(737,134)	-	(627,813)	-
Share of profit (loss) of associates accounted for using equity method (Note 10)	<u>10,145</u>	<u>-</u>	<u>(19,681)</u>	<u>-</u>
Total non-operating income and expenses	<u>(701,497)</u>	<u>-</u>	<u>(471,466)</u>	<u>-</u>
PROFIT BEFORE TAX	16,191,242	10	15,581,575	10
INCOME TAX EXPENSE (Note 24)	<u>3,219,830</u>	<u>2</u>	<u>2,756,366</u>	<u>2</u>
NET PROFIT	<u>12,971,412</u>	<u>8</u>	<u>12,825,209</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	259,364	-	28,469	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(229,984)	-	679,028	-
Share of other comprehensive loss of associates accounted for using equity method	(24,230)	-	(11,865)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	31,519	-	(26,698)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>6,030</u>	<u>-</u>	<u>(1,712)</u>	<u>-</u>
Other comprehensive income (after tax)	<u>42,699</u>	<u>-</u>	<u>667,222</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 13,014,111</u>	<u>8</u>	<u>\$ 13,492,431</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 11,025,551	7	\$ 10,988,165	7
Non-controlling interests	<u>1,945,861</u>	<u>1</u>	<u>1,837,044</u>	<u>1</u>
	<u>\$ 12,971,412</u>	<u>8</u>	<u>\$ 12,825,209</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 11,068,344	7	\$ 11,662,701	7
Non-controlling interests	<u>1,945,767</u>	<u>1</u>	<u>1,829,730</u>	<u>1</u>
	<u>\$ 13,014,111</u>	<u>8</u>	<u>\$ 13,492,431</u>	<u>8</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 3.91</u>		<u>\$ 3.90</u>	
Diluted earnings per share	<u>\$ 3.90</u>		<u>\$ 3.89</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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent						Other Equity Interests		Treasury Stock	Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
				Legal Reserve	Special Reserve	Unappropriated Earnings						
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
Distribution of 2020 earnings												
Legal reserve	-	-	-	1,330,074	-	(1,330,074)	-	-	-	-	-	-
Special reserve	-	-	-	-	2,449,739	(2,449,739)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,521,178)	-	-	-	(9,521,178)	-	(9,521,178)
Total distribution of earnings	-	-	-	1,330,074	2,449,739	(13,300,991)	-	-	-	(9,521,178)	-	(9,521,178)
Cash dividends from capital surplus	-	-	(2,577,603)	-	-	-	-	-	-	(2,577,603)	-	(2,577,603)
Profit for the year ended December 31, 2021	-	-	-	-	-	10,988,165	-	-	-	10,988,165	1,837,044	12,825,209
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	28,385	(12,615)	658,766	-	674,536	(7,314)	667,222
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	11,016,550	(12,615)	658,766	-	11,662,701	1,829,730	13,492,431
Conversion of convertible bonds to common stock	10,986	57,135	557,944	-	-	-	-	-	-	626,065	-	626,065
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,209)	-	2,209	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	6,399	-	-	(8,505)	-	849	-	(1,257)	734	(523)
Disposal of investments accounted for using equity method	-	-	(21,913)	-	-	22,885	-	(22,885)	-	(21,913)	(20,968)	(42,881)
Other changes in capital surplus	-	-	1,838	-	-	-	-	-	-	1,838	-	1,838
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(770,513)	(770,513)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	79,150	79,150
BALANCE, DECEMBER 31, 2021	35,135,201	57,135	16,903,239	31,500,472	2,449,739	11,028,726	(44,294)	(1,779,121)	(29,717,344)	65,533,753	7,743,245	73,276,998
Distribution of 2021 earnings												
Legal reserve	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(626,324)	626,324	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(10,551,987)	-	-	-	(10,551,987)	-	(10,551,987)
Total distribution of earnings	-	-	-	1,102,873	(626,324)	(11,028,536)	-	-	-	(10,551,987)	-	(10,551,987)
Cash dividends from capital surplus	-	-	(1,576,086)	-	-	-	-	-	-	(1,576,086)	-	(1,576,086)
Profit for the year ended December 31, 2022	-	-	-	-	-	11,025,551	-	-	-	11,025,551	1,945,861	12,971,412
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	258,116	16,432	(231,755)	-	42,793	(94)	42,699
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	11,283,667	16,432	(231,755)	-	11,068,344	1,945,767	13,014,111
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-	-	-
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,326,952)	-	2,326,952	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,140)	-	-	-	(2,140)	(3,740)	(5,880)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(753)	-	-	-	(753)	(684)	(1,437)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)	(2,717)	(4,940)
Other changes in capital surplus	-	-	1,848	-	-	-	-	-	-	1,848	-	1,848
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,301,847)	(1,301,847)
BALANCE, DECEMBER 31, 2022	\$ 35,192,336	\$ -	\$ 15,326,778	\$ 32,603,345	\$ 1,823,415	\$ 8,954,012	\$ (27,862)	\$ 316,076	\$(29,717,344)	\$ 64,470,756	\$ 8,380,024	\$ 72,850,780

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 16,191,242	\$ 15,581,575
Adjustments for:		
Depreciation expense	12,711,921	12,286,609
Amortization expense	4,775,736	4,780,516
Amortization of incremental costs of obtaining a contract	1,322,091	1,409,231
(Gain) loss on disposal and retirement of property, plant and equipment, net	214,387	(8,690)
Gain on disposal of property, plant and equipment held for sale	(1,014)	-
Expected credit loss	258,214	224,659
Other income and expenses	(473,168)	(222,947)
Finance costs	737,134	627,813
Interest income	(110,440)	(56,370)
Dividend income	(20,041)	(18,864)
Valuation (gain) loss on financial assets at fair value through profit or loss	(2,377)	2,869
Share of (profit) loss of associates accounted for using equity method	(10,145)	19,681
Gain on disposal of investments accounted for using equity method	-	(97,791)
Gain on disposal of investments accounted for using equity method held for sale	(109,805)	-
Impairment loss on non-financial assets	82,231	-
Others	2,464	(2,432)
Changes in operating assets and liabilities		
Contract assets	(628,820)	(1,509,745)
Notes and accounts receivable	(673,591)	(443,784)
Notes and accounts receivable due from related parties	(193,686)	(175,576)
Other receivables	(654,719)	(800,453)
Inventories	(1,661,224)	(673,852)
Prepayments	(139,885)	13,332
Other current assets	(11,995)	(22,608)
Other financial assets	(3,246)	8,409
Incremental costs of obtaining a contract	(1,407,459)	(1,465,734)
Contract liabilities	193,536	(11,208)
Notes and accounts payable	2,229,258	1,992,485
Notes and accounts payable due to related parties	(205,410)	178,004
Other payables	(55,317)	871,255
Provisions	(4,387)	(104,264)
Advance receipts	98,628	(24,767)
Other current liabilities	291,255	121,868
Net defined benefit liabilities	(30,726)	(34,923)
Cash inflows generated from operating activities	32,710,642	32,444,298
Interest received	13,729	13,132
Interest paid	(933)	(910)
Income taxes paid	(3,146,887)	(2,260,978)
Net cash generated from operating activities	<u>29,576,551</u>	<u>30,195,542</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (9,839,436)	\$ (10,433,984)
Acquisition of right-of-use assets	(26,018)	(30,965)
Acquisition of intangible assets	(286,447)	(294,725)
Increase in prepayments for equipment	(335,919)	(441,397)
Proceeds from disposal of property, plant and equipment	9,328	175,694
Proceeds from disposal of property, plant and equipment held for sale	2,715	-
Increase in advance receipts from asset disposals	231	283
Proceeds from disposal of intangible assets	10,000	12,800
Acquisition of financial assets at fair value through profit or loss	(904,871)	(276,636)
Acquisition of financial assets at fair value through other comprehensive income	(1,911,815)	(588,407)
Transfer of financial assets at fair value through other comprehensive income	671,375	-
Disposal of financial assets at fair value through other comprehensive income	2,138	-
Acquisition of investments accounted for using equity method	(308,658)	(424,767)
Disposal of investments accounted for using equity method	667	474,377
Disposal of investments accounted for using equity method held for sale	200,156	-
Proceeds from capital return of investments accounted for using equity method	112,302	-
Other investing activities	829,052	2,152,807
Increase in refundable deposits	(382,773)	(322,609)
Decrease in refundable deposits	278,347	263,500
Increase in other financial assets	(418,192)	(69,286)
Decrease in other financial assets	427,239	69,587
Interest received	91,763	38,525
Received dividends from associate	125,493	39,369
Other dividends received	21,570	17,337
	<u>(11,631,753)</u>	<u>(9,638,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	40,000	10,710,000
Decrease in short-term notes and bills payable	(1,508,125)	(9,591,635)
Proceeds from issue of bonds	-	2,496,465
Repayments of bonds	-	(10,700)
Proceeds from long-term borrowings	4,499,798	-
Repayment of long-term borrowings	(3,276,712)	(2,261,757)
Repayment of the principal portion of lease liabilities	(4,106,225)	(3,994,354)
Increase in guarantee deposits received	216,703	227,563
Decrease in guarantee deposits received	(149,954)	(126,475)
Cash dividends paid (including paid to non-controlling interests)	(13,429,860)	(12,869,217)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest paid	\$ (693,109)	\$ (591,054)
Increase in non-controlling interests	<u>(5,880)</u>	<u>79,150</u>
Net cash used in financing activities	<u>(18,413,364)</u>	<u>(15,932,014)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,281</u>	<u>(797)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(467,285)	4,624,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>15,402,025</u>	<u>10,777,791</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 14,934,740</u>	<u>\$ 15,402,025</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 YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 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 expired on June 30, 2017. TWM received a third-generation concession license issued by the DGT in March 2005, and the 3G concession license expired 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 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 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 February 24, 2023.

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. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group had assessed that the application of above standards and interpretations would not have a material impact on the Group’s financial position and financial performance.

- c. New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the impact that the application of above 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

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 IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

a. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

b. Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars (NTD), which is TWM's functional currency.

Basis of Consolidation

a. Principles for preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of TWM and its controlled entities (the subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions or to the effective dates of disposals, as appropriate. The comprehensive income from subsidiaries is allocated to TWM and its non-controlling interests, even if the non-controlling interests have a deficit balance.

Changes in the ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of TWM.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- 1) The aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and
- 2) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.

Transactions and balances, and any income and expenses arising from intra-group transactions were eliminated during the preparation of the consolidated financial statements.

b. The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			2022	2021	
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00%	100.00%	-
	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00%	100.00%	-
	TWM Venture Co., Ltd. (TVC)	Investment	100.00%	100.00%	-
	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90%	49.90%	-
TCC	Fu Sheng Digital Co., Ltd. (FSD)	Information services	100.00%	-	Note 1
	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00%	100.00%	-
	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00%	100.00%	-
	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00%	100.00%	-
	TCC Investment Co., Ltd. (TCCI)	Investment	100.00%	100.00%	Note 2
	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance services	100.00%	100.00%	-
	Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Property insurance agent	100.00%	100.00%	-
WMT	Tai-Fu Cloud Technology Co., Ltd. (TFC)	Cloud and information services	100.00%	100.00%	-
	TFN Media Co., Ltd. (TFNM)	Type II telecommunications business	100.00%	100.00%	-
	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00%	100.00%	-
	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00%	100.00%	-
TVC	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00%	100.00%	-
	momo.com Inc. (momo)	Wholesale and retail sales	45.01%	45.01%	-
TFN	Taiwan Mobile Film Co., Ltd. (TWMFM)	Film production	100.00%	100.00%	-
	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	Note 2
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Data communication application development	100.00%	100.00%	-
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	Note 2
TWMFM	Taiwan Stampede Franchise Film Co., Ltd. (SFF)	Film production	100.00%	-	Note 3
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Digital music services	100.00%	100.00%	-
	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00%	100.00%	-
	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53%	29.53%	Note 4
	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00%	100.00%	-
	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	99.22%	99.22%	-
	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	92.38%	92.38%	-
	GFMT	UCTV	Cable TV service provider	0.76%	0.76%
GWMT	GCTV	Cable TV service provider	6.83%	6.83%	-
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	-
	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	-
	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			2022	2021	
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	Note 5
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	88.68%	85.00%	Note 6
	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics and transport	100.00%	100.00%	-
	MFS Co., Ltd. (MFS)	Wholesaling	100.00%	100.00%	-
	Prosperous Living Co., Ltd. (Prosperous Living)	Wholesale and retail sales	73.62%	73.62%	Note 7
	Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.55%	93.55%	-

(Concluded)

Note 1: In September 2022, FSD was set up as a preparatory office, and the incorporation registration was completed on October 7, 2022.

Note 2: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 19.86% of total outstanding shares as of December 31, 2022.

Note 3: Became a subsidiary in June 2022.

Note 4: The other 70.47% of shares were held under trustee accounts.

Note 5: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023, and changed its main business to comprehensive insurance agent.

Note 6: In October 2022, momo bought back minority interest of Bebe Poshe, resulting in the increase in its ownership.

Note 7: Owned 73.62% equity interest in November 2021.

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

Foreign Currencies

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate. Exchange differences in the period on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing the consolidated financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of TWM and non-controlling interests as appropriate.

On the disposal of the Group's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

Classification of Current and Non-current Assets and Liabilities

The Group classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- a. It holds the asset primarily for the purpose of trading;
- b. It expects to realize the asset within twelve months after the reporting period; or
- c. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- a. It holds the liability primarily for the purpose of trading;
- b. The liability is due to be settled within twelve months after the reporting period; or
- c. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheets when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- a. Financial assets

The Group adopts trade-date accounting to recognize and derecognize financial assets.

- 1) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, refundable deposits, etc., are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables when the recognition of interest is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments. If they do not meet the above definition, time deposits should be recognized as other current or non-current financial assets.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables) and contract assets.

The loss allowances for receivables and contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Failure to meet the obligation associated with liabilities within the credit terms.

The Group recognizes an impairment loss in profit or loss for aforementioned financial instruments and contract assets with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights of the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVTOCI, the cumulative gain or loss is directly transferred to retained earnings, and is not reclassified to profit or loss.

b. Equity instruments

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Recognition

Except for the financial liabilities measured at FVTPL, all financial liabilities, including loans and borrowings, commercial papers payable, bonds payable, notes and accounts payable, other payables, guarantee deposits received, etc., are measured at amortized cost calculated using the effective interest method.

2) Convertible bonds

The component parts of compound financial instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate for similar non-convertible instruments. The amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be reclassified as capital surplus - additional paid-in capital. If the conversion option remains unexercised at maturity, the balance recognized in equity will be reclassified as capital surplus - expired share options.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

3) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

Non-current Assets Held for Sale

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to a planned sale and the sale is highly probable within 12 months.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate, the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale.

Assets classified as non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell, and should not be depreciated.

Investment in Associates

An associate is an entity in which the Group has significant influence, but is neither a subsidiary nor an interest in a joint venture. The Group applies the equity method to account for its investments in associates.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses. Goodwill is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, is recognized immediately in profit or loss after reassessment. The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (loss) of equity-accounted investees, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its disproportionate subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the

investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group loses significant influence over an associate, it recognizes the investment retained in the former associate at its fair value at the date when significant influence is lost. The difference between the fair value of the investment plus consideration received and the carrying amount of the previous investment at the date when significant influence is lost is recognized as a gain or loss in profit or loss. Besides this, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

If the Group decreased the percentage of the ownership of associate due to disposal but still accounts for its investments in associate, it should reclassify the amount previously recognized in other comprehensive income to profit or loss proportionally.

When the Group transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent that interests in the associates are not related to the Group.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. The costs include professional service fee. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated with a separate depreciation rate or depreciation method.

The depreciable amount of an asset is determined after deducting its residual amount, and the net amount shall be allocated by the straight-line method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated. For the estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment, see Note 12 to the consolidated financial statements for details.

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Property, plant and equipment are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under finance leases, the lease payments comprise fixed payments and in-substance fixed payments. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The entire lease is classified as an operating lease when it is clear that both elements are operating leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier dates of the end of the useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments and variable lease payments which depend on an index. The lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification, the Group accounts for the remeasurement of the lease liability by (a) adjusting the carrying amount of the right-of-use asset of lease modifications that adjust the scope and the term of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease and (b) making a corresponding adjustment to

the right-of-use asset of all other lease modifications. The Group also accounts for the rent concessions as lease modifications if the rent payments due by June 30, 2022 were adjusted due to the COVID-19 pandemic. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index are recognized as expenses in the periods in which they are incurred.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation methods, useful lives, and residual values are the same as plant, property and equipment.

Intangible Assets

a. Goodwill

Goodwill acquired in a business combination is recognized at the acquisition date, and is measured at cost less accumulated impairment losses.

b. Service concession agreement

The operator recognizes the right to charge users for a service as an intangible asset. The operator measures the intangible asset at fair value.

c. Other intangible assets

Other intangible assets that are acquired through business combinations or are internally developed are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets that are acquired through business combinations are measured at acquisition-date fair value, and recognized along with goodwill.

d. Amortization and derecognition of intangible assets

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. For the estimated useful lives of intangible assets for the current and comparative periods, see Note 15 to the consolidated financial statements.

The amortization method, the amortization period, and the residual value for an intangible asset with a finite useful life shall be reviewed at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Incremental Costs of Obtaining a Contract

Only when a contract is obtained, sales commissions and subsidies of telecommunication, cable television and broadband services are recognized as incremental costs of obtaining a contract to the extent the amounts are expected to be recovered, and are amortized on a straight-line basis over the life of the contract. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that the Group otherwise would have recognized is expected to be one year or less.

Impairment of Non-financial Assets

a. Goodwill

Impairment of goodwill is required to be tested annually or more frequently whenever there is an indication that the unit may be impaired. Goodwill shall be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

b. Property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

At the end of each reporting period, the Group reviews the carrying amounts of those assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

a. Restoration

The restoration costs for telecommunications equipment and leasehold improvements that were originally acquired or used by the Group for a period of time and had obligations for dismantling, relocating, and restoring to the previous state should be recognized as an addition to the assets and accrued as a potential liability accordingly.

b. Replacement

For a service concession agreement, the costs paid for the obligation for maintenance or replacement should be recognized as expenses and liabilities before returning the construction to the grantor.

c. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on sales contracts, historical warranty data, and a weighing of all possible outcomes against their associated probabilities.

Treasury Stock

Repurchased stocks are recognized under treasury stock (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. TWM's stocks held by its subsidiaries are regarded as treasury stock.

Gains on disposal of treasury stock should be recognized under "capital reserve - treasury stock transactions"; losses on disposal of treasury stock should be offset against existing capital reserves arising from similar types of treasury stock. If there is insufficient capital reserve to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury stock should be calculated using the weighted-average method for the purpose of repurchased stock.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets; or recognized as a book value deduction of the non-current assets and classified as profit or loss within their useful lives through deducting depreciation expenses of the related non-current assets.

Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and rereasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Rereasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit liability (asset) represents the deficit (surplus) of defined benefit plans. IAS 19 requires the Group to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Except for expenses related to business combinations, expenses directly recognized in equity or other comprehensive income (loss), and other related expenses, all current and deferred taxes shall be recognized in profit or loss.

a. Current taxes

Current taxes include tax payables and tax deduction receivables on taxable gains (losses), as well as tax adjustments related to prior years.

Income tax payable (refundable) is based on taxable profit (loss) for the year determined in accordance with the applicable tax laws of each tax jurisdiction.

An additional surtax on undistributed earnings, computed in accordance with the Income Tax Act of the ROC, is recognized in current taxes in the year of approval by a stockholders' meeting resolution.

b. Deferred taxes

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement reflects the Group's expectations at the end of the reporting period as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Revenue Recognition

Where the Group enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements is allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products at the time of purchase. When the amount of sales revenue recognized for products exceeds the amount paid by the customer for the products, the difference is recognized as a contract asset. A contract asset is derecognized and an account receivable is recognized when the amount becomes collectible from the customer subsequently. When the amount of sales revenue recognized for products is less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and the revenue is recognized subsequently when the telecommunications service is provided.

Under customer loyalty program, the Group offers reward points or vouchers for customers. Transaction price allocated is recognized as contract liabilities or other financial liabilities when collected and will be deducted when points or vouchers are redeemed. Reward points and vouchers will be recognized as revenue when they are redeemed or have expired.

Telecommunications and value-added services revenue

Service revenues from mobile communication services, fixed network services and internet services, are billed at predetermined rates and calculated based on the actual volume of voice call and data transfer. Revenues from postpaid users are accrued monthly. Revenues from prepaid users are recognized based on the actual usage. The advanced receipts obtained before services are rendered are recognized as contract liabilities and reclassified as revenues when services are rendered. Interconnection and call transfer fees from other telecommunications companies and carriers are billed and recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Revenue from sale of goods

Revenues from sale of goods are mainly generated from physical stores, e-commerce platform, television channels and catalog. Revenues are recognized when the goods are transferred or delivered to the customers. Advance receipts obtained before goods are transferred or delivered are recognized as contract liabilities, and reclassified as revenue when the goods are transferred or delivered. When rights of return exist, refund liability and right to recover a product are accrued based on past experience and other relevant factors.

Cable television and broadband services revenue

The Group recognizes advance receipts as contract liabilities initially, with prepayment period of annually, semi-annually, quarterly or monthly, which is reclassified as cable television and broadband service revenue as service becomes rendered, and do not include significant financing component. The Group provides contractual services such as the right of access to cable channels and internet over the duration of the contract, and recognizes revenue over the duration of the contract through the straight-line method.

Other operating income

The Group recognizes advance receipts obtained before contracts are initiated as contract liabilities, and contract liabilities are transferred into revenue after the completion of usage or over the term of the relevant lease. Short-term lease revenues are recognized after the completion of usage. Long-term lease revenues are recognized over the term of the relevant lease through the straight-line method, and do not include significant financing component.

Service revenues generated from contractual agreements are recognized as revenue as services are rendered based on the completion of the contracts and the Group does not have any further obligations. In addition, when the Group is acting as an agent in the transaction, proportional revenue is recognized based on the net amount in accordance with the contractual agreements proportionally.

Advertising revenues are recognized as services are rendered over the contract terms.

Business Combinations

Business combinations are accounted for by the acquisition method. Acquisition-related costs are recognized in profit or loss as they are incurred.

Goodwill is measured as an aggregation of the consideration transferred at the acquisition date, and the amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed at fair value. If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed, and recognize a gain on the bargain purchase thereafter.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. The impact of changes in accounting estimates will be recognized in the period of change and the future period impacted.

Critical Accounting Judgments

a. Lease terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occurs.

b. Timing of revenue recognition

The Group recognizes revenue when the performance obligations are satisfied over time or at a point in time according to the contracts with customers. The conditions are described in Note 4.

c. Principal versus agent

For contracts with customers relating to the sale of goods and providing service, the Group recognizes revenue on a net basis when it satisfies its performance obligations after taking other indicators into consideration such as not being primarily responsible, and before passing the goods and service on to customers. The Group recognizes revenue on a gross basis when it satisfies its performance obligations if the transfer of the goods and service satisfies other indicators such as its being primarily responsible.

Key Sources of Estimation Uncertainty

a. Impairment of notes and accounts receivable and contract assets

The provision for impairment of notes and accounts receivable and contract assets is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the past default records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators. For details of the key assumptions and inputs used, see Note 8.

b. Provision for inventory valuation and obsolescence

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

c. Impairment of goodwill

The usage value of the cash-generating units to which goodwill is allocated should be predetermined when assessing whether the goodwill is impaired. Management estimates the future cash flows from cash-generating units and assigns an appropriate discount rate in calculating the present value. Significant impairment loss may occur if actual cash flows are less than that originally forecasted.

d. Impairment of property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

In the process of impairment assessments, the Group relies on subjective judgment to determine the individual cash flows of a specific group of assets and estimates future gains and losses according to the usage of the assets and relevant business characteristics. Alterations of estimates from any changes in economic conditions or business strategy may lead to significant impairment losses in the future.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand and revolving funds	\$ 84,603	\$ 115,796
Cash in banks	5,783,016	9,792,564
Time deposits	6,718,115	3,358,087
Government bonds with repurchase rights	<u>2,349,006</u>	<u>2,135,578</u>
	<u>\$ 14,934,740</u>	<u>\$ 15,402,025</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed stocks	\$ 245,607	\$ 253,214
Foreign investments		
Unlisted stocks	<u>4,217</u>	<u>15,179</u>
	<u>\$ 249,824</u>	<u>\$ 268,393</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed stocks	\$ 260,000	\$ 1,458,745
Unlisted stocks	1,224,455	608,146
Foreign investments		
Unlisted stocks	2,092,100	946,097
Limited partnerships	<u>1,210,288</u>	<u>689,647</u>
	<u>\$ 4,786,843</u>	<u>\$ 3,702,635</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 fair value through other comprehensive income (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.

Regarding to the merger between Far Eastone Telecommunications Co., Ltd. (FET) and Asia Pacific Telecom Co., Ltd. (APT), TWM exercised the dissenting shareholder's appraisal right to request APT to buy back TWM's shares in accordance with the Business Mergers And Acquisitions Act, and had deposited all of the held shares to APT in the second quarter of 2022. The related valuation of loss of \$2,308,625 thousand was transferred from other equity to retained earnings. In July 2022, APT had paid the fair price it has recognized of \$671,375 thousand to TWM in accordance with the Business Mergers And Acquisitions Act. However, TWM disagreed with such the fair price recognized by APT, and therefore, APT applied to the court for a ruling on the fair price. The case is now progressing at the Intellectual Property and Commercial Court.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Notes receivable	\$ 18,619	\$ 33,376
Accounts receivable	8,080,052	7,682,979
Less: Allowance for impairment loss	<u>(387,638)</u>	<u>(334,941)</u>
	<u>\$ 7,711,033</u>	<u>\$ 7,381,414</u>

The main credit terms range from 30 to 90 days.

