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Taiwan Mobile

2023 Annual Report

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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.*

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Letter to shareholders

Dear Shareholders,

Taiwan Mobile (“TWM”, or “the Company”) and Taiwan Star officially merged on December 1, 2023. The