The Group serves a large consumer base for its 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 only trading with corporate counterparties with a considerable scale of operations, certain credit ratings and financial conditions for telecommunications service and products. 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 records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators such as the change rates of consumer price index, economic leading indicators and economic growth rate. 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 is evidence 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 the allowance for doubtful notes and accounts receivable by individual and collective assessment were as follows:

December 31, 2022

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 7,311,629	\$ 602,634	\$ 183,562	\$ 846	\$ 8,098,671
Loss allowance (Lifetime ECLs)	<u>(54,025)</u>	<u>(159,225)</u>	<u>(173,542)</u>	<u>(846)</u>	<u>(387,638)</u>
Amortized cost	<u>\$ 7,257,604</u>	<u>\$ 443,409</u>	<u>\$ 10,020</u>	<u>\$ -</u>	<u>\$ 7,711,033</u>

December 31, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 7,017,682	\$ 534,576	\$ 159,467	\$ 4,630	\$ 7,716,355
Loss allowance (Lifetime ECLs)	<u>(51,762)</u>	<u>(128,302)</u>	<u>(150,247)</u>	<u>(4,630)</u>	<u>(334,941)</u>
Amortized cost	<u>\$ 6,965,920</u>	<u>\$ 406,274</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 7,381,414</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 Year Ended December 31	
	2022	2021
Beginning balance	\$ 334,941	\$ 306,755
Add: Provision	252,393	209,730
Recovery	44,014	43,263
Less: Write-off	<u>(243,710)</u>	<u>(224,807)</u>
Ending balance	<u>\$ 387,638</u>	<u>\$ 334,941</u>

The Group entered into an accounts receivable factoring contract with a private institution and sold those overdue accounts receivable that had been written off. Under the contract, the Group would no longer assume the risk on the receivables. The related factored accounts receivable information was as follows:

	For the Year Ended December 31	
	2022	2021
Amount of accounts receivable sold	<u>\$ 608,335</u>	<u>\$ 716,882</u>
Proceeds from the sale of accounts receivable	<u>\$ 60,100</u>	<u>\$ 58,058</u>

9. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 8,089,629	\$ 6,430,041
Materials for maintenance	<u>11,711</u>	<u>10,075</u>
	<u>\$ 8,101,340</u>	<u>\$ 6,440,116</u>

For the years ended December 31, 2022 and 2021, the cost of goods sold related to inventories amounted to \$105,999,977 thousand and \$93,218,301 thousand, respectively, which included the inventory write-down totaling \$37,436 thousand, and the reversal of inventory write-down totaling \$20,459 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	December 31			
	2022		2021	
	Amount	% of Ownership	Amount	% of Ownership
AppWorks Ventures Co., Ltd. (AppWorks)	\$ 244,745	51.00	\$ 270,997	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	600,765	20.14	689,849	20.14
Global Home Shopping Co., Ltd. (GHS)	486,008	20.00	571,213	20.00
AppWorks Fund IV L.P. (AppWorks Fund IV)	101,159	32.86	-	-
Uspace Tech Co., Ltd. (Uspace)	194,095	32.90	-	-
kbro Media Co., Ltd. (kbro Media)	78,593	33.58	141,885	33.58
NADA Holdings Corp. (NADA)	55,558	37.93	59,705	37.93
Mistake Entertainment Co., Ltd. (M.E.)	33,110	11.33	26,494	15.00
TV Direct Public Company Limited (TV Direct)	-	-	120,346	21.35
	<u>\$ 1,794,033</u>		<u>\$ 1,880,489</u>	

Aggregate information of associates that were not individually material:

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Profit (loss)	\$ 10,145	\$ (19,681)
Other comprehensive income (loss)	<u>(18,200)</u>	<u>(13,577)</u>
Comprehensive income (loss)	<u>\$ (8,055)</u>	<u>\$ (33,258)</u>

a. 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.

b. 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. TVC's percentage of ownership interest in AppWorks Fund III increased to 20.14% due to non-proportionate subscription to AppWorks Fund III's issuance of new capital stock during 2020 to 2021.

The extraordinary stockholders' meetings of AppWorks Fund III resolved to reduce its capital stock. TVC received proportional capital returns in September and December 2022, respectively.

c. 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.

momo recognized the impairment loss in GHS amounting to \$82,231 thousand for the year ended December 31, 2022, classified as other gains and losses, mainly due to the increased market competition in China, and its operation was not as expected.

d. AppWorks Fund IV

In December 2022, TVC subscribed 32.86% equity of AppWorks Fund IV and became the single largest limited partner. Since the management, control, operation and decision-making of the limited partnerships investments are executed by general partner, TVC has no control over AppWorks Fund IV but retains significant influence.

e. Uspace

From October to November 2022, TVC acquired 32.9% equity interest of Uspace. Although TVC was the single largest stockholder of Uspace, it only obtained one out of five seats of the board of directors. In addition, the management considered the size of ownership interest and the dispersion of shares owned by other stockholders, the other holdings were not extremely dispersed. Therefore, TVC has no control over Uspace but retains significant influence.

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. NADA

In December 2021, TVC acquired 37.93% equity interest of NADA. Although TVC was the single largest stockholder of NADA, it only obtained two out of five seats of the board of directors. In addition, the management considered the size of ownership interest and the dispersion of shares owned by other stockholders, the other holdings were not extremely dispersed. Therefore, TVC has no control over NADA but retains significant influence.

h. M.E.

In May 2019, TKT acquired 15% equity interest of M.E. and its percentage of ownership interest in M.E. decreased to 11.33% due to non-proportionate subscription to M.E.'s issuance of new capital stock during 2022. TKT has significant influence on M.E. due to having a seat on M.E.'s board of directors.

i. TV Direct

In June 2020, momo acquired 16.2% equity interest of Thailand TV Direct and had significant influence on TV Direct. momo's percentage of ownership interest in TV Direct increased to 24.99% due to its additional acquisitions of TV Direct in the second half of 2020. momo's percentage of ownership interest in TV Direct decreased to 21.35% due to non-subscription to the exercise of the share options, which were granted by TV Direct, in the first three quarters of 2021.

In May 2022, momo resolved to sell all its equity interest in TV Direct and reclassified the amount as non-current assets held for sale. From June 2022, momo started to sell its equity interests of TV Direct successively and sold out all its shares in August at the total amount of \$200,156 thousand.

j. Alliance Digital Tech Co., Ltd. (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 to adopt December 31, 2018 as the dissolution date. In August 2021, ADT completed the liquidation procedures. TWM received the liquidation capital returns of \$7,830 thousand and \$667 thousand for the years ended December 31, 2021 and 2022, respectively.

k. Taiwan Pelican Express Co., Ltd. (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.

For the year ended December 31, 2020, momo sold part of TPE's stock, and momo's percentage of ownership interest in TPE decreased to 15.5%, whilst momo still had significant influence on TPE due to having 2 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	
	December 31	
	2022	2021
momo	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:

	December 31	
	2022	2021
Current assets	\$ 15,649,166	\$ 14,923,554
Non-current assets	18,165,009	15,564,958
Current liabilities	(15,025,287)	(12,793,604)
Non-current liabilities	<u>(1,411,826)</u>	<u>(1,372,429)</u>
Equity	<u>\$ 17,377,062</u>	<u>\$ 16,322,479</u>
Equity attributable to:		
Owners of the parent	\$ 10,968,706	\$ 10,493,176
Non-controlling interests of momo	6,320,135	5,739,281
Non-controlling interests of momo's subsidiaries	<u>88,221</u>	<u>90,022</u>
	<u>\$ 17,377,062</u>	<u>\$ 16,322,479</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 103,436,435</u>	<u>\$ 88,396,696</u>
Profit	\$ 3,433,902	\$ 3,275,266
Other comprehensive income (loss)	<u>(266)</u>	<u>(13,281)</u>
Comprehensive income	<u>\$ 3,433,636</u>	<u>\$ 3,261,985</u>
Profit (loss) attributable to:		
Owners of the parent	\$ 1,546,094	\$ 1,479,218
Non-controlling interests of momo	1,888,532	1,801,082
Non-controlling interests of momo's subsidiaries	<u>(724)</u>	<u>(5,034)</u>
	<u>\$ 3,433,902</u>	<u>\$ 3,275,266</u>
Comprehensive income (loss) attributable to:		
Owners of the parent	\$ 1,545,951	\$ 1,473,276
Non-controlling interests of momo	1,888,360	1,793,824
Non-controlling interests of momo's subsidiaries	<u>(675)</u>	<u>(5,115)</u>
	<u>\$ 3,433,636</u>	<u>\$ 3,261,985</u>
	For the Year Ended December 31	
	2022	2021
Net cash generated from operating activities	\$ 5,332,034	\$ 5,720,847
Net cash used in investing activities	(3,084,933)	(158,001)
Net cash used in financing activities	(3,006,958)	(1,813,450)
Effect of exchange rate changes	<u>170</u>	<u>(245)</u>
Net increase (decrease) in cash	<u>\$ (759,687)</u>	<u>\$ 3,749,151</u>
Dividends paid to non-controlling interests	<u>\$ 1,301,491</u>	<u>\$ 770,113</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, 2022	\$ 9,098,215	\$ 5,723,861	\$ 104,347,852	\$ 10,238,804	\$ 1,702,372	\$ 131,111,104
Additions	924,481	1,142	341,000	297,753	7,756,993	9,321,369
Disposals and retirements	-	(140)	(2,456,103)	(1,486,883)	(1,010)	(3,944,136)
Reclassification	268,001	(57,519)	5,241,222	360,903	(5,578,141)	234,466
Effect of exchange rate changes	-	-	1,064	33	-	1,097
Balance, December 31, 2022	<u>\$ 10,290,697</u>	<u>\$ 5,667,344</u>	<u>\$ 107,475,035</u>	<u>\$ 9,410,610</u>	<u>\$ 3,880,214</u>	<u>\$ 136,723,900</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$ -	\$ 1,994,389	\$ 76,676,012	\$ 9,000,963	\$ -	\$ 87,671,364
Depreciation	-	161,036	7,667,622	711,886	-	8,540,544
Disposals and retirements	-	(140)	(2,229,568)	(1,483,963)	-	(3,713,671)
Reclassification	-	(23,427)	-	-	-	(23,427)
Effect of exchange rate changes	-	-	1,064	33	-	1,097
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 2,131,858</u>	<u>\$ 82,115,130</u>	<u>\$ 8,228,919</u>	<u>\$ -</u>	<u>\$ 92,475,907</u>
Carrying amount, December 31, 2022	<u>\$ 10,290,697</u>	<u>\$ 3,535,486</u>	<u>\$ 25,359,905</u>	<u>\$ 1,181,691</u>	<u>\$ 3,880,214</u>	<u>\$ 44,247,993</u>
<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	-	5,798	195,750	281,290	8,814,587	9,297,425
Disposals and retirements	(10,637)	(10,645)	(2,259,064)	(299,473)	(58)	(2,579,877)
Reclassification	7,842	3,438	9,779,665	322,589	(10,063,069)	50,465
Effect of exchange rate changes	-	-	(550)	(49)	-	(599)
Balance, December 31, 2021	<u>\$ 9,098,215</u>	<u>\$ 5,723,861</u>	<u>\$ 104,347,852</u>	<u>\$ 10,238,804</u>	<u>\$ 1,702,372</u>	<u>\$ 131,111,104</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2021	\$ -	\$ 1,840,925	\$ 71,461,532	\$ 8,561,919	\$ -	\$ 81,864,376
Depreciation	-	163,125	7,352,725	732,455	-	8,248,305
Disposals and retirements	-	(4,762)	(2,137,769)	(293,347)	-	(2,435,878)
Reclassification	-	(4,899)	21	(21)	-	(4,899)
Effect of exchange rate changes	-	-	(497)	(43)	-	(540)
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 1,994,389</u>	<u>\$ 76,676,012</u>	<u>\$ 9,000,963</u>	<u>\$ -</u>	<u>\$ 87,671,364</u>
Carrying amount, December 31, 2021	<u>\$ 9,098,215</u>	<u>\$ 3,729,472</u>	<u>\$ 27,671,840</u>	<u>\$ 1,237,841</u>	<u>\$ 1,702,372</u>	<u>\$ 43,439,740</u>

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	1-15 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 616,943	\$ 500,385
Buildings	8,762,700	7,973,501
Telecommunications equipment and machinery	299,705	443,166
Others	<u>104,929</u>	<u>142,803</u>
	<u>\$ 9,784,277</u>	<u>\$ 9,059,855</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 5,147,472</u>	<u>\$ 4,260,142</u>
Depreciation charge for right-of-use assets		
Land	\$ 241,315	\$ 234,709
Buildings	3,704,004	3,566,614
Telecommunications equipment and machinery	149,824	157,664
Others	<u>58,033</u>	<u>61,003</u>
	<u>\$ 4,153,176</u>	<u>\$ 4,019,990</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 years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 3,693,801</u>	<u>\$ 3,540,466</u>
Non-current	<u>\$ 6,155,641</u>	<u>\$ 5,552,881</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.61%-1%	0.61%-1%
Buildings	0.61%-1.2%	0.61%-1.2%
Telecommunications equipment and machinery	0.61%-4.38%	0.61%-4.38%
Others	0.61%-0.86%	0.61%-0.86%

c. Material lease-in activities and terms

The Group leases base transceiver stations and 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 Year Ended December 31	
	2022	2021
Expenses related to short-term leases	<u>\$ 36,697</u>	<u>\$ 39,374</u>
Expenses related to low-value asset leases	<u>\$ 105,056</u>	<u>\$ 73,913</u>
Expenses related to variable lease payments and not included in the measurement of lease liabilities	<u>\$ 29,587</u>	<u>\$ 50,559</u>
Total cash outflow for leases	<u>\$ 4,380,771</u>	<u>\$ 4,264,912</u>

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 December 31, 2022 and 2021, the fair values of investment properties were \$6,877,283 thousand and \$6,450,388 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.47%-5.23% and 1.37%-5.23%, respectively.

The amounts of depreciation recognized for the years ended December 31, 2022 and 2021 were \$18,201 thousand and \$18,314 thousand, respectively.

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

	December 31	
	2022	2021
Year 1	\$ 91,600	\$ 136,396
Year 2	34,181	75,234
Year 3	29,722	20,752
Year 4	25,740	16,624
Year 5	9,321	13,711
Year 6 and thereafter	<u>34,137</u>	<u>-</u>
	<u>\$ 224,701</u>	<u>\$ 262,717</u>

15. INTANGIBLE ASSETS

	Concessions			Other Intangible Assets					Total
	Concession Licenses	Service Concessions	Goodwill	Computer Software	Customer Relationships	Operating Rights	Trademarks	Copyrights	
Cost									
Balance, January 1, 2022	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,419,522	\$ 2,654,089	\$ 1,382,000	\$ 2,518,355	\$ 157,428	\$ 105,883,442
Additions	-	-	-	206,991	-	-	169	12,428	219,588
Disposals and retirements	-	-	-	(63,715)	(10,263)	-	(1,360)	-	(75,338)
Reclassification	-	-	-	41,281	-	-	-	58,663	99,944
Effect of exchange rate changes	-	-	-	176	-	-	-	-	176
Balance, December 31, 2022	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,604,255</u>	<u>\$ 2,643,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,164</u>	<u>\$ 228,519</u>	<u>\$ 106,127,812</u>
Accumulated amortization and impairment									
Balance, January 1, 2022	\$ 17,818,565	\$ 1,567,463	\$ 53,487	\$ 3,077,377	\$ 1,919,863	\$ -	\$ 1,870	\$ 117,254	\$ 24,555,879
Amortization	4,136,584	178,719	-	268,823	136,400	-	231	54,979	4,775,736
Disposals and retirements	-	-	-	(63,715)	(10,263)	-	(1,360)	-	(75,338)
Effect of exchange rate changes	-	-	-	170	-	-	-	-	170
Balance, December 31, 2022	<u>\$ 21,955,149</u>	<u>\$ 1,746,182</u>	<u>\$ 53,487</u>	<u>\$ 3,282,655</u>	<u>\$ 2,046,000</u>	<u>\$ -</u>	<u>\$ 741</u>	<u>\$ 172,233</u>	<u>\$ 29,256,447</u>
Carrying amount, December 31, 2022	<u>\$ 49,744,226</u>	<u>\$ 6,433,896</u>	<u>\$ 15,819,108</u>	<u>\$ 321,600</u>	<u>\$ 597,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,423</u>	<u>\$ 56,286</u>	<u>\$ 76,871,365</u>
Cost									
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	-	-	-	225,525	-	-	455	10,588	236,568
Disposals and retirements	-	-	-	(58,619)	-	-	-	-	(58,619)
Reclassification	-	-	-	21,316	-	-	-	83,707	105,023
Effect of exchange rate changes	-	-	-	(91)	-	-	-	-	(91)
Balance, December 31, 2021	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,419,522</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,518,355</u>	<u>\$ 157,428</u>	<u>\$ 105,883,442</u>
Accumulated amortization and impairment									
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	4,131,301	178,719	-	271,084	136,400	-	145	62,867	4,780,516
Disposals and retirements	-	-	-	(58,619)	-	-	-	-	(58,619)
Effect of exchange rate changes	-	-	-	(68)	-	-	-	-	(68)
Balance, December 31, 2021	<u>\$ 17,818,565</u>	<u>\$ 1,567,463</u>	<u>\$ 53,487</u>	<u>\$ 3,077,377</u>	<u>\$ 1,919,863</u>	<u>\$ -</u>	<u>\$ 1,870</u>	<u>\$ 117,254</u>	<u>\$ 24,555,879</u>
Carrying amount, December 31, 2021	<u>\$ 53,880,810</u>	<u>\$ 6,612,615</u>	<u>\$ 15,819,108</u>	<u>\$ 342,145</u>	<u>\$ 734,226</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,485</u>	<u>\$ 40,174</u>	<u>\$ 81,327,563</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 and broadband 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:

	December 31	
	2022	2021
Mobile communication services	\$ 7,211,936	\$ 7,211,936
Fixed network services	357,970	357,970
Retail business	4,979,566	4,979,566
Cable television and broadband business	<u>3,269,636</u>	<u>3,269,636</u>
	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>

d. Impairment of assets

In conformity with IAS 36 "Impairment of Assets", the Group identified its mobile communication services, fixed network services, retail business, and cable television and broadband business as the smallest identifiable units which can generate cash inflows independently.

The recoverable amounts of the operating assets were evaluated by business type, and the critical assumptions used for this evaluation were as follows:

1) Mobile communication services

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking changes in the telecom industry and the competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers, minutes of incoming and outgoing calls, and rate plan composition.

c) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customers obtained and existing customers maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

d) Assumptions on discount rates

For the years ended December 31, 2022 and 2021, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 5.79% and 6.01%, respectively.

2) Fixed network services

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking changes and growth of business in the telecom industry into consideration, operating revenues were estimated on the basis of the types of data transmission and the demand for broadband capacity.

c) Assumptions on operating costs and expenses

The estimates of operating costs and expenses were based on the cost drivers of each cost and expense.

d) Assumptions on discount rates

For the years ended December 31, 2022 and 2021, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 6.21% and 6.61%, respectively.

3) Retail business

a) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

After taking changes in the retail business industry and the competitive landscape into consideration, operating revenues were estimated on the basis of the classification and average price of commodities, and the degree of the contribution of the customers.

c) Assumptions on operating costs and expenses

The estimates of costs and expenses were based on the actual costs and expenses as a proportion of operating revenues.

d) Assumptions on discount rates

For the years ended December 31, 2022 and 2021, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 7.30% and 8.94%, respectively.

4) Cable television and broadband business

a) Assumptions on cash flows

The cash flow projections were estimated on the basis of the future operating years, along with previous experience, actual operating results, and the financial budget.

b) Assumptions on operating revenues

Operating revenues were estimated on the basis of revenues of the evaluated year, along with industry changes, competitive landscape and historical data.

c) Assumptions on operating costs and expenses

The estimates of operating costs and expenses were based on the actual costs and expenses as a proportion of operating revenues.

d) Assumptions on discount rates

For the years ended December 31, 2022 and 2021, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit for each system operator were ranged from 7.91% to 8.68% and 8.02% to 9.03%, respectively.

Based on the key assumptions of each cash-generating unit, the Group's management believes that the carrying amounts of these operating assets and intangible assets will not exceed their recoverable amounts even if there are any reasonable changes in the critical assumptions used to estimate recoverable amounts. For the years ended December 31, 2022 and 2021, impairment losses on assets did not occur.

16. OTHER NON-CURRENT ASSETS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Long-term accounts receivable	\$ 290,212	\$ 214,054
Refundable deposits	856,497	751,641
Other prepayments	359,249	527,264
Others	<u>466,053</u>	<u>465,310</u>
	<u>\$ 1,972,011</u>	<u>\$ 1,958,269</u>

17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unsecured loans	<u>\$ 20,550,000</u>	<u>\$ 20,510,000</u>
Annual interest rates	1.53%-1.66%	0.55%-0.94%

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

b. Short-term notes and bills payable

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term notes and bills payable	\$ 3,100,000	\$ 4,600,000
Less: Discounts on short-term notes and bills payable	<u>(7,605)</u>	<u>(2,207)</u>
	<u>\$ 3,092,395</u>	<u>\$ 4,597,793</u>
Annual interest rates	1.658%	0.398%-0.458%

c. Long-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Secured loans	\$ 2,059,160	\$ 2,332,623
Commercial papers payable	8,000,000	6,500,000
Less: Discounts on commercial papers payable	(3,503)	(2,191)
Less: Current portion	<u>(3,773,126)</u>	<u>(273,459)</u>
	<u>\$ 6,282,531</u>	<u>\$ 8,556,973</u>
Annual interest rates:		
Secured loans	2.1895%	1.50%
Commercial papers payable	0.688%-1.81%	0.687%-0.697%

1) 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 had been terminated in advance. 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.

2) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment dates of the commercial papers payable are no later than June 2025.

3) 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. Some credit facilities are subject to financial covenants regarding debt ratios and interest protection multiples during the credit facility period. The unsecured loans, whose expiry date of the repayments was in July 2021, were fully repaid.

18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
5th domestic unsecured straight corporate bonds	\$ 14,996,589	\$ 14,994,030
6th domestic unsecured straight corporate bonds	19,987,778	19,984,764
7th domestic unsecured straight corporate bonds	2,497,207	2,496,703
Less: Current portion	<u>(5,999,631)</u>	<u>-</u>
	<u>\$ 31,481,943</u>	<u>\$ 37,475,497</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 December 31, 2022, the amount of unamortized bond issue cost was \$3,411 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 December 31, 2022, the amount of unamortized bond issue cost was \$12,222 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. 7th domestic unsecured straight corporate bonds

On July 13, 2021, TWM issued the 7th domestic unsecured straight corporate bonds. The bond was seven-year bond, with the principal amount of \$2,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 0.53% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of December 31, 2022, the amount of unamortized bond issue cost was \$2,793 thousand. The trustee of bond holders is Bank of Taiwan.

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

Year	Amount
2028	<u>\$ 2,500,000</u>

d. 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 \$91.8 per share since August 29, 2021. 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.

Proceeds from 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 the effective interest rate	245,053
Convertible bonds converted into common stock	(9,786,958)
Repayment of the convertible bonds	<u>(10,700)</u>
Liability component on December 31, 2021	<u>\$ -</u>

The above-mentioned convertible bonds were due on November 22, 2021. As of the maturity date, the bondholders had requested to convert the bonds at face values of \$9,989,300 thousand. The repayment of \$10,700 thousand had been made on December 6, 2021.

19. PROVISIONS

	<u>December 31</u>			
	<u>2022</u>	<u>2021</u>		
Restoration	\$ 999,153	\$ 995,275		
Replacement	505,570	447,279		
Warranties	<u>16,334</u>	<u>23,774</u>		
	<u>\$ 1,521,057</u>	<u>\$ 1,466,328</u>		
Current	\$ 80,467	\$ 74,007		
Non-current	<u>1,440,590</u>	<u>1,392,321</u>		
	<u>\$ 1,521,057</u>	<u>\$ 1,466,328</u>		
	Restoration	Replacement	Warranties	Total
Balance, January 1, 2022	\$ 995,275	\$ 447,279	\$ 23,774	\$ 1,466,328
Provision	44,019	54,255	25,132	123,406
Payment/Reversal	(42,887)	(8,338)	(32,572)	(83,797)
Unwinding of discount	<u>2,746</u>	<u>12,374</u>	<u>-</u>	<u>15,120</u>
Balance, December 31, 2022	<u>\$ 999,153</u>	<u>\$ 505,570</u>	<u>\$ 16,334</u>	<u>\$ 1,521,057</u>
Balance, January 1, 2021	\$ 1,110,392	\$ 385,375	\$ 21,935	\$ 1,517,702
Provision	39,045	52,880	34,354	126,279
Payment/Reversal	(157,321)	(1,696)	(32,515)	(191,532)
Unwinding of discount	<u>3,159</u>	<u>10,720</u>	<u>-</u>	<u>13,879</u>
Balance, December 31, 2021	<u>\$ 995,275</u>	<u>\$ 447,279</u>	<u>\$ 23,774</u>	<u>\$ 1,466,328</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 provisions, the Group's contributions to the pension plan amounted to \$369,004 thousand and \$347,738 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Defined benefit plans

The Group contributed 2% of each employee's monthly wages to the pension fund, with Bank of Taiwan acting as the custodian bank, in accordance with the defined benefit plans (Plans). The Plans provides defined pension benefits for the Group's certain qualified employees, specified under the Labor Standards Law, and such benefits are determined based on an employee's years of service and average monthly salary for six-month period prior to the date of retirement. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group will fund the difference in one appropriation before the end of March of the following year. The fund is operated and managed by the government's designated authorities; as such, the Group does not have any right to participate in the operation of the fund.

The defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligations	\$ 1,265,928	\$ 1,534,000
Fair value of plan assets	<u>(1,157,297)</u>	<u>(1,070,438)</u>
Net defined benefit liabilities	<u>\$ 108,631</u>	<u>\$ 463,562</u>

The movements in present value of defined benefit obligations for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, January 1	\$ 1,534,000	\$ 1,564,818
Current service costs	1,785	1,905
Past service costs	-	(1,163)
Interest costs	8,279	7,370
Actuarial loss (gain) - changes in demographic assumptions	(8,824)	46,251
Actuarial gain - changes in financial assumptions	(202,017)	(48,379)
Actuarial gain - experience adjustments	(29,016)	(20,075)
Benefits paid from plan assets	(36,287)	(16,727)
Paid from defined benefit obligations	<u>(1,992)</u>	<u>-</u>
Balance, December 31	<u>\$ 1,265,928</u>	<u>\$ 1,534,000</u>

The movements in the fair value of the plan assets for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, January 1	\$ 1,070,438	\$ 1,030,747
Net interest income	5,729	5,020
Return on plan assets (excluding amounts included in net interest)	84,348	13,383
Contributions from the employer	33,069	38,015
Benefits paid from plan assets	<u>(36,287)</u>	<u>(16,727)</u>
Balance, December 31	<u>\$ 1,157,297</u>	<u>\$ 1,070,438</u>

The expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Current service costs	\$ 1,785	\$ 1,905
Past service costs	-	(1,163)
Interest costs	8,279	7,370
Net interest income	<u>(5,729)</u>	<u>(5,020)</u>
	<u>\$ 4,335</u>	<u>\$ 3,092</u>

The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Return on plan assets (excluding amounts included in net interest)	\$ (84,348)	\$ (13,383)
Actuarial loss (gain) - changes in demographic assumptions	(8,824)	46,251
Actuarial gain - changes in financial assumptions	(202,017)	(48,379)
Actuarial gain - experience adjustments	<u>(29,016)</u>	<u>(20,075)</u>
	<u>\$ (324,205)</u>	<u>\$ (35,586)</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial present values of the defined benefit obligation were carried out by the chartered actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.3%-1.5%	0.5%-0.7%
Long-term average adjustment rate of salary	2.0%-3.0%	2.5%-3.0%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (34,711)</u>	<u>\$ (46,381)</u>
0.25% decrease	<u>\$ 36,004</u>	<u>\$ 48,242</u>
Long-term average adjustment rate of salary		
0.25% increase	<u>\$ 35,214</u>	<u>\$ 46,610</u>
0.25% decrease	<u>\$ (34,126)</u>	<u>\$ (45,068)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the Plans for the following year	<u>\$ 32,192</u>	<u>\$ 34,815</u>
The average duration of the defined benefit obligation	9-14.3 years	10-15.7 years

21. EQUITY

a. Share capital

As of December 31, 2022 and 2021, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$35,192,336 thousand and \$35,135,201 thousand, respectively, divided into 3,519,234 thousand shares and 3,513,520 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

As of December 31, 2021, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 98,401 thousand common stocks, and the amounts recognized as capital collected in advance were \$57,135 thousand. The unsecured convertible bonds were due on November 22, 2021. TWM had completed the related corporate registration procedures for the conversion.

b. Capital surplus

	December 31	
	2022	2021
Additional paid-in capital from convertible corporate bonds	\$ 9,531,369	\$ 11,107,455
Treasury stock transactions	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215
Changes in equity of associates accounted for using equity method	8,605	10,828
Expired share options	13,269	13,269
Others	<u>26,651</u>	<u>24,803</u>
	<u>\$ 15,326,778</u>	<u>\$ 16,903,239</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, treasury stock transactions, and the difference between consideration and carrying amount of subsidiaries' stock disposed of, 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 Company's Articles of Incorporation, 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 earnings as legal reserve until the legal reserve equals the paid-in capital. The legal reserve may be used to 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 2021 and 2020, which have been resolved in the AGM on June 23, 2022 and August 20, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For Fiscal Year 2021	For Fiscal Year 2020
Legal reserve	\$ 1,102,873	\$ 1,330,074
Special reserve	(626,324)	2,449,739
Cash dividends	10,551,987	9,521,178
Cash dividends per share (NT\$)	3.7412	3.38353

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 \$1,576,086 thousand and \$2,577,603 thousand and representing \$0.5588 and \$0.916 per share, were also resolved in the AGM; thus, total distributions were \$4.3 and \$4.29953 per share, respectively, for 2021 and 2020.

TWM's 2022 earnings appropriations will be proposed by the Board of Directors and approved in the AGM. Information on earnings appropriations is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2022	\$ (44,294)	\$(1,779,121)	\$(1,823,415)
Exchange differences on translation	14,777	-	14,777
Changes in fair value of financial assets at FVTOCI	-	(149,838)	(149,838)
Changes in other comprehensive income (loss) of associates accounted for using equity method	1,655	(24,597)	(22,942)
Valuation loss of equity instruments transferred to retained earnings due to transfer and disposal	-	2,308,396	2,308,396
Valuation loss of equity instruments transferred to retained earnings due to disposal by associates	-	18,556	18,556
Income tax effect	-	(57,320)	(57,320)
Balance, December 31, 2022	<u>\$ (27,862)</u>	<u>\$ 316,076</u>	<u>\$ 288,214</u>

(Continued)

	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	(12,285)	-	(12,285)
Changes in fair value of financial assets at FVTOCI	-	848,765	848,765
Valuation loss of equity instruments transferred to retained earnings due to disposal	-	2,209	2,209
Changes in other comprehensive income (loss) of associates accounted for using equity method	(330)	(21,598)	(21,928)
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(22,885)	(22,885)
Other comprehensive loss transferred to retained earnings due to the decrease of percentage of ownership interest in the investments accounted for using equity method	-	849	849
Income tax effect	-	(168,401)	(168,401)
Balance, December 31, 2021	<u>\$ (44,294)</u>	<u>\$(1,779,121)</u>	<u>\$(1,823,415)</u> (Concluded)

e. Treasury stock

As of December 31, 2022 and 2021, 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 \$66,171,777 thousand and \$69,875,160 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.

22. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 46,312,889	\$ 45,058,294
Sales revenue	118,931,066	104,122,968
Cable TV and broadband services	6,010,510	5,968,850
Others	794,028	809,939
Other operating revenue	<u>157,619</u>	<u>149,482</u>
	<u>\$ 172,206,112</u>	<u>\$ 156,109,533</u>

a. Contract information

Please refer to Note 4 and Note 35.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets			
Bundle sales	\$ 10,580,384	\$ 9,951,564	\$ 8,441,819
Less: Allowance for impairment loss	<u>(89,820)</u>	<u>(84,514)</u>	<u>(71,687)</u>
	<u>\$ 10,490,564</u>	<u>\$ 9,867,050</u>	<u>\$ 8,370,132</u>
Current	\$ 5,092,822	\$ 4,667,271	\$ 4,617,051
Non-current	<u>5,397,742</u>	<u>5,199,779</u>	<u>3,753,081</u>
	<u>\$ 10,490,564</u>	<u>\$ 9,867,050</u>	<u>\$ 8,370,132</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. As of December 31, 2022 and 2021, the expected credit loss rates were both 0.02%-0.85%.

Movements of the loss allowance of contract assets were as follows:

	<u>For the Year Ended December 31</u>		
	2022	2021	
Beginning balance	\$ 84,514	\$ 71,687	
Provision	<u>5,306</u>	<u>12,827</u>	
Ending balance	<u>\$ 89,820</u>	<u>\$ 84,514</u>	
	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities			
Telecommunications and value-added services	\$ 1,289,461	\$ 1,195,258	\$ 1,289,917
Sales of goods	255,349	154,895	36,981
Cable TV and broadband services	628,941	624,065	656,162
Others	<u>4,093</u>	<u>10,090</u>	<u>12,456</u>
	<u>\$ 2,177,844</u>	<u>\$ 1,984,308</u>	<u>\$ 1,995,516</u>
Current	\$ 2,079,999	\$ 1,894,828	\$ 1,892,749
Non-current	<u>97,845</u>	<u>89,480</u>	<u>102,767</u>
	<u>\$ 2,177,844</u>	<u>\$ 1,984,308</u>	<u>\$ 1,995,516</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. Other significant changes were as follows:

	For the Year Ended December 31	
	2022	2021
Contract assets		
Transfers of beginning balance to receivables	\$ 4,555,995	\$ 4,668,487

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
Contract liabilities		
Telecommunications and value-added services	\$ 1,078,588	\$ 1,156,434
Sales of goods	147,844	35,186
Cable TV and broadband services	614,249	646,471
Others	<u>9,593</u>	<u>12,341</u>
	<u>\$ 1,850,274</u>	<u>\$ 1,850,432</u>

c. Partially completed contracts

As of December 31, 2022, the transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	Telecommuni- cations and Value-added Services	Cable TV and Broadband Services	Others	Total
- in 2023	\$ 26,921,109	\$ 23,312	\$ 355,058	\$ 27,299,479
- in 2024	13,938,208	13,095	243,136	14,194,439
- after 2025	<u>6,307,025</u>	<u>2,056</u>	<u>1,876,141</u>	<u>8,185,222</u>
	<u>\$ 47,166,342</u>	<u>\$ 38,463</u>	<u>\$ 2,474,335</u>	<u>\$ 49,679,140</u>

The above information does not include contracts with expected durations which are equal to or less than one year.

d. Assets related to contract costs

	December 31	
	2022	2021
Incremental costs of obtaining a contract - non-current	<u>\$ 1,913,755</u>	<u>\$ 1,828,387</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 years ended December 31, 2022 and 2021 were \$1,322,091 thousand and \$1,409,231 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Year Ended December 31	
	2022	2021
Gain (loss) on disposal and retirement of property, plant and equipment, net	\$ (214,387)	\$ 8,690
Gain on disposal of property, plant and equipment held for sale	1,014	-
Gain on disposal of investments accounted for using equity method	-	97,791
Gain on disposal of investments accounted for using equity method held for sale	109,805	-
Impairment loss on non-financial assets	(82,231)	-
Net gain (loss) on financial assets at fair value through profit and loss (FVTPL)	2,377	(2,869)
Gain (loss) on foreign exchange, net	43,124	(10,649)
Others	<u>(147)</u>	<u>1,297</u>
	<u>\$ (140,445)</u>	<u>\$ 94,260</u>

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense		
Corporate bonds	\$ 294,207	\$ 291,668
Bank loans	258,662	158,999
Commercial papers payable	85,049	72,774
Lease liabilities	72,723	77,557
Others	<u>26,493</u>	<u>26,815</u>
	<u>\$ 737,134</u>	<u>\$ 627,813</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current income tax expense		
Current period	\$ 3,139,040	\$ 2,975,359
Prior years' adjustments	<u>(4,777)</u>	<u>(357,625)</u>
	<u>3,134,263</u>	<u>2,617,734</u>
Deferred income tax expense		
Temporary differences	<u>85,567</u>	<u>138,632</u>
Income tax expense	<u>\$ 3,219,830</u>	<u>\$ 2,756,366</u>

The reconciliation of profit before tax to income tax expense was as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 16,191,242</u>	<u>\$ 15,581,575</u>
Income tax expense at domestic statutory tax rate	\$ 3,238,248	\$ 3,116,315
Effect of different tax rates on the group entities	(4,284)	(112)
Adjustment items in determining taxable profit	(99,970)	(148,417)
Temporary differences	85,567	138,632
Loss carryforwards	4,976	6,843
Land value increment tax	70	2,686
Investment tax credits	-	(1,956)
Prior years' adjustments	<u>(4,777)</u>	<u>(357,625)</u>
	<u>\$ 3,219,830</u>	<u>\$ 2,756,366</u>

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

	For the Year Ended December 31	
	2022	2021
Deferred income tax expense		
Unrealized gain/loss on financial assets at FVTOCI	\$ 57,320	\$ 168,401
Remeasurements from defined benefit plans	<u>64,841</u>	<u>7,117</u>
	<u>\$ 122,161</u>	<u>\$ 175,518</u>

c. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31, 2022			
	Recognized in			
	Opening Balance	Profit or Loss	Other Comprehensive Income (Loss)	Closing Balance
<u>Deferred tax assets</u>				
Property, plant and equipment	\$ 242,847	\$ (15,674)	\$ -	\$ 227,173
Defined benefit plans	97,711	(6,145)	(64,841)	26,725
Financial assets at FVTOCI	24,374	-	(24,374)	-
Others	<u>344,812</u>	<u>(22,732)</u>	<u>-</u>	<u>322,080</u>
	<u>\$ 709,744</u>	<u>\$ (44,551)</u>	<u>\$ (89,215)</u>	<u>\$ 575,978</u>

(Continued)

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in		Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	
<u>Deferred tax liabilities</u>				
Intangible assets	\$ 1,105,489	\$ 26,601	\$ -	\$ 1,132,090
Financial assets at FVTOCI	85,477	-	32,946	118,423
Others	<u>13,295</u>	<u>14,415</u>	<u>-</u>	<u>27,710</u>
	<u>\$ 1,204,261</u>	<u>\$ 41,016</u>	<u>\$ 32,946</u>	<u>\$ 1,278,223</u>

(Concluded)

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in		Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	
<u>Deferred tax assets</u>				
Property, plant and equipment	\$ 329,339	\$ (86,492)	\$ -	\$ 242,847
Defined benefit plans	111,813	(6,985)	(7,117)	97,711
Financial assets at FVTOCI	113,051	(442)	(88,235)	24,374
Others	<u>329,164</u>	<u>15,648</u>	<u>-</u>	<u>344,812</u>
	<u>\$ 883,367</u>	<u>\$ (78,271)</u>	<u>\$ (95,352)</u>	<u>\$ 709,744</u>
<u>Deferred tax liabilities</u>				
Intangible assets	\$ 1,052,243	\$ 53,246	\$ -	\$ 1,105,489
Financial assets at FVTOCI	5,311	-	80,166	85,477
Others	<u>6,180</u>	<u>7,115</u>	<u>-</u>	<u>13,295</u>
	<u>\$ 1,063,734</u>	<u>\$ 60,361</u>	<u>\$ 80,166</u>	<u>\$ 1,204,261</u>

2) Unrecognized deferred tax assets items

	December 31	
	2022	2021
Loss carryforwards	<u>\$ 112,480</u>	<u>\$ 127,594</u>

As of December 31, 2022, the Group had not recognized the prior years' loss carryforwards, totaling \$112,480 thousand, as deferred tax assets. The expiry years are from 2023 to 2032.

d. 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	2020
TCC	2020
WMT	2020
TVC	2020
TNH	2020
TFN	2020
TT&T	2020
TCCI	2020
TDS	2020
TPIA	2020
TFC	2020
TUI	2020
TID	2020
TKT	2020
TFNM	2020
GFMT	2020
GWMT	2020
WTVB	2020
YJCTV	2020
MCTV	2020
PCTV	2020
UCTV	2020
GCTV	2020
momo	2020
FLI	2020
FPI	2020
FST	2020
Bebe Poshe	2020
FSL	2020
MFS	2020

25. EARNINGS PER SHARE

	<u>For the Year Ended December 31, 2022</u>		
	<u>Amount After</u>	<u>Weighted-</u>	<u>EPS</u>
	<u>Income Tax</u>	<u>average Number</u>	<u>(NT\$)</u>
		<u>of Shares</u>	
		<u>(In Thousands)</u>	
Basic EPS			
Profit attributable to owners of the parent	\$ 11,025,551	2,820,482	<u>\$ 3.91</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>3,717</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 11,025,551</u>	<u>2,824,199</u>	<u>\$ 3.90</u>

	For the Year Ended December 31, 2021		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 10,988,165	2,814,930	<u>\$ 3.90</u>
Effect of dilutive potential common stock:			
Employees' compensation	-	4,221	
Convertible bonds	<u>4,735</u>	<u>5,669</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 10,992,900</u>	<u>2,824,820</u>	<u>\$ 3.89</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 year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,093,347</u>	<u>\$(4,178,662)</u>	<u>\$ 5,143,176</u>	<u>\$(208,419)</u>	<u>\$ 9,849,442</u>

For the year ended December 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>\$(4,071,723)</u>	<u>\$ 4,256,234</u>	<u>\$(128,119)</u>	<u>\$ 9,093,347</u>

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 working capital, capital expenditures, settlements of liabilities, and dividend payments in its normal course of business for the future.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL (including current and non-current portions) (Note 1)	\$ 1,181,015	\$ 273,767
Financial assets at FVTOCI (including current and non-current portions)	5,036,667	3,971,028
Financial assets measured at amortized cost (including current and non-current portions) (Note 2)	<u>28,747,924</u>	<u>27,891,041</u>
	<u>\$ 34,965,606</u>	<u>\$ 32,135,836</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 3)	<u>\$ 97,744,967</u>	<u>\$ 96,632,676</u>

Note 1: Financial assets mandatorily measured at FVTPL

Note 2: 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 3: 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 measured 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.

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable (including current portion)	\$ 37,481,574	\$ 36,972,577	\$ 37,475,497	\$ 37,702,271

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 on the reporting date.
- 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).

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ 237,546	\$ 237,546
Foreign unlisted stocks	-	-	169,507	169,507
Foreign convertible notes	-	-	126,280	126,280
Foreign limited partnerships	-	-	628,563	628,563
Domestic limited partnerships	-	-	19,119	19,119
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,015</u>	<u>\$ 1,181,015</u>

Financial assets at FVTOCI

Equity instruments

Domestic listed stocks	\$ 505,607	\$ -	\$ -	\$ 505,607
Domestic unlisted stocks	-	-	1,224,455	1,224,455
Foreign unlisted stocks	-	-	2,096,317	2,096,317
Foreign limited partnerships	-	-	1,210,288	1,210,288
	<u>\$ 505,607</u>	<u>\$ -</u>	<u>\$ 4,531,060</u>	<u>\$ 5,036,667</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted stocks	\$ -	\$ -	\$ 1,502	\$ 1,502
Foreign convertible notes	-	-	138,300	138,300
Foreign limited partnerships	-	-	133,965	133,965
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,767</u>	<u>\$ 273,767</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,711,959	\$ -	\$ -	\$ 1,711,959
Domestic unlisted stocks	-	-	608,146	608,146
Foreign unlisted stocks	-	-	961,276	961,276
Foreign limited partnerships	-	-	<u>689,647</u>	<u>689,647</u>
	<u>\$ 1,711,959</u>	<u>\$ -</u>	<u>\$ 2,259,069</u>	<u>\$ 3,971,028</u> (Concluded)

There were no transfers between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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 3 fair value measurement:

The evaluations of fair value of unlisted stocks and convertible notes were mainly referenced to the valuation of the same type of companies or the transaction prices of recent financing activities and estimated free cash flows through the market approach, income approach and asset approach. The unobservable inputs were the liquidity discount rate and the stock price volatility. The liquidity discount rates were ranged from 12.5% to 38% and 17.65% to 27.4% as of December 31, 2022 and 2021, respectively. The stock price volatility was ranged from 38.91% to 100.7% and 26.07% to 55.9% as of December 31, 2022 and 2021, respectively.

The fair value of limited partnerships investments was evaluated through the market approach, income approach and asset approach. The evaluation and assumptions are mainly referenced to related information of comparable transactions or companies and estimated future cash flows. The unobservable input was liquidity discount rate, which were estimated to be 26.2% as of December 31, 2022 and 2021.

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

For the year ended December 31, 2022

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2022	\$ 273,767	\$ 2,259,069
Additions	904,871	1,911,815
Disposals	-	(2,138)
Recognized in profit or loss (gain on financial assets at FVTPL)	2,377	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	<u>362,314</u>
Balance at December 31, 2022	<u>\$ 1,181,015</u>	<u>\$ 4,531,060</u>

For the year ended December 31, 2021

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2021	\$ -	\$ 1,316,852
Additions	276,636	588,407
Recognized in profit or loss (loss on financial assets at FVTPL)	(2,869)	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	593,756
Transferred out of Level 3 (Note)	<u>-</u>	<u>(239,946)</u>
Balance at December 31, 2021	<u>\$ 273,767</u>	<u>\$ 2,259,069</u>

Note: Because certain equity investment's quoted price (unadjusted) in active markets became available, its fair value hierarchy was transferred from Level 3 to Level 1.

c. Financial risk management

1) The Group's major financial instruments include equity investments, hybrid 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 a financial loss to the Group. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheets 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 a 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 December 31, 2022 and 2021, the Group had unused bank facilities of \$57,999,357 thousand and \$53,231,578 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	5-10 Years
<u>December 31, 2022</u>				
Unsecured loans	\$ 20,647,424	\$ 20,647,424	\$ -	\$ -
Secured loans	2,148,727	321,034	1,827,693	-
Commercial papers payable	11,279,084	6,697,116	4,581,968	-
Bonds payable	38,614,380	6,288,130	24,705,000	7,621,250
Lease liabilities	9,972,657	3,755,413	6,077,746	139,498
Other non-current liabilities	<u>438,750</u>	<u>73,125</u>	<u>292,500</u>	<u>73,125</u>
	<u>\$ 83,101,022</u>	<u>\$ 37,782,242</u>	<u>\$ 37,484,907</u>	<u>\$ 7,833,873</u>
<u>December 31, 2021</u>				
Unsecured loans	\$ 20,529,214	\$ 20,529,214	\$ -	\$ -
Secured loans	2,437,877	312,043	2,125,834	-
Commercial papers payable	11,186,827	4,642,649	6,544,178	-
Bonds payable	38,902,510	288,130	20,877,880	17,736,500
Lease liabilities	9,209,493	3,601,434	5,424,452	183,607
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>
	<u>\$ 82,777,796</u>	<u>\$ 29,446,595</u>	<u>\$ 35,264,844</u>	<u>\$ 18,066,357</u>

5) Market risk

Market risk is the risk that arising from the changes in foreign exchange rates, interest rates, and prices, and 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:

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 60,413	30.725	\$ 1,856,196
EUR	143	32.65	4,675
RMB	19,685	4.401	86,633
Non-monetary items			
USD	137,567	30.725	4,226,738
RMB	110,431	4.401	486,008
HKD	1,070	3.942	4,217
<u>Foreign currency liabilities</u>			
Monetary items			
USD	10,727	30.725	329,573
EUR	79	32.65	2,579
RMB	375	4.401	1,650
HKD	1,707	3.942	6,728
JPY	13,183	0.23	3,028
	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 47,496	27.66	\$ 1,313,781
EUR	1,273	31.25	39,797
RMB	27,887	4.341	121,059
Non-monetary items			
USD	69,035	27.66	1,909,511
RMB	131,586	4.341	571,213
HKD	4,279	3.547	15,179
THB	144,178	0.835	120,346
<u>Foreign currency liabilities</u>			
Monetary items			
USD	15,223	27.66	421,055
EUR	48	31.25	1,502
HKD	2,917	3.547	10,348
JPY	21,014	0.241	5,058

Refer to Note 23(a) for the information related to the Group's realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2022 and 2021. 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 \$80,197 thousand and \$51,834 thousand for the years ended December 31, 2022 and 2021, 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 to reduce the impact of interest rates fluctuation.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 8,626,386	\$ 7,104,028
Financial liabilities	67,289,430	78,889,675
Cash flow interest rate risk		
Financial assets	8,275,250	10,034,628
Financial liabilities	14,408,584	2,332,623

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 decreased by \$30,667 thousand and increased by \$38,510 thousand for the years ended December 31, 2022 and 2021, respectively.

c) Other market price risk

The exposure to financial instrument 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 financial instruments had decreased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), net income would have decreased by \$59,051 thousand and \$13,688 thousand since the fair value of financial assets at FVTPL decreased for the years ended December 31, 2022 and 2021, respectively. Other comprehensive income would have decreased by \$251,833 thousand and \$198,551 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2022 and 2021, 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

<u>Related Party</u>	<u>Nature of Relationship</u>
AppWorks	Associate
AppWorks Fund III	Associate
GHS	Associate
AppWorks Fund IV	Associate
Uspace	Associate
kbro Media	Associate
NADA	Associate
M.E.	Associate
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Beijing Global JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Citrus Saudi Trading Company LLC	Associate (subsidiary of GHS)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Brilliant Creative Co., Ltd.	Associate (subsidiary of kbro Media)
TPE	Associate (not a related party since the first quarter of 2021)
Fubon Life Insurance Co., Ltd.	Other related party
Fubon Insurance Co., Ltd. (Fubon Insurance)	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
Fubon Insurance Agency Co., Ltd.	Other related party
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
Fubon Private Equity Co., Ltd.	Other related party
TFB Capital Co., Ltd.	Other related party
P. League+ Co., Ltd.	Other related party

(Continued)

Related Party	Nature of Relationship
Jih Sun Financial Holding Co., Ltd.	Other related party
Jih Sun Securities Co., Ltd.	Other related party
Jih Sun International Bank, Ltd.	Other related party
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party
Jih Sun Life Insurance Agent Co., Ltd.	Other related party
Jih Sun Futures Co., Ltd.	Other related party
Jih Sun Securities Investment Consulting 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
Dao Ying Co., Ltd.	Other related party
Fubon Xinji Investment Co., Ltd.	Other related party
Hung Fu Investment Co., Ltd.	Other related party
Dai-Ka Ltd. (Dai-Ka)	Other related party
AppWorks Fund II Co., Ltd.	Other related party
AppWorks Ventures II Limited	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
kbro Co., Ltd. (kbro)	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
Far Eastern Memorial Hospital	Other related party (not a related party since the third quarter of 2021)
Key management	Chairman, director, president, vice president, etc.

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	For the Year Ended December 31	
	2022	2021
Associates	\$ 3,265	\$ 10,622
Other related parties	<u>1,603,444</u>	<u>1,589,643</u>
	<u>\$ 1,606,709</u>	<u>\$ 1,600,265</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 Year Ended December 31	
	2022	2021
Associates	\$ 811	\$ 129,423
Other related parties	<u>944,748</u>	<u>806,803</u>
	<u>\$ 945,559</u>	<u>\$ 936,226</u>

The entities mentioned above provide broadband, copyright, broadcast, logistics, 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	December 31	
		2022	2021
Notes and accounts receivable	Associates	\$ 9	\$ 714
Notes and accounts receivable	Other related parties	<u>576,751</u>	<u>382,360</u>
		<u>\$ 576,760</u>	<u>\$ 383,074</u>
Other receivables	Other related parties	<u>\$ 310,173</u>	<u>\$ 222,966</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	December 31	
		2022	2021
Notes and accounts payable	Associates	\$ -	\$ 76
Notes and accounts payable	Other related parties	<u>133,150</u>	<u>338,484</u>
		<u>\$ 133,150</u>	<u>\$ 338,560</u>
Other payables	Other related parties	<u>\$ 66,226</u>	<u>\$ 44,747</u>

5) Prepayments

	December 31	
	2022	2021
Other related parties	<u>\$ 14,058</u>	<u>\$ 11,915</u>

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

	December 31	
	2022	2021
Other related parties		
TFCB	\$ 2,295,866	\$ 2,691,502
Others	<u>8,177</u>	<u>10,554</u>
	<u>\$ 2,304,043</u>	<u>\$ 2,702,056</u>

7) Acquisition of investments accounted for using equity method

Related Party Transaction	Transaction Period	Shares (In Thousands)	Purchase Price
Participation in AppWorks Fund IV's capital increase	2022	-	\$ 105,000
Contributions to M.E.'s capital increase	2022	77	<u>3,628</u>
			<u>\$ 108,628</u>
Contributions to AppWorks Fund III's capital increase	2021	36,025	<u>\$ 364,767</u>

8) Acquisition of property, plant and equipment

For the Year Ended December 31, 2021

	Purchase Price
Other related parties	<u>\$ 17,818</u>

9) Others

	<u>December 31</u>	
	2022	2021
Refundable deposits		
Other related parties	<u>\$ 66,147</u>	<u>\$ 62,324</u>
Other current liabilities - receipts under custody		
Other related parties	<u>\$ 167,264</u>	<u>\$ 159,666</u>
	For the Year Ended December 31	
	2022	2021
Operating expenses		
Associates	\$ 1,134	\$ 13,760
Other related parties		
TMF	16,100	17,100
TNHF	5,000	5,000
TFCB	849,233	245,523
Others	<u>252,457</u>	<u>237,236</u>
	<u>\$ 1,123,924</u>	<u>\$ 518,619</u>
Other income		
Associates	\$ 15,056	\$ 14,785
Other related parties	<u>60,590</u>	<u>37,388</u>
	<u>\$ 75,646</u>	<u>\$ 52,173</u>

10) Lease arrangements

Acquisition of right-of-use assets

	For the Year Ended December 31	
	2022	2021
Other related parties	<u>\$ 89,446</u>	<u>\$ 391,338</u>
<u>Lease liabilities (including current and non-current portions)</u>		

	<u>December 31</u>	
	2022	2021
Other related parties	<u>\$ 446,307</u>	<u>\$ 661,441</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 Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 385,035	\$ 359,320
Termination and post-employment benefits	<u>13,187</u>	<u>15,328</u>
	<u>\$ 398,222</u>	<u>\$ 374,648</u>

30. ASSETS PLEDGED

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

	December 31	
	2022	2021
Other current financial assets	\$ 161,837	\$ 158,359
Service concessions	6,433,896	6,612,615
Other non-current financial assets	<u>373,125</u>	<u>358,570</u>
	<u>\$ 6,968,858</u>	<u>\$ 7,129,544</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	December 31	
	2022	2021
Purchases of property, plant and equipment	<u>\$ 8,392,457</u>	<u>\$ 6,290,114</u>
Purchases of inventories and sales commitments	<u>\$ 9,775,862</u>	<u>\$ 7,827,270</u>

As of December 31, 2022 and 2021, the amounts of lease commitments commencing after the balance sheet dates were \$2,285,339 thousand and \$2,137,020 thousand, respectively.

b. As of December 31, 2022 and 2021, the amounts of endorsements and guarantees provided to entities in the Group were \$24,750,000 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 are 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 would be paid with additional business tax from the signing date of the supplemental agreement; thus, the concession was increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from fiscal year 2015. As of December 31, 2022, \$890,500 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of December 31, 2022, 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, FET filed a statement of civil complaint with the Taipei District Court, in which FET claimed that (i) TWM shall apply for the return of the C4 spectrum block; (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 in favor of FET regarding claims (i), (ii), and (iii) of the lawsuit, and against FET regarding claim (iv) of the lawsuit. TWM and FET appealed with the High Court the reversal of the aforementioned sentences. The High Court dismissed the appeal of TWM regarding claims (i), (ii), and (iii), and regarding claim (iv) of FET, TWM shall pay FET \$765,779 thousand, of which \$152,584 thousand of the above amount, TWM shall make 5% annual interest payment for the period starting from September 5, 2015 to the payment date. TWM and FET appealed the reversal of the aforementioned sentences. In May 2019, the Supreme Court dismissed the portion of High Court's original judgment on other appeal of FET regarding, and dismissed TWM's payment obligation, 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 High Court first retrial results were as follows: for the dismissed claim (iv) stated above, TWM shall pay FET \$242,154 thousand of which \$142,685 thousand shall have 5% annual interest for the period starting from September 30, 2016 to the payment date, and \$99,469 thousand shall have 5% annual interest for the period starting from July 21, 2017 to the payment date. TWM's counterclaim was denied. TWM and FET appealed the aforementioned sentences which were not favorable to them. The case is now in process at the Supreme Court.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. On December 30, 2021, TWM's Board of Directors resolved and signed the merger agreement with Taiwan Star Telecom Corporation Limited (TST). The NCC announced the approval of TWM's merger with TST with incidental provisions on January 18, 2023. On February 24, 2023, TWM's Board of Directors resolved the share exchange ratio of one TST share for 0.0326 TWM shares. The merger still requires regulatory approval from the Fair Trade Commission.

- b. In February 2023, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$6,500,000 thousand.
- c. In January 2023, the Board of Directors of momo resolved to construct a central area distribution center and purchase warehouse equipment, and planned to invest \$6,300,000 thousand and \$1,270,000 thousand, respectively.

33. OTHERS

Employee benefits, depreciation, and amortization are summarized as follows:

	For the Year Ended December 31					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 2,834,911	\$ 5,513,508	\$ 8,348,419	\$ 2,739,967	\$ 5,408,749	\$ 8,148,716
Insurance expenses	265,424	501,325	766,749	243,062	482,918	725,980
Pension	130,630	242,709	373,339	118,802	232,028	350,830
Others	142,222	274,557	416,779	127,719	277,917	405,636
Depreciation	11,753,441	958,480	12,711,921	11,280,990	1,005,619	12,286,609
Amortization	4,634,956	1,462,871	6,097,827	4,622,068	1,567,679	6,189,747

Information of employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, 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, remuneration of directors, and amounts reserved in advance. The estimations for employees' compensation and remuneration of directors were calculated by applying the aforementioned rates.

The employees' compensation and remuneration of directors of 2022 and 2021 shown below were approved by the Board of Directors on February 24, 2023 and February 22, 2022, respectively. There was no difference between the approved amounts and the amounts recognized.

	For the Year Ended December 31			
	2022		2021	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	\$ 305,936	\$ 30,594	\$ 362,061	\$ 36,206
Amounts recognized in the consolidated financial statements	\$ 305,936	\$ 30,594	\$ 362,061	\$ 36,206

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.

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

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

a. 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 and broadband: providing pay TV and cable broadband services.

Others: business other than telecommunications, retail, and cable television and broadband.

For the Year Ended December 31, 2022	Telecommuni- cations	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 65,692,017	\$ 103,436,435	\$ 6,332,644	\$ 578,474	\$ (3,833,458)	\$ 172,206,112
Operating costs and expenses	56,196,938	99,363,351	4,171,173	371,081	(3,978,176)	156,124,367
Operating income	10,133,635	4,284,819	2,170,139	207,394	96,752	16,892,739

For the Year Ended December 31, 2021	Telecommuni- cations	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 64,012,244	\$ 88,396,696	\$ 6,236,739	\$ 536,152	\$ (3,072,298)	\$ 156,109,533
Operating costs and expenses	55,021,754	84,478,186	4,061,207	373,103	(3,193,757)	140,740,493
Operating income	9,600,165	4,042,072	2,176,421	163,407	70,976	16,053,041

b. 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 Year Ended December 31	
	2022	2021
Taiwan, ROC	\$ 169,558,040	\$ 153,777,696
Overseas	<u>2,648,072</u>	<u>2,331,837</u>
	<u>\$ 172,206,112</u>	<u>\$ 156,109,533</u>

c. Information on major customers

The Group does not have revenues from a single customer that exceeds 10% of the consolidated operating revenues.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	\$ 500,000	\$ 500,000	\$ 413,000	0.86856%-1.12000%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 31,609,005	\$ 31,609,005	Note 2
			Other receivables	Yes	700,000	700,000	291,000	1.16878%-1.82000%	Short-term financing	-	Operation requirements	-	-	-	31,609,005	31,609,005	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	3,800,000	3,414,000	3,179,000	0.86867%-1.50622%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	2,150,000	2,000,000	600,000	0.86856%-1.12000%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	1,200,000	800,000	490,000	0.86856%-1.70378%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	9,413,000	0.86867%-1.70378%	Short-term financing	-	Operation requirements	-	-	-	20,615,466	20,615,466	Note 2
			Other receivables	Yes	700,000	700,000	291,000	0.86878%-1.52000%	Short-term financing	-	Operation requirements	-	-	-	20,615,466	20,615,466	Note 2
4	YJCTV	TFNM	Other receivables	Yes	30,000	-	-	0.86878%	Transactions	405,951	-	-	-	-	405,951	405,951	Notes 3 and 4
5	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86878%-1.49733%	Transactions	523,729	-	-	-	-	523,729	523,729	Notes 3 and 4
6	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86878%-1.49733%	Short-term financing	-	Repayment of financing	-	-	-	283,647	283,647	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.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	Note 2	\$ 42,000,000	\$ 21,500,000	\$ 21,500,000	\$ 7,000,000	\$ -	33.35	\$ 64,470,756	Y	N	N	Note 3
		TKT	Note 2	313,800	50,000	50,000	50,000	-	0.08	64,470,756	Y	N	N	Note 3
		TVC	Note 2	8,550,000	3,200,000	3,200,000	1,921,300	-	4.96	64,470,756	Y	N	N	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.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TWM	<u>Listed Stocks</u> Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	\$ 245,607	0.028	\$ 245,607	
	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	674,999	5	674,999	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	30,137	10	30,137	
	<u>Limited Partnerships</u> Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	1,108,681	21.67	1,108,681	Note 1
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	101,607	21.67	101,607	Note 1
TCC	<u>Unlisted Stocks</u> Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	91,046	5.21	91,046	
WMT	<u>Limited Partnerships</u> The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	<u>Listed Stocks</u> 91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	260,000	2.12	260,000	
	<u>Unlisted Stocks</u> 17LIVE INC.	-	Non-current financial assets at FVTPL	525	18,773	0.2	18,773	
	Jayawijaya Finance Limited	-	Non-current financial assets at FVTPL	5	150,734	6.24	150,734	
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	-	4,458	0.09	4,458	Note 2
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	401,422	7.51	401,422	
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	516,856	2.39	516,856	
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	39,943	0.34	39,943	
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	573,943	18.2	573,943	
	SoundOn Global Limited	-	Non-current financial assets at FVTOCI	-	15,100	1	15,100	Note 2
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	129,484	0.12	129,484	
	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	273,391	0.95	273,391	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	29,819	0.3	29,819	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	50,692	0.5	50,692	
Partipost Pte. Ltd.	-	Non-current financial assets at FVTOCI	899	26,855	2.53	26,855		
Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	16,284	4.48	16,284		

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TVC	<u>Limited Partnerships</u>							
	AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	\$ 16,365	16.05	\$ 16,365	Note 1
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	66,786	0.89	66,786	Note 1
	LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	92,074	2.67	92,074	Note 1
	Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	213,175	1.72	213,175	Note 1
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	91,516	0.32	91,516	Note 1
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	82,465	13.58	82,465	Note 1
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	66,182	1.21	66,182	Note 1
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	19,119	23.53	19,119	Note 1
		<u>Convertible Notes</u>						
	CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	126,280	-	126,280	
TCCI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	18,987,043	5.7	18,987,043	
	<u>Unlisted Stocks</u>							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	38,639	6.67	38,639	
TUI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	38,890,003	11.67	38,890,003	
TID	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,294,731	2.49	8,294,731	
momo	<u>Unlisted Stocks</u>							
	Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	4,217	0.15	4,217	
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	237,546	8.02	237,546	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,073	65,988	7.68	65,988	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	337,499	2.5	337,499	

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

Note 2: The shares held as of the period ended were fewer than 1,000 shares.

Note 3: For the information on investments in subsidiaries and associates, see Table 7 and Table 9 for details.

(Concluded)

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 YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	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	Units/Shares (In Thousands)	Amount (Note 1)
TWM	<u>Unlisted Stocks</u> TVC	Investments accounted for using equity method	-	Subsidiary	217,500	\$ 2,736,210	210,000	\$ 2,100,000	-	\$ -	\$ -	\$ -	433,051 (Note 2)	\$ 4,604,998
	LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	50,000	408,139	37,500	375,000	12,500 (Note 3)	-	-	-	75,000	674,999
	<u>Listed Stocks</u> APT (Note 4)	Non-current financial assets at FVTOCI	-	-	97,171	798,745	-	-	97,171	671,375	2,980,000	(2,308,625) (Note 4)	-	-
TVC	<u>Unlisted Stocks</u> Cloud Mile Inc.	Non-current financial assets at FVTOCI	-	-	-	-	5,396	443,459	-	-	-	-	5,396	573,943
momo	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	-	-	37,500	375,000	-	-	-	-	37,500	337,499

Note 1: The ending balance included the relevant adjustments to share of profit of investments accounted for using equity method and financial assets.

Note 2: The ending balance of shares included the stock dividends, amounting to 5,551 thousand shares, received in the third quarter of 2022.

Note 3: LINE Bank Taiwan Limited reduced capital to write off 25% of the accumulated deficit in the second quarter of 2022, and TWM decreased 12,500 shares in accordance with the percentage of ownership.

Note 4: TWM exercised appraisal right in the second quarter of 2022 and deposited all of the held interests. The valuation loss was transferred from other equity to retained earnings.

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 YEAR ENDED DECEMBER 31, 2022

(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	Sale	\$ 155,456	-	Based on contract terms	-	-	\$ 23,524	-	Note 3 Note 3
			Purchase	5,043,666	11	Based on contract terms	-	-	(495,576)	Note 2	
	TPIA TFNM TKT momo	Subsidiary	Subsidiary	Sale	200,317	-	Based on contract terms	-	-	80,109	1
				Purchase	179,116	-	Based on contract terms	-	-	(41,000)	Note 2
				Purchase	239,396	1	Based on contract terms	-	-	(45,184)	2
				Sale	3,041,736	5	Based on contract terms	-	-	362,727	5
Purchase	239,239	1	Based on contract terms	-	-	(18,512)	1				
TWM&TDS	Fubon Insurance	Other related party	Sale	294,662	-	Based on contract terms	-	-	59,925	1	
TNH	TWM	Parent	Sale	126,354	22	Based on contract terms	-	-	8,009	59	
TFN	TFC TFNM kbro	Fellow subsidiary Fellow subsidiary Other related party	Sale	153,384	2	Based on contract terms	-	-	25,391	2	
			Sale	217,377	2	Based on contract terms	-	-	34,242	3	
			Sale	379,556	4	Based on contract terms	-	-	63,089	6	
TT&T	TWM	Ultimate parent	Sale	956,348	91	Based on contract terms	-	-	87,839	91	
TPIA	Fubon Insurance	Other related party	Sale	338,431	97	Based on contract terms	-	-	103,335	96	
TFNM	YJCTV PCTV UCTV GCTV	Subsidiary Subsidiary Subsidiary Subsidiary	Channel leasing fee	372,043	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	484,014	14	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	215,586	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	174,174	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	155,992	51	Based on contract terms	Note 1	Note 1	(30,769)	74	
WTVB	kbro	Other related party	Sale	194,132	18	Based on contract terms	-	-	64,615	8	
momo	FSL MFS kbro	Subsidiary Subsidiary Other related party	Purchase	907,150	1	Based on contract terms	-	-	(254,317)	2	
			Purchase	203,739	-	Based on contract terms	-	-	(17,631)	-	
			Purchase	132,202	-	Based on contract terms	-	-	(51)	-	

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.

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
DECEMBER 31, 2022

(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	\$ 362,727	9.15	\$ -	-	\$ 357,446	\$ -
			Other receivables	95,724		-	-	29,513	-
TCC	TWM	Parent	Other receivables	413,731	-	-	-	-	
	TFC	Subsidiary	Other receivables	291,842	-	-	-	-	
WMT	TWM	Parent	Other receivables	3,193,040	-	-	3,193,040	-	
	TFNM	Subsidiary	Other receivables	600,608	-	-	-	-	
	WTVB	Subsidiary	Other receivables	491,156	-	-	177	-	
TFN	TWM	Ultimate parent	Accounts receivable	501,644	10.81	-	-	448,328	-
			Other receivables	9,488,405		-	-	19,255	-
	TCC	Parent	Other receivables	291,703	-	-	-	-	
TPIA	Fubon Insurance	Other related party	Accounts receivable	103,335	3.42	-	-	28,821	-
PCTV	TFNM	Parent	Accounts receivable	6,092	7.22	-	-	3,994	-
			Other receivables	520,036		-	-	35	-
GCTV	TFNM	Parent	Accounts receivable	2,481	7.11	-	-	1,578	-
			Other receivables	250,002		-	-	1	-
momo	TWM	Ultimate parent	Accounts receivable	50,391	11.89	-	-	49,763	-
			Other receivables	66,042		-	-	59,448	-
	TFCB	Other related party	Accounts receivable	233,631	Note	-	-	233,075	-
			Other receivables	279,185		-	-	279,185	-
FSL	momo	Parent	Accounts receivable	254,851	4.6	-	-	238,725	-

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

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 YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 19,869,765	\$ 3,905,482	\$ 3,906,214	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	22,545,770	3,173,222	3,172,668	Note 1
	TVC	Taiwan	Investment	4,275,000	2,175,000	433,051	100	4,604,998	120,947	120,947	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,960,752	115,316	56,350	Note 1
	FSD	Taiwan	Information services	30,000	-	3,000	100	23,421	(3,246)	(6,579)	Note 1
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	2,168	51	244,745	(18,337)	(10,213)	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	51,539,627	3,538,184	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	155,012	48,442	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	241,896	19,397	-	Notes 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	25,988,580	2,120	-	Note 2
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	103,044	8,651	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	110,571	100,571	-	Note 2
	TFC	Taiwan	Cloud and information services	200,000	200,000	20,000	100	246,602	67,009	-	Note 2
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	6,768,720	1,598,631	-	Note 2
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,424	123	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	97,885	2,231	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	396,195	126,931	-	Note 2
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	98,354	45.01	10,968,706	3,434,626	-	Notes 2 and 4
TVC	TWMFM	Taiwan	Film production	11,300	300	1,130	100	11,054	(184)	-	Note 2
	AppWorks Fund III	Taiwan	Venture capital	583,292	694,767	57,877	20.14	600,765	724,769	-	Note 2
	NADA	Taiwan	Animation production	60,000	60,000	4,286	37.93	55,558	1,090	-	Note 2
	AppWorks Fund IV	Taiwan	Venture capital	105,000	-	-	32.86	101,159	(13,309)	-	Note 2 and 5
	Uspace	Taiwan	Information software service	200,030	-	5,969	32.90	194,095	(67,590)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	33,743,265	(76)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,202,078	(76)	-	Note 2
TWMFM	SFF	Taiwan	Film production	300	-	30	100	254	(46)	-	Note 2
TFNM	TKT	Taiwan	Digital music services	156,900	156,900	14,700	100	334,369	43,930	-	Note 2
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,449,291	(61,672)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	628,626	24,943	-	Notes 2 and 6
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,465,185	122,399	-	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,051,901	33,236	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,277,609	34,946	-	Note 2
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	21,994	33.58	78,593	(149,709)	-	Note 2

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	\$ 30,628	\$ 27,000	537	11.33	\$ 33,110	\$ 21,884	\$ -	Note 2
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,775	33,236	-	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	96,447	34,946	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	17,506	(3,448)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	560,502	(99,495)	-	Note 2
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	2,922	(2,280)	-	Note 2
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	12,983	3,515	-	Notes 2 and 7
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	46,612	5,577	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	90,880	85,000	8,868	88.68	27,953	(5,790)	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	374,472	118,512	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	98,399	(2,380)	-	Note 2
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	223,833	4,232	-	Note 2
	TV Direct	Thailand	Wholesale and retail sales	Note 8	179,406	Note 8	Note 8	Note 8	Note 8	-	Notes 2 and 8
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	16,913	(3,834)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	16,913	(3,834)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	560,502	(99,495)	-	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 as of period end.

Note 4: Material non-controlling interests.

Note 5: Percentage of ownership is the percentage of capital contribution.

Note 6: 70.47% of stocks are held under trustee accounts.

Note 7: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023, and changed its main business to comprehensive insurance agent.

Note 8: momo sold all of its equity interest of TV Direct in August 2022.

Note 9: For information on investments in mainland China, see Table 9 for the details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	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	\$ 23,998	-	-
		TPIA	1	Notes and accounts receivable, net	80,109	-	-
		momo	1	Notes and accounts receivable, net	362,727	-	-
		TFN	1	Other receivables	33,322	-	-
		TFNM	1	Other receivables	59,322	-	-
		momo	1	Other receivables	95,724	-	-
		TFNM	1	Other non-current assets	20,243	-	-
		TNH	1	Other non-current assets	18,662	-	-
		TFN	1	Short-term borrowings	9,413,000	-	5%
		WMT	1	Short-term borrowings	3,179,000	-	2%
		TCC	1	Short-term borrowings	413,000	-	-
		TFN	1	Notes and accounts payable	79,568	-	-
		TKT	1	Notes and accounts payable	45,184	-	-
		TFNM	1	Notes and accounts payable	40,832	-	-
		momo	1	Notes and accounts payable	18,512	-	-
		TFN	1	Other payables	463,978	-	-
		WMT	1	Other payables	14,040	-	-
		TT&T	1	Other payables	87,839	-	-
		TDS	1	Other payables	19,853	-	-
		momo	1	Other payables	57,806	-	-
		TFN	1	Lease liabilities (current and non-current)	107,007	-	-
		TNH	1	Lease liabilities (current and non-current)	136,709	-	-
		YJCTV	1	Lease liabilities (current and non-current)	23,496	-	-
		GCTV	1	Lease liabilities (current and non-current)	13,528	-	-
		TFN	1	Other current liabilities	33,027	-	-
		momo	1	Other current liabilities	65,928	-	-
		TFN	1	Operating revenue	155,456	-	-
		TPIA	1	Operating revenue	200,317	-	-
		TFNM	1	Operating revenue	21,833	-	-
		momo	1	Operating revenue	3,041,736	-	2%
		TFN	1	Operating costs	5,043,666	-	3%
		TKT	1	Operating costs	239,396	-	-
TDS	1	Operating costs	61,055	-	-		
TFNM	1	Operating costs	179,116	-	-		
YJCTV	1	Operating costs	12,941	-	-		
PCTV	1	Operating costs	10,676	-	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	momo	1	Operating costs	\$ 239,239	-	-
		TFN	1	Operating expenses	33,348	-	-
		TT&T	1	Operating expenses	955,450	-	1%
		TFN	1	Other income and expenses, net	42,157	-	-
		WMT	1	Finance costs	28,852	-	-
		TFN	1	Finance costs	85,298	-	-
1	TCC	TFC	1	Other receivables	291,842	-	-
		TFN	1	Short-term borrowings	291,000	-	-
2	WMT	TFNM	1	Other receivables	600,608	-	-
		WTVB	1	Other receivables	491,156	-	-
3	TNH	TWM	2	Operating revenue	126,354	-	-
4	TFN	TFC	3	Notes and accounts receivable, net	25,692	-	-
		TFNM	3	Notes and accounts receivable, net	34,242	-	-
		TWM	2	Lease liabilities (current and non-current)	35,305	-	-
		TWM	2	Lease revenue	38,513	-	-
		TFC	3	Operating revenue	153,384	-	-
		TFNM	3	Operating revenue	217,377	-	-
		momo	3	Operating revenue	44,706	-	-
		TT&T	3	Operating expenses	99,992	-	-
5	TFNM	YJCTV	1	Other receivables	40,936	-	-
		MCTV	1	Other receivables	17,151	-	-
		PCTV	1	Other receivables	59,393	-	-
		UCTV	1	Other receivables	33,202	-	-
		GCTV	1	Other receivables	21,030	-	-
		PCTV	1	Short-term borrowings	520,000	-	-
		GCTV	1	Short-term borrowings	250,000	-	-
		WTVB	3	Notes and accounts payable	17,843	-	-
		TFN	3	Lease liabilities (current and non-current)	57,258	-	-
		YJCTV	1	Operating revenue	405,951	-	-
		PCTV	1	Operating revenue	523,729	-	-
		UCTV	1	Operating revenue	215,586	-	-
		GCTV	1	Operating revenue	189,283	-	-
		momo	3	Operating revenue	44,094	-	-
		YJCTV	1	Operating costs	34,568	-	-
		PCTV	1	Operating costs	39,435	-	-
		UCTV	1	Operating costs	23,996	-	-
		GCTV	1	Operating costs	16,113	-	-
WTVB	3	Operating costs	73,910	-	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
6	momo	FSL	1	Notes and accounts payable	\$ 254,317	-	-
		MFS	1	Notes and accounts payable	17,631	-	-
		Bebe Poshe	1	Operating costs	26,096	-	-
		FSL	1	Operating costs	907,150	-	1%
		MFS	1	Operating costs	203,739	-	-
		Prosperous Living	1	Operating costs	30,451	-	-
7	MFS	Prosperous Living	3	Operating revenue	10,393	-	-

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)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	Data communication application development	\$ 92,175 (USD 3,000)	b	\$ 149,689 (USD 4,872)	\$ -	\$ -	\$ 149,689 (USD 4,872)	\$ 1,381	100	\$ 1,381	\$ 83,402	\$ -	
FGE	Wholesaling	341,076 (RMB 77,500)	b	823,012 (USD 14,000) (RMB 89,267)	-	-	823,012 (USD 14,000) (RMB 89,267)	(4,943)	76.7	(3,791)	6,976	-	
Haobo	Investment	48,411 (RMB 11,000)	b	-	-	-	-	(100,135)	100	(100,135)	531,879	-	
GHS	Wholesaling	220,049 (RMB 50,000)	b	-	-	-	-	61,451	20	(19,073)	486,008	-	

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	\$1,637,082 (USD18,872, RMB89,267 and HKD168,539)	\$1,637,082 (USD18,872, RMB89,267 and HKD168,539)	\$43,710,468

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
- c. Others.

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

TAIWAN MOBILE CO., LTD
INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2022

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.67
Shin Kong Life Insurance Co., Ltd.	251,723,000	7.15
TCCI	200,496,761	5.70
Cathay Life Insurance Co., Ltd.	188,343,900	5.35
Ming Dong	184,736,452	5.25

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.

Taiwan Mobile Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Taiwan Mobile Co., Ltd. (TWM), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TWM as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China (ROC). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of TWM in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2022 financial statements are as follows:

Telecommunications and Value-added Services Revenue

The description of key audit matter:

The primary operating revenue sources of TWM is the telecommunications and value-added services revenue. TWM offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The competitive telecommunication industry and complicated calculations for revenue recognition, which highly relies on automatic and systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the telecommunication revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.
6. Select the samples from telecommunications and value-added services revenue and agree to the contracts, bills and records of cash receipts.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing TWM's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate TWM or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance (including the audit committee) are responsible for overseeing TWM's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the ROC will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TWM's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is related to events or conditions that may cast significant doubt on TWM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause TWM to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within TWM to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Pei-De Chen and Te-Chen Cheng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the ROC.

For the convenience of readers, the independent auditors' report and the accompanying 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 independent auditors' report and financial statements shall prevail.

TAIWAN MOBILE CO., LTD.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 6 and 28)	\$ 2,177,458	1	\$ 1,626,196	1	Short-term borrowings (Notes 16 and 28)	\$ 32,305,000	19	\$ 30,331,000	18
Financial assets at fair value through other comprehensive income (Note 7)	245,607	-	253,214	-	Short-term notes and bills payable (Note 16)	3,092,395	2	4,597,793	3
Contract assets (Note 21)	5,086,808	3	4,661,996	3	Contract liabilities (Note 21)	1,118,225	1	1,066,995	1
Notes and accounts receivable, net (Note 8)	6,073,211	4	5,631,531	3	Accounts payable	1,922,613	1	1,894,432	1
Accounts receivable due from related parties (Note 28)	527,294	-	470,309	-	Accounts payable due to related parties (Note 28)	287,947	-	294,026	-
Other receivables (Note 28)	1,357,557	1	1,184,943	1	Other payables (Note 28)	7,595,865	4	8,060,985	5
Inventories (Note 9)	3,616,363	2	2,704,625	2	Current tax liabilities	904,881	1	931,555	-
Prepayments	281,205	-	239,071	-	Provisions (Note 18)	30,473	-	35,997	-
Other financial assets (Notes 28 and 29)	31,351	-	28,105	-	Lease liabilities (Notes 12, 25 and 28)	3,018,613	2	2,937,829	2
Other current assets	393	-	109	-	Long-term liabilities, current portion (Notes 16 and 17)	9,499,226	5	-	-
Total current assets	<u>19,397,247</u>	<u>11</u>	<u>16,800,099</u>	<u>10</u>	Other current liabilities (Note 28)	<u>2,361,856</u>	<u>1</u>	<u>2,133,401</u>	<u>1</u>
					Total current liabilities	<u>62,137,094</u>	<u>36</u>	<u>52,284,013</u>	<u>31</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income (Note 7)	1,915,424	1	1,924,203	1	Contract liabilities (Note 21)	60,255	-	60,699	-
Contract assets (Note 21)	5,390,182	3	5,196,115	3	Bonds payable (Note 17)	31,481,943	18	37,475,497	22
Investments accounted for using equity method (Notes 10 and 28)	49,249,451	29	45,950,409	27	Long-term borrowings (Note 16)	4,496,902	3	6,497,809	4
Property, plant and equipment (Note 11)	24,806,240	15	25,967,927	15	Provisions (Note 18)	511,229	-	517,815	-
Right-of-use assets (Notes 12 and 28)	7,968,994	5	7,327,028	5	Deferred tax liabilities (Note 23)	783,982	1	703,734	-
Investment properties (Note 13)	2,922,844	2	2,789,846	2	Lease liabilities (Notes 12, 25 and 28)	4,977,758	3	4,406,338	3
Concessions (Note 14)	49,744,226	29	53,880,810	32	Net defined benefit liabilities (Note 19)	76,985	-	296,667	-
Goodwill (Note 14)	7,121,871	4	7,121,871	4	Guarantee deposits	431,651	-	402,551	-
Other intangible assets (Note 14)	248,785	-	232,048	-	Other non-current liabilities	<u>2,146,910</u>	<u>1</u>	<u>1,803,684</u>	<u>1</u>
Deferred tax assets (Note 23)	346,131	-	435,187	-	Total non-current liabilities	<u>44,967,615</u>	<u>26</u>	<u>52,164,794</u>	<u>30</u>
Incremental costs of obtaining a contract (Note 21)	1,793,461	1	1,710,107	1	Total liabilities	<u>107,104,709</u>	<u>62</u>	<u>104,448,807</u>	<u>61</u>
Other non-current assets (Notes 15, 28 and 29)	670,609	-	646,910	-	EQUITY (Note 20)				
Total non-current assets	<u>152,178,218</u>	<u>89</u>	<u>153,182,461</u>	<u>90</u>	Common stock	35,192,336	21	35,135,201	21
					Capital collected in advance	-	-	57,135	-
					Capital surplus	15,326,778	9	16,903,239	10
					Retained earnings				
					Legal reserve	32,603,345	19	31,500,472	19
					Special reserve	1,823,415	1	2,449,739	1
					Unappropriated earnings	8,954,012	5	11,028,726	6
					Other equity interests	288,214	-	(1,823,415)	(1)
					Treasury stock	<u>(29,717,344)</u>	<u>(17)</u>	<u>(29,717,344)</u>	<u>(17)</u>
					Total equity	<u>64,470,756</u>	<u>38</u>	<u>65,533,753</u>	<u>39</u>
TOTAL	<u>\$ 171,575,465</u>	<u>100</u>	<u>\$ 169,982,560</u>	<u>100</u>	TOTAL	<u>\$ 171,575,465</u>	<u>100</u>	<u>\$ 169,982,560</u>	<u>100</u>

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

TAIWAN MOBILE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 28)	\$ 61,027,806	100	\$ 59,844,804	100
OPERATING COSTS (Notes 9, 28 and 32)	<u>46,231,648</u>	<u>76</u>	<u>44,797,460</u>	<u>75</u>
GROSS PROFIT FROM OPERATIONS, NET	<u>14,796,158</u>	<u>24</u>	<u>15,047,344</u>	<u>25</u>
OPERATING EXPENSES (Notes 28 and 32)				
Marketing	6,568,252	11	6,666,554	11
Administrative	2,798,333	5	2,889,750	5
Research and development	149,108	-	31,904	-
Expected credit loss	<u>255,814</u>	<u>-</u>	<u>224,288</u>	<u>-</u>
Total operating expenses	<u>9,771,507</u>	<u>16</u>	<u>9,812,496</u>	<u>16</u>
OTHER INCOME AND EXPENSES, NET (Note 28)	<u>612,089</u>	<u>1</u>	<u>585,942</u>	<u>1</u>
OPERATING INCOME	<u>5,636,740</u>	<u>9</u>	<u>5,820,790</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	22,032	-	5,929	-
Other income	36,864	-	12,900	-
Other gains and losses, net (Note 22)	(246,898)	-	(15,325)	-
Finance costs (Notes 22 and 28)	(755,256)	(1)	(646,976)	(1)
Share of profit of subsidiaries and associates accounted for using equity method (Note 10)	<u>7,239,387</u>	<u>12</u>	<u>6,493,099</u>	<u>11</u>
Total non-operating income and expenses	<u>6,296,129</u>	<u>11</u>	<u>5,849,627</u>	<u>10</u>
PROFIT BEFORE TAX	11,932,869	20	11,670,417	20
INCOME TAX EXPENSE (Note 23)	<u>907,318</u>	<u>2</u>	<u>682,252</u>	<u>2</u>
NET PROFIT	<u>11,025,551</u>	<u>18</u>	<u>10,988,165</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	162,294	-	7,213	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	175,367	-	135,246	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(311,300)	-	544,692	1
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>16,432</u>	<u>-</u>	<u>(12,615)</u>	<u>-</u>
Other comprehensive income (after tax)	<u>42,793</u>	<u>-</u>	<u>674,536</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,068,344</u>	<u>18</u>	<u>\$ 11,662,701</u>	<u>19</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 3.91</u>		<u>\$ 3.90</u>	
Diluted earnings per share	<u>\$ 3.90</u>		<u>\$ 3.89</u>	

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

TAIWAN MOBILE CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
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
Distribution of 2020 earnings										
Legal reserve	-	-	-	1,330,074	-	(1,330,074)	-	-	-	-
Special reserve	-	-	-	-	2,449,739	(2,449,739)	-	-	-	-
Cash dividends	-	-	-	-	-	(9,521,178)	-	-	-	(9,521,178)
Total distribution of earnings	-	-	-	1,330,074	2,449,739	(13,300,991)	-	-	-	(9,521,178)
Cash dividends from capital surplus	-	-	(2,577,603)	-	-	-	-	-	-	(2,577,603)
Profit for the year ended December 31, 2021	-	-	-	-	-	10,988,165	-	-	-	10,988,165
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	28,385	(12,615)	658,766	-	674,536
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	11,016,550	(12,615)	658,766	-	11,662,701
Conversion of convertible bonds to common stock	10,986	57,135	557,944	-	-	-	-	-	-	626,065
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,209)	-	2,209	-	-
Changes in equity of associates accounted for using equity method	-	-	6,399	-	-	(8,505)	-	849	-	(1,257)
Disposal of investments accounted for using equity method	-	-	(21,913)	-	-	22,885	-	(22,885)	-	(21,913)
Other changes in capital surplus	-	-	1,838	-	-	-	-	-	-	1,838
BALANCE, DECEMBER 31, 2021	35,135,201	57,135	16,903,239	31,500,472	2,449,739	11,028,726	(44,294)	(1,779,121)	(29,717,344)	65,533,753
Distribution of 2021 earnings										
Legal reserve	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-
Reversal of special reserve	-	-	-	-	(626,324)	626,324	-	-	-	-
Cash dividends	-	-	-	-	-	(10,551,987)	-	-	-	(10,551,987)
Total distribution of earnings	-	-	-	1,102,873	(626,324)	(11,028,536)	-	-	-	(10,551,987)
Cash dividends from capital surplus	-	-	(1,576,086)	-	-	-	-	-	-	(1,576,086)
Profit for the year ended December 31, 2022	-	-	-	-	-	11,025,551	-	-	-	11,025,551
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	258,116	16,432	(231,755)	-	42,793
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	11,283,667	16,432	(231,755)	-	11,068,344
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,326,952)	-	2,326,952	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,140)	-	-	-	(2,140)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(753)	-	-	-	(753)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)
Other changes in capital surplus	-	-	1,848	-	-	-	-	-	-	1,848
BALANCE, DECEMBER 31, 2022	\$ 35,192,336	\$ -	\$ 15,326,778	\$ 32,603,345	\$ 1,823,415	\$ 8,954,012	\$ (27,862)	\$ 316,076	\$ (29,717,344)	\$ 64,470,756

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

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 11,932,869	\$ 11,670,417
Adjustments for:		
Share of profit of subsidiaries and associates accounted for using equity method	(7,239,387)	(6,493,099)
Depreciation expense	9,382,810	9,243,700
Amortization expense	4,348,013	4,355,353
Amortization of incremental costs of obtaining a contract	1,200,756	1,302,825
Loss on disposal and retirement of property, plant and equipment, net	222,543	24,041
Gain on disposal of property, plant and equipment held for sale	(1,014)	-
Gain on disposal of investments accounted for using equity method	-	(29)
Expected credit loss	255,814	224,288
Other income and expenses	(462,936)	(217,817)
Finance costs	755,256	646,976
Interest income	(22,032)	(5,929)
Dividend income	(10,016)	(9,359)
Others	(3,320)	(2,283)
Changes in operating assets and liabilities		
Contract assets	(624,185)	(1,508,966)
Notes and accounts receivable	(696,114)	(588,351)
Accounts receivable due from related parties	(56,985)	17,061
Other receivables	(209,506)	(11,196)
Inventories	(911,738)	(336,609)
Prepayments	(55,569)	23,333
Other current assets	(284)	(75)
Other financial assets	(3,246)	8,409
Incremental costs of obtaining a contract	(1,284,110)	(1,341,309)
Contract liabilities	50,786	(64,091)
Accounts payable	28,181	72,260
Accounts payable due to related parties	(6,079)	79,255
Other payables	(92,297)	431,357
Provisions	(30,706)	(134,544)
Other current liabilities	228,455	(9,593)
Net defined benefit liabilities	(16,815)	(17,023)
Cash inflows generated from operating activities	16,679,144	17,359,002
Interest received	2,542	1,160
Interest paid	(275)	(275)
Income taxes paid	(909,884)	(908,227)
Net cash generated from operating activities	<u>15,771,527</u>	<u>16,451,660</u>

(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (5,517,350)	\$ (7,757,835)
Acquisition of right-of-use assets	(25,108)	(30,197)
Acquisition of intangible assets	(145,231)	(153,295)
Increase in prepayments for equipment	(75,539)	(122,603)
Proceeds from disposal of property, plant and equipment	295	127,380
Proceeds from disposal of property, plant and equipment held for sale	2,715	-
Proceeds from disposal of intangible assets	10,000	12,800
Cash outflow on acquisition of subsidiaries	(2,130,000)	(570,000)
Acquisition of financial assets at fair value through other comprehensive income	(375,000)	-
Transfer of financial assets at fair value through other comprehensive income	671,375	-
Disposal of investments accounted for using equity method	667	7,830
Other investing activities	822,538	2,140,688
Increase in refundable deposits	(148,123)	(152,556)
Decrease in refundable deposits	133,128	132,812
Interest received	16,713	1,657
Dividends received from subsidiaries	5,770,361	7,137,500
Other dividends received	<u>10,016</u>	<u>9,359</u>
Net cash generated from (used in) investing activities	<u>(978,543)</u>	<u>783,540</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	500,000	9,000,000
Borrowings from related parties	15,791,000	15,496,000
Repayments of borrowings from related parties	(14,317,000)	(16,435,000)
Decrease in short-term notes and bills payable	(1,508,125)	(9,591,635)
Proceeds from issue of bonds	-	2,496,465
Repayments of bonds	-	(10,700)
Proceeds from long-term borrowings	4,499,798	-
Repayment of long-term borrowings	(3,002,712)	(2,007,757)
Repayment of the principal portion of lease liabilities	(3,386,907)	(3,394,255)
Increase in guarantee deposits received	93,587	82,292
Decrease in guarantee deposits received	(66,229)	(52,050)
Cash dividends paid	(12,128,013)	(12,098,704)
Interest paid	<u>(717,121)</u>	<u>(635,839)</u>
Net cash used in financing activities	<u>(14,241,722)</u>	<u>(17,151,183)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	551,262	84,017
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>1,626,196</u>	<u>1,542,179</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 2,177,458</u>	<u>\$ 1,626,196</u>

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

(Concluded)

TAIWAN MOBILE CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 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 expired on June 30, 2017. TWM received a third-generation concession license issued by the DGT in March 2005, and the 3G concession license expired 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 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 mobile broadband spectrum in the 3500MHz and 28000MHz frequency bands, and the aforementioned licenses are valid until December 2040.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on February 24, 2023.

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 TWM's accounting policies.

- b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

Note 2: 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 3: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, TWM had assessed that the application of above standards and interpretations would not have a material impact on TWM's financial position and financial performance.

- c. New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

- a. Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, TWM accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to owners of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

b. Functional and presentation currency

The functional currency of each individual entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars (NTD), which is TWM's functional currency.

Foreign Currencies

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate. Exchange differences in the period on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing the financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of TWM's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

Classification of Current and Non-current Assets and Liabilities

TWM classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

- a. It holds the asset primarily for the purpose of trading;
- b. It expects to realize the asset within twelve months after the reporting period; or
- c. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

TWM classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- a. It holds the liability primarily for the purpose of trading;
- b. The liability is due to be settled within twelve months after the reporting period; or
- c. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheets when TWM becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

TWM adopts trade-date accounting to recognize and derecognize financial assets.

1) Measurement category

Financial assets are classified into the following categories: financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

a) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, refundable deposits, etc., are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables when the recognition of interest is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments. If they do not meet the above definition, time deposits should be recognized as other current or non-current financial assets.

b) Investments in equity instruments at FVTOCI

On initial recognition, TWM may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments are recognized in profit or loss when TWM's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

TWM recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables) and contract assets.

The loss allowances for receivables and contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, TWM determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by TWM):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Failure to meet the obligation associated with liabilities within the credit terms.

TWM recognizes an impairment loss in profit or loss for aforementioned financial instruments and contract assets with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

TWM derecognizes financial assets only when the contractual rights of the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVTOCI, the cumulative gain or loss is directly transferred to retained earnings, and is not reclassified to profit or loss.

b. Equity instruments

Equity instruments issued by TWM are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Recognition

Except for the financial liabilities measured at FVTPL, all financial liabilities, including loans and borrowings, commercial papers payable, bonds payable, notes and accounts payable, other payables, guarantee deposits received, etc., are measured at amortized cost calculated using the effective interest method.

2) Convertible bonds

The component parts of compound financial instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate for similar non-convertible instruments. The amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be reclassified as capital surplus - additional paid-in capital. If the conversion option remains unexercised at maturity, the balance recognized in equity will be reclassified as capital surplus - expired share options.

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

3) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

Non-current Assets Held for Sale

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to a planned sale and the sale is highly probable within 12 months.

Assets classified as non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell, and should not be depreciated.

Investment in Associates

An associate is an entity in which TWM has significant influence, but is neither a subsidiary nor an interest in a joint venture. TWM applies the equity method to account for its investments in associates.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses. Goodwill is not amortized. Any excess of TWM's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, is recognized immediately in profit or loss after reassessment. The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The financial statements include TWM's share of the profit or loss and other comprehensive income (loss) of equity-accounted investees, after adjustments to align their accounting policies with those of TWM, from the date that significant influence commences until the date that significant influence ceases.

When TWM's share of losses of an associate equals or exceeds its interest in that associate, TWM discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that TWM has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When TWM subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of TWM's proportionate interest in the associate. TWM records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If TWM's ownership interest is reduced due to its disproportionate subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When TWM loses significant influence over an associate, it recognizes the investment retained in the former associate at its fair value at the date when significant influence is lost. The difference between the fair value of the investment plus consideration received and the carrying amount of the previous investment at the date when significant influence is lost is recognized as a gain or loss in profit or loss. Besides this, TWM accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if TWM had directly disposed of the related assets or liabilities.

If TWM decreased the percentage of the ownership of associate due to disposal but still accounts for its investments in associate, it should reclassify the amount previously recognized in other comprehensive income to profit or loss proportionally.

When TWM transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in TWM's financial statements only to the extent that interests in the associates are not related to TWM.

Investments in Subsidiaries

TWM uses the equity method to account for its investments in subsidiaries.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize TWM's share of the profit or loss and other comprehensive income of the subsidiary. TWM also recognizes the changes in TWM's share of equity of subsidiaries. The profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in TWM's ownership interest in a subsidiary that do not result in TWM losing control of the subsidiary are equity transactions. TWM recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When TWM loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, TWM shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if TWM had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to TWM.

Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated with a separate depreciation rate or depreciation method.

The depreciable amount of an asset is determined after deducting its residual amount, and the net amount shall be allocated by the straight-line method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated. For the estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment, see Note 11 to the financial statements for details.

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period. If expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Property, plant and equipment are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to TWM and the amount can be reliably measured. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

Leases

At inception of a contract, TWM assesses whether the contract is, or contains, a lease.

a. TWM as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

When TWM subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under finance leases, the lease payments comprise fixed payments and in-substance fixed payments. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on TWM's net investment outstanding in respect of leases.

Lease payments from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, TWM assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The entire lease is classified as an operating lease when it is clear that both elements are operating leases.

b. TWM as lessee

TWM recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier dates of the end of the useful lives of the right-of-use assets or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments and variable lease payments which depend on an index. The lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index used to determine those payments, TWM remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification, TWM accounts for the remeasurement of the lease liability by (a) adjusting the carrying amount of the right-of-use asset of lease modifications that adjust the scope and the term of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. TWM also accounts for the rent concessions as lease modifications if the rent payments due by June 30, 2022 were adjusted due to the COVID-19 pandemic. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index are recognized as expenses in the periods in which they are incurred.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation methods, useful lives, and residual values are the same as plant, property and equipment.

Intangible Assets

a. Goodwill

Goodwill acquired in a business combination is recognized at the acquisition date, and is measured at cost less accumulated impairment losses.

b. Other intangible assets

Other intangible assets that are acquired through business combinations or are internally developed are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets that are acquired through business combinations are measured at acquisition-date fair value, and recognized along with goodwill.

c. Amortization and derecognition of intangible assets

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. For the estimated useful lives of intangible assets for the current and comparative periods, see Note 14 to the financial statements.

The amortization method, the amortization period, and the residual value for an intangible asset with a finite useful life shall be reviewed at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Incremental Costs of Obtaining a Contract

Only when a contract is obtained, sales commissions and subsidies of telecommunication services are recognized as incremental costs of obtaining a contract to the extent the amounts are expected to be recovered, and are amortized on a straight-line basis over the life of the contract. However, TWM elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that TWM otherwise would have recognized is expected to be one year or less.

Impairment of Non-financial Assets

a. Goodwill

Impairment of goodwill is required to be tested annually or more frequently whenever there is an indication that the unit may be impaired. Goodwill shall be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

b. Property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

At the end of each reporting period, TWM reviews the carrying amounts of those assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, TWM estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, TWM has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

a. Restoration

The restoration costs for telecommunications equipment and leasehold improvements that were originally acquired or used by TWM for a period of time and had obligations for dismantling, relocating, and restoring to the previous state should be recognized as an addition to the assets and accrued as a potential liability accordingly.

b. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on sales contracts, historical warranty data, and a weighing of all possible outcomes against their associated probabilities.

Treasury Stock

Repurchased stocks are recognized under treasury stock (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. TWM's stocks held by its subsidiaries are regarded as treasury stock.

Gains on disposal of treasury stock should be recognized under "capital reserve - treasury stock transactions"; losses on disposal of treasury stock should be offset against existing capital reserves arising from similar types of treasury stock. If there is insufficient capital reserve to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury stock should be calculated using the weighted-average method for the purpose of repurchased stock.

Government Grants

Government grants are not recognized until there is reasonable assurance that TWM will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which TWM recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that TWM should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets; or recognized as a book value deduction of the non-current assets and classified as profit or loss within their useful lives through deducting depreciation expenses of the related non-current assets.

Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and remeasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit liability (asset) represents the deficit (surplus) of defined benefit plans. IAS 19 requires TWM to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

A liability for a termination benefit is recognized at the earlier of when TWM can no longer withdraw the offer of the termination benefit and when TWM recognizes any related restructuring costs.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Except for expenses related to business combinations, expenses directly recognized in equity or other comprehensive income (loss), and other related expenses, all current and deferred taxes shall be recognized in profit or loss.

a. Current taxes

Current taxes include tax payables and tax deduction receivables on taxable gains (losses), as well as tax adjustments related to prior years.

An additional surtax on undistributed earnings, computed in accordance with the Income Tax Act of the ROC, is recognized in current taxes in the year of approval by a stockholders' meeting resolution.

b. Deferred taxes

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis. Deferred tax assets are generally recognized for all deductible temporary differences, unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments, except where TWM is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement reflects TWM's expectations at the end of the reporting period as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.

Revenue Recognition

Where TWM enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements is allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products at the time of purchase. When the amount of sales revenue recognized for products exceeds the amount paid by the customer for the products, the difference is recognized as a contract asset. A contract asset is derecognized and an account receivable is recognized when the amount becomes collectible from the customer subsequently. When the amount of sales revenue recognized for products is less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and the revenue is recognized subsequently when the telecommunications service is provided.

The deferred revenue allocated to the customer loyalty program is estimated at fair value. Transaction price allocated is recognized as contract liabilities when collected and will be recognized as revenue when the performance obligations are fulfilled.

Service revenues from mobile communication services are billed at predetermined rates and calculated based on the actual volume of voice call and data transfer. Revenues from postpaid users are accrued monthly. Revenues from prepaid users are recognized based on the actual usage. The advanced receipts obtained before services are rendered are recognized as contract liabilities and reclassified as revenues when services are rendered. Interconnection and call transfer fees from other telecommunications companies and carriers are billed and recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Revenues from sale of goods are mainly generated from physical stores and e-commerce platform. Revenues are recognized when the goods are transferred or delivered to the customers. Advance receipts obtained before goods are transferred or delivered are recognized as contract liabilities, and reclassified as revenue when the goods are transferred or delivered.

Service revenues generated from contractual agreements are recognized as revenue as services are rendered based on the completion of the contracts and TWM does not have any further obligations. In addition, when TWM is acting as an agent in the transaction, proportional revenue is recognized based on the net amount in accordance with the contractual agreements proportionally.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. The impact of changes in accounting estimates will be recognized in the period of change and the future period impacted.

Critical Accounting Judgments

a. Lease terms

In determining a lease term, TWM considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of TWM occurs.

b. Timing of revenue recognition

TWM recognizes revenue when the performance obligations are satisfied over time or at a point in time according to the contracts with customers. The conditions are described in Note 4.

Key Sources of Estimation Uncertainty

a. Impairment of notes and accounts receivable and contract assets

The provision for impairment of notes and accounts receivable and contract assets is based on assumptions about risk of default and expected loss rates. TWM uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the past default records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators. For details of the key assumptions and inputs used, see Note 8.

b. Provision for inventory valuation and obsolescence

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

c. Impairment of goodwill

The usage value of the cash-generating units to which goodwill is allocated should be predetermined when assessing whether the goodwill is impaired. Management estimates the future cash flows from cash-generating units and assigns an appropriate discount rate in calculating the present value. Significant impairment loss may occur if actual cash flows are less than that originally forecasted.

d. Impairment of property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

In the process of impairment assessments, TWM relies on subjective judgment to determine the individual cash flows of a specific group of assets and estimates future gains and losses according to the usage of the assets and relevant business characteristics. Alterations of estimates from any changes in economic conditions or business strategy may lead to significant impairment losses in the future.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Cash on hand and revolving funds	\$ 80,905	\$ 111,334
Cash in banks	<u>2,096,553</u>	<u>1,514,862</u>
	<u>\$ 2,177,458</u>	<u>\$ 1,626,196</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed stocks	<u>\$ 245,607</u>	<u>\$ 253,214</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed stocks	\$ -	\$ 798,745
Unlisted stocks	674,999	408,139
Foreign investments		
Unlisted stocks	30,137	27,672
Limited partnerships	<u>1,210,288</u>	<u>689,647</u>
	<u>\$ 1,915,424</u>	<u>\$ 1,924,203</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 TWM's strategy of holding these investments for long-term purposes.

Regarding to the merger between Far Eastone Telecommunications Co., Ltd. (FET) and Asia Pacific Telecom Co., Ltd. (APT), TWM exercised the dissenting shareholder's appraisal right to request APT to buy back TWM's shares in accordance with the Business Mergers And Acquisitions Act, and had deposited all of the held shares to APT in the second quarter of 2022. The related valuation of loss of \$2,308,625 thousand was transferred from other equity to retained earnings. In July 2022, APT had paid the fair price it has recognized of \$671,375 thousand to TWM in accordance with the Business Mergers And Acquisitions Act. However, TWM disagreed with such the fair price recognized by APT, and therefore, APT applied to the court for a ruling on the fair price. The case is now progressing at the Intellectual Property and Commercial Court.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	2022	2021
Notes receivable	\$ 226	\$ 166
Accounts receivable	6,452,753	5,955,414
Less: Allowance for impairment loss	<u>(379,768)</u>	<u>(324,049)</u>
	<u>\$ 6,073,211</u>	<u>\$ 5,631,531</u>

The main credit terms range from 30 to 90 days.

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

TWM adopted a policy of only trading with corporate counterparties with a considerable scale of operations, certain credit ratings and financial conditions for telecommunications service and products. In addition to examining publicly available financial information and its own historical transaction experience, TWM obtains collateral where necessary to mitigate the risk of loss arising from default. TWM 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 TWM has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, TWM 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 TWM's credit risk could be reasonably reduced.

TWM 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 records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators such as the change rates of consumer price index and economic leading indicators. As TWM'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.

TWM writes off a trade receivable when there is evidence indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, TWM 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 the allowance for doubtful notes and accounts receivable by individual and collective assessment were as follows:

December 31, 2022

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 5,711,122	\$ 562,562	\$ 179,295	\$ -	\$ 6,452,979
Loss allowance (Lifetime ECLs)	<u>(53,144)</u>	<u>(156,482)</u>	<u>(170,142)</u>	<u>-</u>	<u>(379,768)</u>
Amortized cost	<u>\$ 5,657,978</u>	<u>\$ 406,080</u>	<u>\$ 9,153</u>	<u>\$ -</u>	<u>\$ 6,073,211</u>

December 31, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 5,341,520	\$ 458,730	\$ 155,263	\$ 67	\$ 5,955,580
Loss allowance (Lifetime ECLs)	<u>(50,526)</u>	<u>(125,336)</u>	<u>(148,120)</u>	<u>(67)</u>	<u>(324,049)</u>
Amortized cost	<u>\$ 5,290,994</u>	<u>\$ 333,394</u>	<u>\$ 7,143</u>	<u>\$ -</u>	<u>\$ 5,631,531</u>

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

	Not Past Due and Past Due within 120 Days	Past Due Over 120 Days
Telecommunications services	0.85%-85%	89.47%-100%

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

	<u>For the Year Ended December 31</u>	
	2022	2021
Beginning balance	\$ 324,049	\$ 287,106
Add: Provision	250,505	211,460
Recovery	43,969	40,496
Less: Write-off	<u>(238,755)</u>	<u>(215,013)</u>
Ending balance	<u>\$ 379,768</u>	<u>\$ 324,049</u>

TWM entered into an accounts receivable factoring contract with a private institution and sold those overdue accounts receivable that had been written off. Under the contract, TWM would no longer assume the risk on the receivables. The related factored accounts receivable information was as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Amount of accounts receivable sold	<u>\$ 608,099</u>	<u>\$ 716,557</u>
Proceeds from the sale of accounts receivable	<u>\$ 60,077</u>	<u>\$ 58,033</u>

9. INVENTORIES

	<u>December 31</u>	
	2022	2021
Merchandise	\$ 3,605,049	\$ 2,696,008
Materials for maintenance	<u>11,314</u>	<u>8,617</u>
	<u>\$ 3,616,363</u>	<u>\$ 2,704,625</u>

For the years ended December 31, 2022 and 2021, the cost of goods sold related to inventories amounted to \$20,472,303 thousand and \$20,350,441 thousand, respectively, which included the inventory write-down totaling \$38,672 thousand, and the reversal of inventory write-down totaling \$34,028 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 49,004,706	\$ 45,679,412
Associates		
AppWorks Ventures Co., Ltd. (AppWorks)	<u>244,745</u>	<u>270,997</u>
	<u>\$ 49,249,451</u>	<u>\$ 45,950,409</u>

a. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2022.

b. Associates

Aggregate information of associates that were not individually material:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
TWM's share of:		
Profit (loss)	\$ (10,213)	\$ 3,337
Other comprehensive income (loss)	<u>(16,039)</u>	<u>2,016</u>
Comprehensive income (loss)	<u>\$ (26,252)</u>	<u>\$ 5,353</u>

1) 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.

2) Alliance Digital Tech Co., Ltd. (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 to adopt December 31, 2018 as the dissolution date. In August 2021, ADT completed the liquidation procedures. TWM received the liquidation capital returns of \$7,830 thousand and \$667 thousand for the years ended December 31, 2021 and 2022, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance, January 1, 2022	\$ 3,380,757	\$ 2,066,502	\$ 81,085,703	\$ 5,355,422	\$ 647,328	\$ 92,535,712
Additions	-	-	16,830	174,282	4,961,677	5,152,789
Disposals and retirements	-	-	(1,512,503)	(1,350,136)	(382)	(2,863,021)
Reclassification	(123,643)	(52,241)	3,957,760	45,396	(4,003,156)	(175,884)
Balance, December 31, 2022	<u>\$ 3,257,114</u>	<u>\$ 2,014,261</u>	<u>\$ 83,547,790</u>	<u>\$ 4,224,964</u>	<u>\$ 1,605,467</u>	<u>\$ 94,649,596</u>
Accumulated depreciation and impairment						
Balance, January 1, 2022	\$ -	\$ 999,274	\$ 60,839,515	\$ 4,728,996	\$ -	\$ 66,567,785
Depreciation	-	37,944	5,613,646	285,186	-	5,936,776
Disposals and retirements	-	-	(1,292,071)	(1,348,112)	-	(2,640,183)
Reclassification	-	(21,022)	-	-	-	(21,022)
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 1,016,196</u>	<u>\$ 65,161,090</u>	<u>\$ 3,666,070</u>	<u>\$ -</u>	<u>\$ 69,843,356</u>
Carrying amount, December 31, 2022	<u>\$ 3,257,114</u>	<u>\$ 998,065</u>	<u>\$ 18,386,700</u>	<u>\$ 558,894</u>	<u>\$ 1,605,467</u>	<u>\$ 24,806,240</u>
Cost						
Balance, January 1, 2021	\$ 3,381,179	\$ 2,074,774	\$ 75,308,599	\$ 5,256,078	\$ 1,686,184	\$ 87,706,814
Additions	-	-	11,999	181,106	6,387,482	6,580,587
Disposals and retirements	(10,637)	(10,645)	(1,638,551)	(94,633)	(9,811)	(1,764,277)
Reclassification	10,215	2,373	7,403,656	12,871	(7,416,527)	12,588
Balance, December 31, 2021	<u>\$ 3,380,757</u>	<u>\$ 2,066,502</u>	<u>\$ 81,085,703</u>	<u>\$ 5,355,422</u>	<u>\$ 647,328</u>	<u>\$ 92,535,712</u>
Accumulated depreciation and impairment						
Balance, January 1, 2021	\$ -	\$ 971,558	\$ 56,939,439	\$ 4,468,201	\$ -	\$ 62,379,198
Depreciation	-	37,920	5,419,077	349,888	-	5,806,885
Disposals and retirements	-	(4,762)	(1,519,022)	(89,072)	-	(1,612,856)
Reclassification	-	(5,442)	21	(21)	-	(5,442)
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 999,274</u>	<u>\$ 60,839,515</u>	<u>\$ 4,728,996</u>	<u>\$ -</u>	<u>\$ 66,567,785</u>
Carrying amount, December 31, 2021	<u>\$ 3,380,757</u>	<u>\$ 1,067,228</u>	<u>\$ 20,246,188</u>	<u>\$ 626,426</u>	<u>\$ 647,328</u>	<u>\$ 25,967,927</u>

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

Buildings	
Primary buildings	50-55 years
Mechanical and electrical equipment	15 years
Telecommunications equipment and machinery	1-15 years
Others	2-15 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 609,210	\$ 490,448
Buildings	7,079,502	6,468,835
Telecommunications equipment and machinery	210,044	274,127
Others	<u>70,238</u>	<u>93,618</u>
	<u>\$ 7,968,994</u>	<u>\$ 7,327,028</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 4,304,657</u>	<u>\$ 3,491,135</u>
Depreciation charge for right-of-use assets		
Land	\$ 235,148	\$ 227,863
Buildings	3,065,596	3,063,044
Telecommunications equipment and machinery	87,059	86,152
Others	<u>38,068</u>	<u>39,497</u>
	<u>\$ 3,425,871</u>	<u>\$ 3,416,556</u>

Except for the aforementioned additions and recognized depreciation, TWM did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 3,018,613</u>	<u>\$ 2,937,829</u>
Non-current	<u>\$ 4,977,758</u>	<u>\$ 4,406,338</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	0.61%-1%	0.61%-1%
Buildings	0.61%-1%	0.61%-1%
Telecommunications equipment and machinery	0.79%-1%	0.79%-1%
Others	0.62%-0.86%	0.62%-0.86%

c. Material lease-in activities and terms

TWM leases base transceiver stations and machine rooms, stores, offices, warehouses, maintenance centers, equipment, etc., with most of the lease terms ranging from 1 to 6 years. TWM does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, TWM is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents in some lease agreements. TWM 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 Year Ended December 31	
	2022	2021
Expenses related to short-term leases	<u>\$ 10,341</u>	<u>\$ 8,551</u>
Expenses related to low-value asset leases	<u>\$ 71,076</u>	<u>\$ 62,437</u>
Expenses related to variable lease payments and not included in the measurement of lease liabilities	<u>\$ 3,217</u>	<u>\$ 2,991</u>
Total cash outflow for leases	<u>\$ 3,555,516</u>	<u>\$ 3,557,609</u>

13. INVESTMENT PROPERTIES

TWM 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 December 31, 2022 and 2021, the fair values of investment properties were \$7,390,645 thousand and \$6,944,511 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.43%-5.11% and 1.37%-5.23%, respectively.

The amounts of depreciation recognized for the years ended December 31, 2022 and 2021 were \$20,163 thousand and \$20,259 thousand, respectively.

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

	December 31	
	2022	2021
Year 1	\$ 107,172	\$ 154,582
Year 2	45,865	92,986
Year 3	38,677	33,889
Year 4	25,168	26,975
Year 5	9,131	13,711
Year 6 and thereafter	<u>34,137</u>	<u>-</u>
	<u>\$ 260,150</u>	<u>\$ 322,143</u>

14. INTANGIBLE ASSETS

	Concession Licenses	Goodwill	Other Intangible Assets		Total
			Computer Software	Copyrights	
<u>Cost</u>					
Balance, January 1, 2022	\$ 71,699,375	\$ 7,121,871	\$ 2,555,853	\$ 122,681	\$ 81,499,780
Additions	-	-	141,035	5,022	146,057
Disposals and retirements	-	-	(60,383)	-	(60,383)
Reclassification	-	-	23,446	58,663	82,109
Balance, December 31, 2022	<u>\$ 71,699,375</u>	<u>\$ 7,121,871</u>	<u>\$ 2,659,951</u>	<u>\$ 186,366</u>	<u>\$ 81,667,563</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2022	\$ 17,818,565	\$ -	\$ 2,362,468	\$ 84,018	\$ 20,265,051
Amortization	4,136,584	-	165,367	46,062	4,348,013
Disposals and retirements	-	-	(60,383)	-	(60,383)
Balance, December 31, 2022	<u>\$ 21,955,149</u>	<u>\$ -</u>	<u>\$ 2,467,452</u>	<u>\$ 130,080</u>	<u>\$ 24,552,681</u>
Carrying amount, December 31, 2022	<u>\$ 49,744,226</u>	<u>\$ 7,121,871</u>	<u>\$ 192,499</u>	<u>\$ 56,286</u>	<u>\$ 57,114,882</u>
<u>Cost</u>					
Balance, January 1, 2021	\$ 71,699,375	\$ 7,121,871	\$ 2,441,718	\$ 34,764	\$ 81,297,728
Additions	-	-	148,009	4,210	152,219
Disposals and retirements	-	-	(41,019)	-	(41,019)
Reclassification	-	-	7,145	83,707	90,852
Balance, December 31, 2021	<u>\$ 71,699,375</u>	<u>\$ 7,121,871</u>	<u>\$ 2,555,853</u>	<u>\$ 122,681</u>	<u>\$ 81,499,780</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2021	\$ 13,687,264	\$ -	\$ 2,237,435	\$ 26,018	\$ 15,950,717
Amortization	4,131,301	-	166,052	58,000	4,355,353
Disposals and retirements	-	-	(41,019)	-	(41,019)
Balance, December 31, 2021	<u>\$ 17,818,565</u>	<u>\$ -</u>	<u>\$ 2,362,468</u>	<u>\$ 84,018</u>	<u>\$ 20,265,051</u>
Carrying amount, December 31, 2021	<u>\$ 53,880,810</u>	<u>\$ 7,121,871</u>	<u>\$ 193,385</u>	<u>\$ 38,663</u>	<u>\$ 61,234,729</u>

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

Concession licenses	14-21 years
Computer software	1-6 years
Copyrights	Amortized over the broadcast period

a. Goodwill

The goodwill resulted from the merger of TransAsian Telecommunications Inc. in September 2008.

b. Impairment of assets

In conformity with IAS 36 "Impairment of Assets", TWMM identified its mobile communication services as the smallest identifiable units which can generate cash inflows independently.

The recoverable amounts of the operating assets were evaluated by the critical assumptions used for this evaluation were as follows:

1) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

2) Assumptions on operating revenues

After taking changes in the telecom industry and the competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers, minutes of incoming and outgoing calls, and rate plan composition.

3) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customers obtained and existing customers maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

4) Assumptions on discount rates

For the years ended December 31, 2022 and 2021, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 5.79% and 6.01%, respectively.

Based on the key assumptions of the cash-generating unit, TWM's management believes that the carrying amounts of these operating assets and intangible assets will not exceed their recoverable amounts even if there are any reasonable changes in the critical assumptions used to estimate recoverable amounts. For the years ended December 31, 2022 and 2021, impairment losses on assets did not occur.

15. OTHER NON-CURRENT ASSETS

	December 31	
	2022	2021
Long-term accounts receivable	\$ 11,848	\$ 6,401
Refundable deposits	444,080	428,669
Other prepayments	211,542	209,569
Others	<u>3,139</u>	<u>2,271</u>
	<u>\$ 670,609</u>	<u>\$ 646,910</u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured loans - financing institution	\$ 19,300,000	\$ 18,800,000
Unsecured loans - related parties	<u>13,005,000</u>	<u>11,531,000</u>
	<u>\$ 32,305,000</u>	<u>\$ 30,331,000</u>
Annual interest rates - financing institution	1.53%-1.65%	0.55%-0.87%
Annual interest rates - related parties	0.87%- 1.70378%	0.86856%- 0.86989%

For the information on related party loans, see Note 28.

b. Short-term notes and bills payable

	December 31	
	2022	2021
Short-term notes and bills payable	\$ 3,100,000	\$ 4,600,000
Less: Discounts on short-term notes and bills payable	<u>(7,605)</u>	<u>(2,207)</u>
	<u>\$ 3,092,395</u>	<u>\$ 4,597,793</u>
Annual interest rates	1.658%	0.398%-0.458%

c. Long-term borrowings

	December 31	
	2022	2021
Commercial papers payable	\$ 8,000,000	\$ 6,500,000
Less: Discounts on commercial papers payable	3,503	2,191
Less: Current portion	<u>(3,499,595)</u>	<u>-</u>
	<u>\$ 4,496,902</u>	<u>\$ 6,497,809</u>
Annual interest rates - commercial papers payable	0.688%-1.81%	0.687%-0.697%

1) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment dates of the commercial papers payable are no later than June 2025.

2) 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. Some credit facilities are subject to financial covenants regarding debt ratios and interest protection multiples during the credit facility period. The unsecured loans, whose expiry date of the repayments was in July 2021, were fully repaid.

17. BONDS PAYABLE

	December 31	
	2022	2021
5th domestic unsecured straight corporate bonds	\$ 14,996,589	\$ 14,994,030
6th domestic unsecured straight corporate bonds	19,987,778	19,984,764
7th domestic unsecured straight corporate bonds	2,497,207	2,496,703
Less: Current portion	<u>(5,999,631)</u>	<u>-</u>
	<u>\$ 31,481,943</u>	<u>\$ 37,475,497</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 December 31, 2022, the amount of unamortized bond issue cost was \$3,411 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 December 31, 2022, the amount of unamortized bond issue cost was \$12,222 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. 7th domestic unsecured straight corporate bonds

On July 13, 2021, TWM issued the 7th domestic unsecured straight corporate bonds. The bond was seven-year bond, with the principal amount of \$2,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 0.53% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of December 31, 2022, the amount of unamortized bond issue cost was \$2,793 thousand. The trustee of bond holders is Bank of Taiwan.

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

Year	Amount
2028	<u>\$ 2,500,000</u>

d. 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 \$91.8 per share since August 29, 2021. 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.

Proceeds from 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 the effective interest rate	245,053
Convertible bonds converted into common stock	(9,786,958)
Repayment of the convertible bonds	<u>(10,700)</u>
Liability component on December 31, 2021	<u>\$ _____ -</u>

The above-mentioned convertible bonds were due on November 22, 2021. As of the maturity date, the bondholders had requested to convert the bonds at face values of \$9,989,300 thousand. The repayment of \$10,700 thousand had been made on December 6, 2021.

18. PROVISIONS

	December 31		
	2022	2021	
Restoration	\$ 525,368	\$ 530,038	
Warranties	<u>16,334</u>	<u>23,774</u>	
	<u>\$ 541,702</u>	<u>\$ 553,812</u>	
Current	\$ 30,473	\$ 35,997	
Non-current	<u>511,229</u>	<u>517,815</u>	
	<u>\$ 541,702</u>	<u>\$ 553,812</u>	
	Restoration	Warranties	Total
Balance, January 1, 2022	\$ 530,038	\$ 23,774	\$ 553,812
Provision	18,024	25,132	43,156
Payment/Reversal	(23,284)	(32,572)	(55,856)
Unwinding of discount	<u>590</u>	<u>-</u>	<u>590</u>
Balance, December 31, 2022	<u>\$ 525,368</u>	<u>\$ 16,334</u>	<u>\$ 541,702</u>
Balance, January 1, 2021	\$ 653,796	\$ 21,935	\$ 675,731
Provision	11,927	34,354	46,281
Payment/Reversal	(136,410)	(32,515)	(168,925)
Unwinding of discount	<u>725</u>	<u>-</u>	<u>725</u>
Balance, December 31, 2021	<u>\$ 530,038</u>	<u>\$ 23,774</u>	<u>\$ 553,812</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

TWM 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. In accordance with the above provisions, TWM's contributions to the pension plan amounted to \$164,292 thousand and \$162,348 thousand for the years ended December 31, 2022 and 2021, respectively.

b. Defined benefit plans

TWM contributed 2% of each employee's monthly wages to the pension fund, with Bank of Taiwan acting as the custodian bank, in accordance with the defined benefit plans (Plans). The Plans provides defined pension benefits for TWM's certain qualified employees, specified under the Labor Standards Law, and such benefits are determined based on an employee's years of service and average monthly salary for six-month period prior to the date of retirement. Before the end of each year, TWM assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, TWM will fund the difference in one appropriation before the end of March of the following year. The fund is operated and managed by the government's designated authorities; as such, TWM does not have any right to participate in the operation of the fund.

The defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligations	\$ 780,116	\$ 943,090
Fair value of plan assets	<u>(703,131)</u>	<u>(646,423)</u>
Net defined benefit liabilities	<u>\$ 76,985</u>	<u>\$ 296,667</u>

The movements in present value of defined benefit obligations for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, January 1	\$ 943,090	\$ 949,836
Current service costs	1,491	1,486
Interest costs	4,716	4,749
Actuarial loss (gain) - changes in demographic assumptions	(258)	37,994
Actuarial gain - changes in financial assumptions	(141,078)	(27,332)
Actuarial gain - experience adjustments	(10,344)	(11,677)
Benefits paid from plan assets	<u>(17,501)</u>	<u>(11,966)</u>
Balance, December 31	<u>\$ 780,116</u>	<u>\$ 943,090</u>

The movements in the fair value of the plan assets for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Balance, January 1	\$ 646,423	\$ 627,129
Net interest income	3,283	3,188
Return on plan assets (excluding amounts included in net interest)	51,187	8,002
Contributions from the employer	19,739	20,070
Benefits paid from plan assets	<u>(17,501)</u>	<u>(11,966)</u>
Balance, December 31	<u>\$ 703,131</u>	<u>\$ 646,423</u>

The expenses recognized in profit or loss for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Current service costs	\$ 1,491	\$ 1,486
Interest costs	4,716	4,749
Net interest income	<u>(3,283)</u>	<u>(3,188)</u>
	<u>\$ 2,924</u>	<u>\$ 3,047</u>

The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Return on plan assets (excluding amounts included in net interest)	\$ (51,187)	\$ (8,002)
Actuarial loss (gain) - changes in demographic assumptions	(258)	37,994
Actuarial gain - changes in financial assumptions	(141,078)	(27,332)
Actuarial gain - experience adjustments	<u>(10,344)</u>	<u>(11,677)</u>
	<u>\$ (202,867)</u>	<u>\$ (9,017)</u>

Through the defined benefit plans under the Labor Standards Law, TWM is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial present values of the defined benefit obligation were carried out by the chartered actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.5%	0.5%
Long-term average adjustment rate of salary	2%	2.5%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (20,939)</u>	<u>\$ (28,063)</u>
0.25% decrease	<u>\$ 21,701</u>	<u>\$ 29,164</u>
Long-term average adjustment rate of salary		
0.25% increase	<u>\$ 21,212</u>	<u>\$ 28,108</u>
0.25% decrease	<u>\$ (20,572)</u>	<u>\$ (27,200)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
The expected contributions to the Plans for the following year	<u>\$ 19,988</u>	<u>\$ 20,387</u>
The average duration of the defined benefit obligation	10.9 years	12.1 years

20. EQUITY

a. Share capital

As of December 31, 2022 and 2021, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$35,192,336 thousand and \$35,135,201 thousand, respectively, divided into 3,519,234 thousand shares and 3,513,520 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

As of December 31, 2021, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 98,401 thousand common stocks, and the amounts recognized as capital collected in advance were \$57,135 thousand. The unsecured convertible bonds were due on November 22, 2021. TWM had completed the related corporate registration procedures for the conversion.

b. Capital surplus

	December 31	
	2022	2021
Additional paid-in capital from convertible corporate bonds	\$ 9,531,369	\$ 11,107,455
Treasury stock transactions	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215
Changes in equity of associates accounted for using equity method	8,605	10,828
Expired share options	13,269	13,269
Others	<u>26,651</u>	<u>24,803</u>
	<u>\$ 15,326,778</u>	<u>\$ 16,903,239</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, treasury stock transactions, and the difference between consideration and carrying amount of subsidiaries' stock disposed of, 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 Company's Articles of Incorporation, 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 earnings as legal reserve until the legal reserve equals the paid-in capital. The legal reserve may be used to 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 FVTOCI.

The appropriations of earnings for 2021 and 2020, which have been resolved in the AGM on June 23, 2022 and August 20, 2021, respectively, were as follows:

	Appropriation of Earnings	
	For Fiscal Year 2021	For Fiscal Year 2020
Legal reserve	\$ 1,102,873	\$ 1,330,074
Special reserve	(626,324)	2,449,739
Cash dividends	10,551,987	9,521,178
Cash dividends per share (NT\$)	3.7412	3.38353

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 \$1,576,086 thousand and \$2,577,603 thousand and representing \$0.5588 and \$0.916 per share, were also resolved in the AGM; thus, total distributions were \$4.3 and \$4.29953 per share, respectively, for 2021 and 2020.

TWM's 2022 earnings appropriations will be proposed by the Board of Directors and approved in the AGM. Information on earnings appropriations is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2022	\$ (44,294)	\$ (1,779,121)	\$ (1,823,415)
Changes in fair value of financial assets at FVTOCI	-	279,989	279,989
Changes in other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	16,432	(407,122)	(390,690)
Valuation loss of equity instruments transferred to retained earnings	-	2,308,625	2,308,625
Valuation loss of equity instruments transferred to retained earnings due to disposal by subsidiaries and associates	-	18,327	18,327
Income tax effect	-	<u>(104,622)</u>	<u>(104,622)</u>
Balance, December 31, 2022	<u>\$ (27,862)</u>	<u>\$ 316,076</u>	<u>\$ 288,214</u>
Balance, January 1, 2021	\$ (31,679)	\$ (2,418,060)	\$ (2,449,739)
Changes in fair value of financial assets at FVTOCI	-	222,645	222,645
Valuation loss of equity instruments transferred to retained earnings due to disposal	-	2,209	2,209
Changes in other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(12,615)	523,520	510,905
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(22,885)	(22,885)
Other comprehensive loss transferred to retained earnings due to the decrease of percentage of ownership interest in the investments accounted for using equity method	-	849	849
Income tax effect	-	<u>(87,399)</u>	<u>(87,399)</u>
Balance, December 31, 2021	<u>\$ (44,294)</u>	<u>\$ (1,779,121)</u>	<u>\$ (1,823,415)</u>

e. Treasury stock

As of December 31, 2022 and 2021, TWM's stocks held for the investment purposes by TCC Investment Co., Ltd. (TCCI), TFN Union Investment Co., Ltd. (TUI) and TCCI Investment and Development Co., Ltd. (TID), which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$66,171,777 thousand and \$69,875,160 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.

21. OPERATING REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 42,144,071	\$ 41,083,469
Sales revenue	18,710,201	18,595,512
Other operating revenue	<u>173,534</u>	<u>165,823</u>
	<u>\$ 61,027,806</u>	<u>\$ 59,844,804</u>

a. Contract information

Please refer to Note 4.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Contract assets			
Bundle sales	\$ 10,566,808	\$ 9,942,623	\$ 8,433,657
Less: Allowance for impairment loss	<u>(89,818)</u>	<u>(84,512)</u>	<u>(71,686)</u>
	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</u>	<u>\$ 8,361,971</u>
Current	\$ 5,086,808	\$ 4,661,996	\$ 4,612,234
Non-current	<u>5,390,182</u>	<u>5,196,115</u>	<u>3,749,737</u>
	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</u>	<u>\$ 8,361,971</u>

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

TWM 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, TWM concluded that the expected loss rates for trade receivables can be applied to the contract assets. As of December 31, 2022 and 2021, the expected credit loss rates were both 0.85%.

Movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31	
	2022	2021
Beginning balance	\$ 84,512	\$ 71,686
Provision	<u>5,306</u>	<u>12,826</u>
Ending balance	<u>\$ 89,818</u>	<u>\$ 84,512</u>

	December 31, 2022	December 31, 2021	January 1, 2021
Contract liabilities			
Telecommunications and value-added services	\$ 1,171,071	\$ 1,115,029	\$ 1,182,830
Sales of goods	<u>7,409</u>	<u>12,665</u>	<u>8,955</u>
	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</u>	<u>\$ 1,191,785</u>
Current	\$ 1,118,225	\$ 1,066,995	\$ 1,133,438
Non-current	<u>60,255</u>	<u>60,699</u>	<u>58,347</u>
	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</u>	<u>\$ 1,191,785</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. Other significant changes were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Contract assets		
Transfers of beginning balance to receivables	\$ 4,551,949	\$ 4,663,812

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Contract liabilities		
Telecommunications and value-added services	\$ 1,033,703	\$ 1,092,603
Sales of goods	<u>10,741</u>	<u>7,161</u>
	<u>\$ 1,044,444</u>	<u>\$ 1,099,764</u>

c. Partially completed contracts

As of December 31, 2022, the transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	In 2023	In 2024	After 2025	Total
Telecommunications and value-added services	<u>\$ 24,948,393</u>	<u>\$ 12,832,134</u>	<u>\$ 4,713,255</u>	<u>\$ 42,493,782</u>

The above information does not include contracts with expected durations which are equal to or less than one year.

d. Assets related to contract costs

	December 31	
	2022	2021
Incremental costs of obtaining a contract - non-current	<u>\$ 1,793,461</u>	<u>\$ 1,710,107</u>

TWM 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 years ended December 31, 2022 and 2021 were \$1,200,756 thousand and \$1,302,825 thousand, respectively.

22. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Year Ended December 31	
	2022	2021
Loss on disposal and retirement of property, plant and equipment, net	\$ (222,543)	\$ (24,041)
Gain on disposal of property, plant and equipment held for sale	1,014	-
Gain on disposal of investments accounted for using equity method	-	29
Gain (loss) on foreign exchange, net	(25,952)	8,903
Others	<u>583</u>	<u>(216)</u>
	<u>\$ (246,898)</u>	<u>\$ (15,325)</u>

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense		
Corporate bonds	\$ 294,207	\$ 291,668
Bank loans	201,547	112,062
Related parties	117,538	109,353
Commercial papers payable	85,049	72,774
Lease liabilities	56,049	60,119
Others	<u>866</u>	<u>1,000</u>
	<u>\$ 755,256</u>	<u>\$ 646,976</u>

23. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current income tax expense		
Current period	\$ 872,180	\$ 891,699
Prior years' adjustments	<u>11,029</u>	<u>(348,057)</u>
	<u>883,209</u>	<u>543,642</u>
Deferred income tax expense		
Temporary differences	<u>24,109</u>	<u>138,610</u>
Income tax expense	<u>\$ 907,318</u>	<u>\$ 682,252</u>

The reconciliation of profit before tax to income tax expense was as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 11,932,869</u>	<u>\$ 11,670,417</u>
Income tax expense at domestic statutory tax rate	\$ 2,386,574	\$ 2,334,083
Adjustment items in determining taxable profit	(1,514,464)	(1,442,169)
Temporary differences	24,109	138,610
Investment tax credits	-	(1,182)
Land value increment tax	70	967
Prior years' adjustments	<u>11,029</u>	<u>(348,057)</u>
	<u>\$ 907,318</u>	<u>\$ 682,252</u>

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

	For the Year Ended December 31	
	2022	2021
Deferred income tax expense		
Unrealized gain/loss on financial assets at FVTOCI	\$ 104,622	\$ 87,399
Remeasurements from defined benefit plans	<u>40,573</u>	<u>1,804</u>
	<u>\$ 145,195</u>	<u>\$ 89,203</u>

c. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2022 and 2021 were as follows:

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in		Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	
<u>Deferred tax assets</u>				
Property, plant and equipment	\$ 165,704	\$ (20,857)	\$ -	\$ 144,847
Defined benefit plans	59,333	(3,363)	(40,573)	15,397
Financial assets at FVTOCI	24,374	-	(24,374)	-
Others	<u>185,776</u>	<u>111</u>	<u>-</u>	<u>185,887</u>
	<u>\$ 435,187</u>	<u>\$ (24,109)</u>	<u>\$ (64,947)</u>	<u>\$ 346,131</u>
<u>Deferred tax liabilities</u>				
Intangible assets	\$ 703,734	\$ -	\$ -	\$ 703,734
Financial assets at FVTOCI	<u>-</u>	<u>-</u>	<u>80,248</u>	<u>80,248</u>
	<u>\$ 703,734</u>	<u>\$ -</u>	<u>\$ 80,248</u>	<u>\$ 783,982</u>
	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in		Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	
<u>Deferred tax assets</u>				
Property, plant and equipment	\$ 255,102	\$ (89,398)	\$ -	\$ 165,704
Defined benefit plans	64,541	(3,404)	(1,804)	59,333
Financial assets at FVTOCI	111,773	-	(87,399)	24,374
Others	<u>206,529</u>	<u>(20,753)</u>	<u>-</u>	<u>185,776</u>
	<u>\$ 637,945</u>	<u>\$ (113,555)</u>	<u>\$ (89,203)</u>	<u>\$ 435,187</u>
<u>Deferred tax liabilities</u>				
Intangible assets	<u>\$ 678,679</u>	<u>\$ 25,055</u>	<u>\$ -</u>	<u>\$ 703,734</u>

d. The income tax returns through 2020 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

	For the Year Ended December 31, 2022		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to stockholders	\$ 11,025,551	2,820,482	<u>\$ 3.91</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>3,717</u>	
Diluted EPS			
Profit attributable to stockholders (adj. for potential effect of common stock)	<u>\$ 11,025,551</u>	<u>2,824,199</u>	<u>\$ 3.90</u>
	For the Year Ended December 31, 2021		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to stockholders	\$ 10,988,165	2,814,930	<u>\$ 3.90</u>
Effect of dilutive potential common stock:			
Employees' compensation	-	4,221	
Convertible bonds	<u>4,735</u>	<u>5,669</u>	
Diluted EPS			
Profit attributable to stockholders (adj. for potential effect of common stock)	<u>\$ 10,992,900</u>	<u>2,824,820</u>	<u>\$ 3.89</u>

Since TWM has the discretion to settle the employees' compensation by cash or stock, TWM should presume that the entire amount of the employees' 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.

25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Year Ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 7,344,167</u>	<u>\$(3,442,956)</u>	<u>\$ 4,301,810</u>	<u>\$(206,650)</u>	<u>\$ 7,996,371</u>

For the Year Ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 7,532,213</u>	<u>\$(3,454,374)</u>	<u>\$ 3,488,869</u>	<u>\$ (222,541)</u>	<u>\$ 7,344,167</u>

26. CAPITAL MANAGEMENT

TWM 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, TWM may adopt various financing approaches to balance its capital structure in order to meet the demands for working capital, capital expenditures, settlements of liabilities, and dividend payments in its normal course of business for the future.

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTOCI (including current and non-current portions)	\$ 2,161,031	\$ 2,177,417
Financial assets measured at amortized cost (including current and non-current portions) (Note 1)	<u>10,623,279</u>	<u>9,376,634</u>
	<u>\$ 12,784,310</u>	<u>\$ 11,554,051</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 2)	<u>\$ 91,192,320</u>	<u>\$ 89,639,619</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 measured at amortized cost.

b. Fair value of financial instruments

1) Financial instruments not measured at fair value

Except for the table below, TWM 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.

	December 31			
	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable (including current portion)	\$ 37,481,574	\$ 36,972,577	\$ 37,475,497	\$ 37,702,271

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 on the reporting date.
- 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).

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 245,607	\$ -	\$ -	\$ 245,607
Domestic unlisted stocks	-	-	674,999	674,999
Foreign unlisted stocks	-	-	30,137	30,137
Limited partnerships	-	-	1,210,288	1,210,288
	<u>\$ 245,607</u>	<u>\$ -</u>	<u>\$ 1,915,424</u>	<u>\$ 2,161,031</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 1,051,959	\$ -	\$ -	\$ 1,051,959
Domestic unlisted stocks	-	-	408,139	408,139
Foreign unlisted stocks	-	-	27,672	27,672
Limited partnerships	<u>-</u>	<u>-</u>	<u>689,647</u>	<u>689,647</u>
	<u>\$ 1,051,959</u>	<u>\$ -</u>	<u>\$ 1,125,458</u>	<u>\$ 2,177,417</u>

There were no transfers between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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 3 fair value measurement:

The fair value of unlisted stocks and limited partnerships investments was evaluated through the market approach and asset approach. The evaluation and assumptions are mainly referenced to related information of comparable transactions or companies. The unobservable input was liquidity discount rate, which were estimated to be 26.2% as of December 31, 2022 and 2021.

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

For the Year Ended December 31, 2022

	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2022	\$ 1,125,458
Additions	375,000
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>414,966</u>
Balance at December 31, 2022	<u>\$ 1,915,424</u>

For the Year Ended December 31, 2021

	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2021	\$ 736,432
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>389,026</u>
Balance at December 31, 2021	<u>\$ 1,125,458</u>

c. Financial risk management

1) TWM's major financial instruments include equity investments, trade receivables, trade payables, commercial papers payable, bonds payable, borrowings, lease liabilities, etc., and TWM 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 TWM's risk exposure and TWM'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 TWM'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 TWM 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 a financial loss to TWM. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the balance sheets as of the balance sheet date. TWM has large trade receivables outstanding with its customers. A substantial majority of TWM's outstanding trade receivables are not covered by collateral or credit insurance. TWM has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While TWM 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 TWM serves a large number of unrelated consumers, the concentration of credit risk was limited.

4) Liquidity risk

Liquidity risk is the risk that TWM fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. TWM'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 TWM's reputation.

TWM manages and maintains a sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. TWM also monitors its bank credit facilities to ensure that TWM fully complies with the provisions and financial covenants of loan contracts. As of December 31, 2022 and 2021, TWM had unused bank facilities of \$50,745,557 thousand and \$46,518,715 thousand, respectively.

The table below summarizes the maturity profile of TWM'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	5-10 Years
<u>December 31, 2022</u>				
Unsecured loans	\$ 19,389,248	\$ 19,389,248	\$ -	\$ -
Unsecured loans - related parties	13,077,626	13,077,626	-	-
Commercial papers payable	11,279,084	6,697,116	4,581,968	-
Bonds payable	38,614,380	6,288,130	24,705,000	7,621,250
Lease liabilities	<u>8,085,962</u>	<u>3,062,916</u>	<u>5,007,571</u>	<u>15,475</u>
	<u>\$ 90,446,300</u>	<u>\$ 48,515,036</u>	<u>\$ 34,294,539</u>	<u>\$ 7,636,725</u>

(Continued)

	Contractual Cash Flows	Within 1 Year	1-5 Years	5-10 Years
<u>December 31, 2021</u>				
Unsecured loans	\$ 18,818,117	\$ 18,818,117	\$ -	\$ -
Unsecured loans - related parties	11,579,042	11,579,042	-	-
Commercial papers payable	11,186,827	4,642,649	6,544,178	-
Bonds payable	38,902,510	288,130	20,877,880	17,736,500
Lease liabilities	<u>7,423,605</u>	<u>2,979,718</u>	<u>4,428,984</u>	<u>14,903</u>
	<u>\$ 87,910,101</u>	<u>\$ 38,307,656</u>	<u>\$ 31,851,042</u>	<u>\$ 17,751,403</u> (Concluded)

5) Market risk

Market risk is the risk that arising from the changes in foreign exchange rates, interest rates, and prices, and will affect TWM'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.

TWM 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

TWM 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, TWM purchases currency at the spot rate based on the conservative principle in order to hedge exchange rate risk.

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

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 31,213	30.725	\$ 959,023
EUR	83	32.65	2,725
Non-monetary items			
USD	40,372	30.725	1,240,425
<u>Foreign currency liabilities</u>			
Monetary items			
USD	7,696	30.725	236,466
EUR	2	32.65	79

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 18,101	27.66	\$ 500,668
EUR	1,273	31.25	39,797
Non-monetary items			
USD	25,933	27.66	717,319
<u>Foreign currency liabilities</u>			
Monetary items			
USD	10,977	27.66	303,623
EUR	2	31.25	72

Refer to Note 22(a) for the information related to TWM's realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2022 and 2021, respectively.

Sensitivity analysis

TWM'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 \$36,260 thousand and \$11,839 thousand for the years ended December 31, 2022 and 2021, respectively.

b) Interest rate risk

TWM issued unsecured straight corporate bonds and signed facility agreements with financial institutions for locking in medium- and long-term fixed interest rates to reduce the impact of interest rates fluctuation.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 345,107	\$ 352,954
Financial liabilities	78,057,059	86,504,048
Cash flow interest rate risk		
Financial assets	2,122,912	1,538,012
Financial liabilities	11,099,424	-

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 decreased by \$44,883 thousand and increased by \$7,690 thousand for the years ended December 31, 2022 and 2021, respectively.

c) Other market price risk

The exposure to financial instrument price risk is mainly due to holding of stocks. TWM 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 financial 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 \$108,052 thousand and \$108,871 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2022 and 2021, respectively.

28. RELATED-PARTY TRANSACTIONS

a. Related party name and nature of relationship

<u>Related Party</u>	<u>Nature of Relationship</u>
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
TWM Venture Co., Ltd. (TVC)	Subsidiary
Taipei New Horizon Co., Ltd. (TNH)	Subsidiary
Fu Sheng Digital Co., Ltd. (FSD)	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
momo.com Inc. (momo)	Subsidiary
Taiwan Kuro Times Co., Ltd. (TKT)	Subsidiary
Taiwan Digital Service Co., Ltd. (TDS)	Subsidiary
TUI	Subsidiary
TCCI	Subsidiary
TID	Subsidiary
Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Subsidiary
Tai-Fu Cloud Technology Co., Ltd. (TFC)	Subsidiary
Taiwan Mobile Film Co., Ltd. (TWMFM)	Subsidiary
Taiwan Stampede Franchise Film Co., Ltd. (SFF)	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Global Forest Media Technology Co., Ltd. (GFMT)	Subsidiary
Win TV Broadcasting Co., Ltd. (WTVB)	Subsidiary
Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Subsidiary
Mangrove Cable TV Co., Ltd. (MCTV)	Subsidiary
Phoenix Cable TV Co., Ltd. (PCTV)	Subsidiary

(Continued)

Related Party	Nature of Relationship
Union Cable TV Co., Ltd. (UCTV)	Subsidiary
Globalview Cable TV Co., Ltd. (GCTV)	Subsidiary
Bebe Poshe International Co., Ltd. (Bebe Poshe)	Subsidiary
Fu Sheng Logistics Co., Ltd. (FSL)	Subsidiary
MFS Co., Ltd. (MFS)	Subsidiary
AppWorks	Associate
Uospace Tech Co., Ltd. (Uospace)	Associate
kbro Media Co., Ltd. (kbro Media)	Associate
Mistake Entertainment Co., Ltd. (M.E.)	Associate
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Taiwan Pelican Express Co., Ltd.	Associate (not a related party since the first quarter of 2021)
Fubon Life Insurance Co., Ltd.	Other related party
Fubon Insurance Co., Ltd. (Fubon Insurance)	Other related party
Fubon Securities Investment Trust Co., Ltd.	Other related party
Fubon Sports & Entertainment Co., Ltd. (FSE)	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Financial Holding Co., 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
Fubon Insurance Agency Co., Ltd.	Other related party
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 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
Fubon Private Equity Co., Ltd.	Other related party
TFB Capital Co., Ltd.	Other related party
P. League+ Co., Ltd.	Other related party
Jih Sun Financial Holding Co., Ltd.	Other related party
Jih Sun Securities Co., Ltd.	Other related party
Jih Sun International Bank, Ltd.	Other related party
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party
Jih Sun Life Insurance Agent Co., Ltd.	Other related party
Jih Sun Futures Co., Ltd.	Other related party
Jih Sun Securities Investment Consulting 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
Chen Yun Co., Ltd.	Other related party
kbro Co., Ltd. (kbro)	Other related party
Daanwenshan CATV Co., Ltd.	Other related party
North Taoyuan CATV Co., Ltd.	Other related party

(Continued)

<u>Related Party</u>	<u>Nature of Relationship</u>
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
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
Far Eastern Memorial Hospital	Other related party (not a related party since the third quarter of 2021)
Key management	Chairman, director, president, vice president, etc.

(Concluded)

b. Significant transactions with related parties

1) Operating revenue

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries	\$ 3,419,342	\$ 2,945,000
Associates	507	2,175
Other related parties	<u>276,522</u>	<u>240,994</u>
	<u>\$ 3,696,371</u>	<u>\$ 3,188,169</u>

TWM 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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries		
TFN	\$ 5,043,666	\$ 4,231,243
Others	742,423	801,281
Associates	811	1,730
Other related parties	<u>491,212</u>	<u>376,108</u>
	<u>\$ 6,278,112</u>	<u>\$ 5,410,362</u>

The entities mentioned above provide telecommunications and value-added services, purchases, broadband 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	December 31	
		2022	2021
Accounts receivable	Subsidiaries	\$ 473,910	\$ 419,927
Accounts receivable	Associates	-	333
Accounts receivable	Other related parties	<u>53,384</u>	<u>50,049</u>
		<u>\$ 527,294</u>	<u>\$ 470,309</u>
Other receivables	Subsidiaries	\$ 188,368	\$ 79,078
Other receivables	Other related parties	<u>55,667</u>	<u>40,785</u>
		<u>\$ 244,035</u>	<u>\$ 119,863</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	December 31	
		2022	2021
Accounts payable	Subsidiaries	\$ 191,356	\$ 211,375
Accounts payable	Associates	-	76
Accounts payable	Other related parties	<u>96,591</u>	<u>82,575</u>
		<u>\$ 287,947</u>	<u>\$ 294,026</u>
Other payables	Subsidiaries	\$ 643,516	\$ 561,072
Other payables	Other related parties	<u>55,893</u>	<u>34,388</u>
		<u>\$ 699,409</u>	<u>\$ 595,460</u>

5) Borrowings from related parties

	December 31	
	2022	2021
Subsidiaries		
TFN	\$ 9,413,000	\$ 7,913,000
WMT	3,179,000	3,230,000
Others	<u>413,000</u>	<u>388,000</u>
	<u>\$ 13,005,000</u>	<u>\$ 11,531,000</u>

The rate on borrowings from related parties was equivalent to the rate in the market.

6) Bank deposits and other financial assets

	<u>December 31</u>	
	2022	2021
Other related parties		
TFCB	\$ 602,370	\$ 620,624

7) Acquisition of subsidiary

Related Party Transaction	Transaction Period	Shares (In Thousands)	Purchase Price
Contributions to TVC's capital increase	2022	210,000	\$ 2,100,000
	2021	57,000	\$ 570,000

8) Others

	<u>December 31</u>	
	2022	2021
Refundable deposits		
Subsidiaries	\$ 38,905	\$ 34,910
Other related parties	<u>8,887</u>	<u>10,425</u>
	<u>\$ 47,792</u>	<u>\$ 45,335</u>

Other current liabilities - receipts under custody		
Subsidiaries	\$ 98,955	\$ 77,691
Other related parties	<u>167,264</u>	<u>159,666</u>
	<u>\$ 266,219</u>	<u>\$ 237,357</u>

	<u>For the Year Ended December 31</u>	
	2022	2021
Operating expenses		
Subsidiaries		
TT&T	\$ 955,450	\$ 999,906
TFN	33,259	34,247
Associates	1,134	13,760
Other related parties		
TMF	16,100	17,100
FSE	52,451	38,761
TFCB	139,353	123,566
Others	<u>92,585</u>	<u>95,017</u>
	<u>\$ 1,290,332</u>	<u>\$ 1,322,357</u>

For the years ended December 31, 2022 and 2021, TWM's service charges received (recognized as deduction of other income and expenses) were as follows:

	For the Year Ended December 31	
	2022	2021
Amounts received		
Subsidiaries		
TFN	\$ 393,468	\$ 404,344
Others	<u>27,648</u>	<u>21,768</u>
	<u>\$ 421,116</u>	<u>\$ 426,112</u>

For the years ended December 31, 2022 and 2021, TWM's service charges paid were as follows:

	For the Year Ended December 31	
	2022	2021
Amounts paid		
Subsidiaries		
TFN	<u>\$ 43,016</u>	<u>\$ 55,820</u>

	For the Year Ended December 31	
	2022	2021
Finance costs - interest expenses of financing from other parties		
Subsidiaries		
TFN	\$ 84,485	\$ 74,489
Others	<u>33,053</u>	<u>34,864</u>
	<u>\$ 117,538</u>	<u>\$ 109,353</u>

9) Lease arrangements

Acquisition of right-of-use assets

	For the Year Ended December 31	
	2022	2021
Subsidiaries	\$ 108	\$ 144,811
Other related parties	<u>3,940</u>	<u>172,504</u>
	<u>\$ 4,048</u>	<u>\$ 317,315</u>

Lease liabilities (including current and non-current portions)

	December 31	
	2022	2021
Subsidiaries	\$ 280,740	\$ 444,025
Other related parties	<u>160,904</u>	<u>231,579</u>
	<u>\$ 441,644</u>	<u>\$ 675,604</u>

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

c. Key management compensation

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

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 288,121	\$ 272,962
Termination and post-employment benefits	<u>11,385</u>	<u>8,070</u>
	<u>\$ 299,506</u>	<u>\$ 281,032</u>

29. ASSETS PLEDGED

The assets pledged as collateral for performance bonds were as follows:

	December 31	
	2022	2021
Other current financial assets	\$ 31,351	\$ 28,105
Other non-current financial assets	<u>480</u>	<u>480</u>
	<u>\$ 31,831</u>	<u>\$ 28,585</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	December 31	
	2022	2021
Purchases of property, plant and equipment	<u>\$ 7,117,937</u>	<u>\$ 2,724,280</u>
Purchases of inventories and sales commitments	<u>\$ 9,577,839</u>	<u>\$ 7,252,941</u>

As of December 31, 2022 and 2021, the amounts of lease commitments commencing after the balance sheet dates were \$187,601 thousand and \$215,517 thousand, respectively.

b. As of December 31, 2022 and 2021, the amounts of endorsements and guarantees provided to TFN, TKT and TVC were both \$24,750,000 thousand.

c. In August 2015, FET filed a statement of civil complaint with the Taipei District Court, in which FET claimed that (i) TWM shall apply for the return of the C4 spectrum block; (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 in favor of FET regarding claims (i), (ii), and (iii) of the lawsuit, and against FET regarding claim (iv) of the lawsuit. TWM and FET appealed with the High Court the reversal of the aforementioned sentences. The High Court dismissed the appeal of TWM regarding claims (i), (ii), and (iii), and regarding claim (iv) of FET, TWM shall pay FET \$765,779 thousand, of which \$152,584 thousand of the above amount, TWM shall make 5% annual interest payment for the period starting from September 5, 2015 to the payment date. TWM and FET appealed the reversal of the aforementioned sentences. In May 2019, the Supreme Court dismissed

the portion of High Court's original judgment on other appeal of FET regarding, and dismissed TWM's payment obligation, 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 High Court first retrial results were as follows: for the dismissed claim (iv) stated above, TWM shall pay FET \$242,154 thousand of which \$142,685 thousand shall have 5% annual interest for the period starting from September 30, 2016 to the payment date, and \$99,469 thousand shall have 5% annual interest for the period starting from July 21, 2017 to the payment date. TWM's counterclaim was denied. TWM and FET appealed the aforementioned sentences which were not favorable to them. The case is now in process at the Supreme Court.

31. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. On December 30, 2021, TWM's Board of Directors resolved and signed the merger agreement with Taiwan Star Telecom Corporation Limited (TST). The NCC announced the approval of TWM's merger with TST with incidental provisions on January 18, 2023. On February 24, 2023, TWM's Board of Directors resolved the share exchange ratio of one TST share for 0.0326 TWM shares. The merger still requires regulatory approval from the Fair Trade Commission.
- b. In February 2023, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$6,500,000 thousand.

32. OTHERS

Employee benefits, depreciation, and amortization are summarized as follows:

	For the Year Ended December 31, 2022			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs or Expense Deduction	Total
Employee benefits				
Salary	\$ 1,074,025	\$ 2,630,392	\$ 305,940	\$ 4,010,357
Insurance expenses	81,707	226,911	19,967	328,585
Pension	44,475	112,065	10,676	167,216
Compensation of directors	-	89,434	-	89,434
Others	48,164	133,182	-	181,346
Depreciation	8,625,335	757,475	-	9,382,810
Amortization	4,220,307	1,328,462	-	5,548,769

For the Year Ended December 31, 2021

	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs or Expense Deduction	Total
Employee benefits				
Salary	\$ 1,177,769	\$ 2,641,517	\$ 296,335	\$ 4,115,621
Insurance expenses	85,365	225,462	18,235	329,062
Pension	45,900	109,908	9,587	165,395
Compensation of directors	-	98,801	-	98,801
Others	48,534	133,232	-	181,766
Depreciation	8,426,821	816,879	-	9,243,700
Amortization	4,224,137	1,434,041	-	5,658,178

- a. For the years ended December 31, 2022 and 2021, the average numbers of TWM employees were 3,755 and 3,770, respectively, and the numbers of directors who were not employees were both 8.
- b. For the years ended December 31, 2022 and 2021, TWM's average employee benefits were \$1,251 thousand and \$1,274 thousand, respectively, and TWM's average salaries were \$1,070 thousand and \$1,094 thousand, respectively. The percentage change in the average salary expenses was -2%.
- c. TWM does not have any supervisors.
- d. The compensation policies of TWM are as follows:

Directors

The remuneration or other equivalent allowances for directors is determined based on their involvement in TWM's operations, contributions to the Company, and the general pay levels in the industry.

If TWM makes a profit, remuneration of directors is set at no higher than 0.3% of the profit which is specified in TWM's Articles of Incorporation.

Transportation allowances paid are based on attendance in board meetings and for services rendered as the chairman or a member of the Board, Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee.

Managers

Compensation of managers comprises fixed salary and variable compensation. Fixed salary is paid monthly. Variable compensation is in the form of employees' compensation and performance-based bonuses, which accounts for approximately 40%-50% of the total compensation of each manager. TWM takes the manager's contribution to the company's operations, future operating risk exposure, environmental conservation and corporate sustainable development into consideration during their assessment of the compensation of managers in accordance with the performance management policies.

In order to strengthen the link between corporate sustainable development and compensation of the manager, TWM may downgrade the manager's assessment of the year by one level or reduce the manager's performance-based bonuses and employees' compensation within 10% if the goals of corporate sustainable development are not achieved.

Variable compensation is proposed by the Remuneration and Nomination Committee and approved by the Board of Directors.

Employees

Employees are the most valuable assets to TWM. In order to maintain the competitiveness of compensation, TWM evaluates the pay level in the labor market by participating in salary surveys every year. Operational performance and future development are also taken into consideration when determining the compensation policy. To fulfill the performance-oriented compensation policy, TWM shares the operating achievements with employees by settling performance-based bonuses and employees' compensation according to the performance of the employee.

e. Information of employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, 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, remuneration of directors, and amounts reserved in advance. The estimations for employees' compensation and remuneration of directors were calculated by applying the aforementioned rates.

The employees' compensation and remuneration of directors of 2022 and 2021 shown below were approved by the Board of Directors on February 24, 2023 and February 22, 2022, respectively. There was no difference between the approved amounts and the amounts recognized.

	For the Year Ended December 31			
	2022		2021	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	<u>\$ 305,936</u>	<u>\$ 30,594</u>	<u>\$ 362,061</u>	<u>\$ 36,206</u>
Amounts recognized in the financial statements	<u>\$ 305,936</u>	<u>\$ 30,594</u>	<u>\$ 362,061</u>	<u>\$ 36,206</u>

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

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

33. 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
- 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 8 (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 9 (attached)

34. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2022.

TAIWAN MOBILE CO., LTD.

FINANCING EXTENDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	\$ 500,000	\$ 500,000	\$ 413,000	0.86856%-1.12000%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 31,609,005	\$ 31,609,005	Note 2
			Other receivables	Yes	700,000	700,000	291,000	1.16878%-1.82000%	Short-term financing	-	Operation requirements	-	-	-	31,609,005	31,609,005	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	3,800,000	3,414,000	3,179,000	0.86867%-1.50622%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	2,150,000	2,000,000	600,000	0.86856%-1.12000%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
			Other receivables	Yes	1,200,000	800,000	490,000	0.86856%-1.70378%	Short-term financing	-	Operation requirements	-	-	-	9,018,628	9,018,628	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	9,413,000	0.86867%-1.70378%	Short-term financing	-	Operation requirements	-	-	-	20,615,466	20,615,466	Note 2
			Other receivables	Yes	700,000	700,000	291,000	0.86878%-1.52000%	Short-term financing	-	Operation requirements	-	-	-	20,615,466	20,615,466	Note 2
4	YJCTV	TFNM	Other receivables	Yes	30,000	-	-	0.86878%	Transactions	405,951	-	-	-	-	405,951	405,951	Notes 3 and 4
5	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86878%-1.49733%	Transactions	523,729	-	-	-	-	523,729	523,729	Notes 3 and 4
6	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86878%-1.49733%	Short-term financing	-	Repayment of financing	-	-	-	283,647	283,647	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.

TAIWAN MOBILE CO., LTD.

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	Note 2	\$ 42,000,000	\$ 21,500,000	\$ 21,500,000	\$ 7,000,000	\$ -	33.35	\$ 64,470,756	Y	N	N	Note 3
		TKT	Note 2	313,800	50,000	50,000	50,000	-	0.08	64,470,756	Y	N	N	Note 3
		TVC	Note 2	8,550,000	3,200,000	3,200,000	1,921,300	-	4.96	64,470,756	Y	N	N	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.

TAIWAN MOBILE CO., LTD.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TWM	<u>Listed Stocks</u> Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	\$ 245,607	0.028	\$ 245,607	
	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	674,999	5	674,999	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	30,137	10	30,137	
	<u>Limited Partnerships</u> Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	1,108,681	21.67	1,108,681	Note 1
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	101,607	21.67	101,607	Note 1
TCC	<u>Unlisted Stocks</u> Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	91,046	5.21	91,046	
WMT	<u>Limited Partnerships</u> The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	<u>Listed Stocks</u> 91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	260,000	2.12	260,000	
	<u>Unlisted Stocks</u> 17LIVE INC.	-	Non-current financial assets at FVTPL	525	18,773	0.2	18,773	
	Jayawijaya Finance Limited	-	Non-current financial assets at FVTPL	5	150,734	6.24	150,734	
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	-	4,458	0.09	4,458	Note 2
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	401,422	7.51	401,422	
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	516,856	2.39	516,856	
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	39,943	0.34	39,943	
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	573,943	18.2	573,943	
	SoundOn Global Limited	-	Non-current financial assets at FVTOCI	-	15,100	1	15,100	Note 2
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	129,484	0.12	129,484	
	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	273,391	0.95	273,391	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	29,819	0.3	29,819	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	50,692	0.5	50,692	
Partipost Pte. Ltd.	-	Non-current financial assets at FVTOCI	899	26,855	2.53	26,855		
Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	16,284	4.48	16,284		

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TVC	<u>Limited Partnerships</u>							
	AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	\$ 16,365	16.05	\$ 16,365	Note 1
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	66,786	0.89	66,786	Note 1
	LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	92,074	2.67	92,074	Note 1
	Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	213,175	1.72	213,175	Note 1
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	91,516	0.32	91,516	Note 1
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	82,465	13.58	82,465	Note 1
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	66,182	1.21	66,182	Note 1
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	19,119	23.53	19,119	Note 1
		<u>Convertible Notes</u>						
	CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	126,280	-	126,280	
TCCI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	18,987,043	5.7	18,987,043	
	<u>Unlisted Stocks</u>							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	38,639	6.67	38,639	
TUI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	38,890,003	11.67	38,890,003	
TID	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,294,731	2.49	8,294,731	
momo	<u>Unlisted Stocks</u>							
	Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	4,217	0.15	4,217	
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	237,546	8.02	237,546	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,073	65,988	7.68	65,988	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	337,499	2.5	337,499	

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

Note 2: The shares held as of the period ended were fewer than 1,000 shares.

Note 3: For the information on investments in subsidiaries and associates, see Table 7 and Table 8 for details.

(Concluded)

TAIWAN MOBILE CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	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	Units/Shares (In Thousands)	Amount (Note 1)
TWM	<u>Unlisted Stocks</u> TVC	Investments accounted for using equity method	-	Subsidiary	217,500	\$ 2,736,210	210,000	\$ 2,100,000	-	\$ -	\$ -	\$ -	433,051 (Note 2)	\$ 4,604,998
	LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	50,000	408,139	37,500	375,000	12,500 (Note 3)	-	-	-	75,000	674,999
	<u>Listed Stocks</u> APT (Note 4)	Non-current financial assets at FVTOCI	-	-	97,171	798,745	-	-	97,171	671,375	2,980,000	(2,308,625) (Note 4)	-	-
TVC	<u>Unlisted Stocks</u> Cloud Mile Inc.	Non-current financial assets at FVTOCI	-	-	-	-	5,396	443,459	-	-	-	-	5,396	573,943
momo	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	-	-	37,500	375,000	-	-	-	-	37,500	337,499

Note 1: The ending balance included the relevant adjustments to share of profit of investments accounted for using equity method and financial assets.

Note 2: The ending balance of shares included the stock dividends, amounting to 5,551 thousand shares, received in the third quarter of 2022.

Note 3: LINE Bank Taiwan Limited reduced capital to write off 25% of the accumulated deficit in the second quarter of 2022, and TWM decreased 12,500 shares in accordance with the percentage of ownership.

Note 4: TWM exercised appraisal right in the second quarter of 2022 and deposited all of the held interests. The valuation loss was transferred from other equity to retained earnings.

TAIWAN MOBILE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	Sale	\$ 155,456	-	Based on contract terms	-	-	\$ 23,524	-	Note 3 Note 3
			Purchase	5,043,666	11	Based on contract terms	-	-	(495,576)	Note 2	
	TPIA	Subsidiary	Sale	200,317	-	Based on contract terms	-	-	80,109	1	Note 2
			Purchase	179,116	-	Based on contract terms	-	-	(41,000)	Note 2	
	TFNM	Subsidiary	Purchase	239,396	1	Based on contract terms	-	-	(45,184)	2	
	momo	Subsidiary	Sale	3,041,736	5	Based on contract terms	-	-	362,727	5	
Purchase			239,239	1	Based on contract terms	-	-	(18,512)	1		
TWM&TDS	Fubon Insurance	Other related party	Sale	294,662	-	Based on contract terms	-	-	59,925	1	
TNH	TWM	Parent	Sale	126,354	22	Based on contract terms	-	-	8,009	59	
TFN	TFC	Fellow subsidiary	Sale	153,384	2	Based on contract terms	-	-	25,391	2	
			Sale	217,377	2	Based on contract terms	-	-	34,242	3	
			Sale	379,556	4	Based on contract terms	-	-	63,089	6	
TT&T	TWM	Ultimate parent	Sale	956,348	91	Based on contract terms	-	-	87,839	91	
TPIA	Fubon Insurance	Other related party	Sale	338,431	97	Based on contract terms	-	-	103,335	96	
TFNM	YJCTV	Subsidiary	Channel leasing fee	372,043	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	484,014	14	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	215,586	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	174,174	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	155,992	51	Based on contract terms	Note 1	Note 1	(30,769)	74	
WTVB	kbro	Other related party	Sale	194,132	18	Based on contract terms	-	-	64,615	8	
momo	FSL	Subsidiary	Purchase	907,150	1	Based on contract terms	-	-	(254,317)	2	
			Purchase	203,739	-	Based on contract terms	-	-	(17,631)	-	
			Purchase	132,202	-	Based on contract terms	-	-	(51)	-	

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.

TABLE 6

TAIWAN MOBILE CO., LTD.

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022

(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	\$ 362,727	9.15	\$ -	-	\$ 357,446	\$ -
			Other receivables	95,724		-	-	29,513	-
TCC	TWM	Parent	Other receivables	413,731		-	-	-	-
	TFC	Subsidiary	Other receivables	291,842		-	-	-	-
WMT	TWM	Parent	Other receivables	3,193,040		-	-	3,193,040	-
	TFNM	Subsidiary	Other receivables	600,608		-	-	-	-
	WTVB	Subsidiary	Other receivables	491,156		-	-	177	-
TFN	TWM	Ultimate parent	Accounts receivable	501,644	10.81	-	-	448,328	-
			Other receivables	9,488,405		-	-	19,255	-
	TCC	Parent	Other receivables	291,703	-	-	-	-	
TPIA	Fubon Insurance	Other related party	Accounts receivable	103,335	3.42	-	-	28,821	-
PCTV	TFNM	Parent	Accounts receivable	6,092	7.22	-	-	3,994	-
			Other receivables	520,036		-	-	35	-
GCTV	TFNM	Parent	Accounts receivable	2,481	7.11	-	-	1,578	-
			Other receivables	250,002		-	-	1	-
momo	TWM	Ultimate parent	Accounts receivable	50,391	11.89	-	-	49,763	-
			Other receivables	66,042		-	-	59,448	-
	TFCB	Other related party	Accounts receivable	233,631	Note	-	-	233,075	-
			Other receivables	279,185		-	-	279,185	-
FSL	momo	Parent	Accounts receivable	254,851	4.6	-	-	238,725	-

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

TAIWAN MOBILE CO., LTD.

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 19,869,765	\$ 3,905,482	\$ 3,906,214	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	22,545,770	3,173,222	3,172,668	Note 1
	TVC	Taiwan	Investment	4,275,000	2,175,000	433,051	100	4,604,998	120,947	120,947	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,960,752	115,316	56,350	Note 1
	FSD	Taiwan	Information services	30,000	-	3,000	100	23,421	(3,246)	(6,579)	Note 1
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	2,168	51	244,745	(18,337)	(10,213)	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	51,539,627	3,538,184	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	155,012	48,442	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	241,896	19,397	-	Notes 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	25,988,580	2,120	-	Note 2
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	103,044	8,651	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	110,571	100,571	-	Note 2
	TFC	Taiwan	Cloud and information services	200,000	200,000	20,000	100	246,602	67,009	-	Note 2
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	6,768,720	1,598,631	-	Note 2
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,424	123	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	97,885	2,231	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	396,195	126,931	-	Note 2
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	98,354	45.01	10,968,706	3,434,626	-	Notes 2 and 4
TVC	TWMFM	Taiwan	Film production	11,300	300	1,130	100	11,054	(184)	-	Note 2
	AppWorks Fund III	Taiwan	Venture capital	583,292	694,767	57,877	20.14	600,765	724,769	-	Note 2
	NADA	Taiwan	Animation production	60,000	60,000	4,286	37.93	55,558	1,090	-	Note 2
	AppWorks Fund IV	Taiwan	Venture capital	105,000	-	-	32.86	101,159	(13,309)	-	Note 2 and 5
	Uspace	Taiwan	Information software service	200,030	-	5,969	32.90	194,095	(67,590)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	33,743,265	(76)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,202,078	(76)	-	Note 2
TWMFM	SFF	Taiwan	Film production	300	-	30	100	254	(46)	-	Note 2
TFNM	TKT	Taiwan	Digital music services	156,900	156,900	14,700	100	334,369	43,930	-	Note 2
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,449,291	(61,672)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	628,626	24,943	-	Notes 2 and 6
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,465,185	122,399	-	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,051,901	33,236	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,277,609	34,946	-	Note 2
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	21,994	33.58	78,593	(149,709)	-	Note 2

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	\$ 30,628	\$ 27,000	537	11.33	\$ 33,110	\$ 21,884	\$ -	Note 2
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,775	33,236	-	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	96,447	34,946	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	17,506	(3,448)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	560,502	(99,495)	-	Note 2
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	2,922	(2,280)	-	Note 2
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	12,983	3,515	-	Notes 2 and 7
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	46,612	5,577	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	90,880	85,000	8,868	88.68	27,953	(5,790)	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	374,472	118,512	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	98,399	(2,380)	-	Note 2
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	223,833	4,232	-	Note 2
	TV Direct	Thailand	Wholesale and retail sales	Note 8	179,406	Note 8	Note 8	Note 8	Note 8	-	Notes 2 and 8
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	16,913	(3,834)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	16,913	(3,834)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	560,502	(99,495)	-	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 as of period end.

Note 4: Material non-controlling interests.

Note 5: Percentage of ownership is the percentage of capital contribution.

Note 6: 70.47% of stocks are held under trustee accounts.

Note 7: Renamed as Fuli Insurance Agent Co., Ltd. in February 2023, and changed its main business to comprehensive insurance agent.

Note 8: momo sold all of its equity interest of TV Direct in August 2022.

Note 9: For information on investments in mainland China, see Table 8 for the details.

(Concluded)

TAIWAN MOBILE CO., LTD.
INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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	Data communication application development	\$ 92,175 (USD 3,000)	b	\$ 149,689 (USD 4,872)	\$ -	\$ -	\$ 149,689 (USD 4,872)	\$ 1,381	100	\$ 1,381	\$ 83,402	\$ -	
FGE	Wholesaling	341,076 (RMB 77,500)	b	823,012 (USD 14,000) (RMB 89,267)	-	-	823,012 (USD 14,000) (RMB 89,267)	(4,943)	76.7	(3,791)	6,976	-	
Haobo	Investment	48,411 (RMB 11,000)	b	-	-	-	-	(100,135)	100	(100,135)	531,879	-	
GHS	Wholesaling	220,049 (RMB 50,000)	b	-	-	-	-	61,451	20	(19,073)	486,008	-	

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	\$1,637,082 (USD18,872, RMB89,267 and HKD168,539)	\$1,637,082 (USD18,872, RMB89,267 and HKD168,539)	\$43,710,468

Note 1: The investment types are as follows:

- a. Direct investment in mainland China.
- b. Indirect investments in mainland China through subsidiaries, invested by TCC and momo, in third regions.
- c. Others.

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

TAIWAN MOBILE CO., LTD
INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2022

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.67
Shin Kong Life Insurance Co., Ltd.	251,723,000	7.15
TCCI	200,496,761	5.70
Cathay Life Insurance Co., Ltd.	188,343,900	5.35
Ming Dong	184,736,452	5.25

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 preferred stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET	2
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	3
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 11
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	4
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 14
STATEMENT OF SHORT-TERM BORROWINGS	5
STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE	6
STATEMENT OF ACCOUNTS PAYABLE	7
STATEMENT OF OTHER PAYABLES	8
STATEMENT OF BONDS PAYABLE	Note 17
STATEMENT OF LONG-TERM BORROWINGS	9
STATEMENT OF LEASE LIABILITIES	10
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUES	Note 21
STATEMENT OF OPERATING COSTS	11
STATEMENT OF MARKETING AND ADMINISTRATIVE EXPENSES	12
STATEMENT OF FINANCE COSTS	Note 22(b)
STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION	Note 32

TAIWAN MOBILE CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Summary	Amount
Cash on hand and revolving funds		<u>\$ 80,905</u>
Cash in banks		
Demand deposits		1,272,353
Foreign currency deposits		
	(US\$26,583 thousand, at an exchange rate of \$30.725)	816,754
	(EUR60 thousand, at an exchange rate of \$32.65)	1,974
Checking account deposits		<u>5,472</u>
		<u>2,096,553</u>
		<u>\$ 2,177,458</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Others (Note)	\$ 6,452,979
Less: Allowance for impairment loss	<u>(379,768)</u>
	<u>\$ 6,073,211</u>

Note: The amount of each client was less than 5% of the account balance.

TAIWAN MOBILE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Adjustments of Investments Accounted for Using Equity Method (Note 3)	Ending Balance			Market Value or Net Assets Value
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Percentage of Ownership %	Amount	
TCC	520,970	\$ 18,772,200	-	\$ -	-	\$ (2,863,599)	\$ 3,961,164	502,970	100	\$ 19,869,765	\$ 79,022,513
WMT	42,065	22,266,600	-	-	-	(2,906,761)	3,185,931	42,065	100	22,545,770	22,546,570
TVC	217,500	2,736,210	215,551	2,100,000	-	(1)	(231,211)	433,051	100	4,604,998	4,604,998
TNH	191,866	1,904,402	-	-	-	-	56,350	191,866	49.9	1,960,752	1,957,990
FSD	-	-	3,000	30,000	-	-	(6,579)	3,000	100	23,421	26,754
AppWorks	1,275	<u>270,997</u>	893	-	-	-	<u>(26,252)</u>	2,168	51	<u>244,745</u>	9,665
		<u>\$ 45,950,409</u>		<u>\$ 2,130,000</u>		<u>\$ (5,770,361)</u>	<u>\$ 6,939,403</u>			<u>\$ 49,249,451</u>	

Note 1: The increase in investments mainly resulted from cash capital increase or receiving share dividends.

Note 2: The decrease in investments mainly resulted from receiving cash dividends.

Note 3: The adjustments of investments accounted for using equity method include the share of the profit or loss and other comprehensive income of investees, changes in equity accounted for using equity method and unrealized gain or loss on upstream and downstream intercompany transactions.

Note 4: None of the investments accounted for using equity method was provided as collateral.

TAIWAN MOBILE CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Total
<u>Cost</u>					
Balance, January 1, 2022	\$ 983,333	\$ 12,794,585	\$ 509,179	\$ 171,056	\$ 14,458,153
Additions	365,701	3,895,176	27,827	15,953	4,304,657
Remeasurement of lease liabilities	503	(6,200)	4,172	-	(1,525)
Deductions	(247,818)	(2,972,402)	(18,783)	(17,669)	(3,256,672)
Others	<u>(312)</u>	<u>(1,206)</u>	<u>-</u>	<u>-</u>	<u>(1,518)</u>
Balance, December 31, 2022	<u>\$ 1,101,407</u>	<u>\$ 13,709,953</u>	<u>\$ 522,395</u>	<u>\$ 169,340</u>	<u>\$ 15,503,095</u>
<u>Accumulated depreciation</u>					
Balance, January 1, 2022	\$ 492,885	\$ 6,325,750	\$ 235,052	\$ 77,438	\$ 7,131,125
Depreciation	235,148	3,065,596	87,059	38,068	3,425,871
Deductions	<u>(235,836)</u>	<u>(2,760,895)</u>	<u>(9,760)</u>	<u>(16,404)</u>	<u>(3,022,895)</u>
Balance, December 31, 2022	<u>\$ 492,197</u>	<u>\$ 6,630,451</u>	<u>\$ 312,351</u>	<u>\$ 99,102</u>	<u>\$ 7,534,101</u>
Carrying amount, December 31, 2022	<u>\$ 609,210</u>	<u>\$ 7,079,502</u>	<u>\$ 210,044</u>	<u>\$ 70,238</u>	<u>\$ 7,968,994</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Loan Type	Amount	Contract Period	Interest Rates	Loan Commitments	Collateral
Unsecured - bank	<u>\$ 19,300,000</u>	2022.10.28-2023.5.26	1.53%-1.65%	<u>\$ 60,071,000</u>	None
Unsecured - related parties					
TFN	9,413,000	2022.5.6-2023.5.5		11,000,000	None
WMT	3,179,000	2022.1.27-2023.4.21	0.87%-1.70378%	3,800,000	None
TCC	<u>413,000</u>	2022.5.6-2023.5.5		<u>500,000</u>	None
	<u>13,005,000</u>			<u>15,300,000</u>	
	<u>\$ 32,305,000</u>			<u>\$ 75,371,000</u>	

TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Institution Providing Guarantee or Acceptance	Contract Period	Interest Rates	Issuing Amount	Discount on Short-term Notes and Bills Payable	Net Carrying Value
Commercial papers payable	China Bills Finance Corporation	2022.11.28-2023.2.24	1.658%	<u>\$ 3,100,000</u>	<u>\$ 7,605</u>	<u>\$ 3,092,395</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Company A	\$ 749,257
Company B	231,847
Company C	115,834
Others (Note)	<u>825,675</u>
	<u>\$ 1,922,613</u>

Note: The amount of each vendor was less than 5% of the total account balance.

TAIWAN MOBILE CO., LTD.**STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Amount
Equipment and construction	\$ 2,091,425
Salaries and pension	1,366,339
Estimated loss from lawsuits	765,779
Repair and maintenance expense	708,597
Rents and utilities expense	677,877
Commissions	396,078
Others (Note)	<u>1,589,770</u>
	<u>\$ 7,595,865</u>

Note: The amount of each item was less than 5% of the total account balance.

TAIWAN MOBILE CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Institution Providing Guarantee or Acceptance	Amount	Contract Period	Interest Rates	Collateral
Commercial papers payable				
China Bills Finance Corporation	\$ 4,496,902	2022.6.2-2025.6.1		None
Yuanta Commercial Bank	1,999,849	2020.12.31-2023.12.31	0.688%-1.81%	None
Mega Bill Finance Corporation	1,499,746	2020.12.25-2023.12.25		None
Less: Current portion	<u>(3,499,595)</u>			
	<u>\$ 4,496,902</u>			

TAIWAN MOBILE CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item (Target)	Lease Terms	Discount Rates	Amount
Land	1-19 years	0.61%-1%	\$ 607,585
Buildings	1-10 years	0.61%-1%	7,096,075
Telecommunications equipment and machinery	6 years	0.79%-1%	221,790
Others	1-5 years	0.62%-0.86%	<u>70,921</u>
			<u>\$ 7,996,371</u>

TAIWAN MOBILE CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	\$ 20,472,303
Depreciation	8,625,335
Interconnecting cost (Note 1)	7,104,189
Government fees (Note 2)	4,709,271
Others (Note 3)	<u>5,320,550</u>
	<u>\$ 46,231,648</u>

Note 1: The amount includes dedicated line and interconnecting charges paid to other telecommunication service providers.

Note 2: The amount includes the NCC's frequency usage fees, number selections fees, amortization of concession fees, etc.

Note 3: The amount of each item was less than 5% of the total account balance.

TAIWAN MOBILE CO., LTD.**STATEMENT OF MARKETING AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Marketing	Administrative	Total
Salaries and pension	\$ 1,583,457	\$ 1,115,490	\$ 2,698,947
Professional service fees	1,249,297	235,918	1,485,215
Amortization	1,204,086	124,209	1,328,295
Depreciation	532,334	221,741	754,075
Commissions and mobile phone subsidies	695,454	-	695,454
Service charges	242,916	335,515	578,431
Others (Note)	<u>1,060,708</u>	<u>765,460</u>	<u>1,826,168</u>
	<u>\$ 6,568,252</u>	<u>\$ 2,798,333</u>	<u>\$ 9,366,585</u>

Note: The amount of each item was less than 5% of the total account balance.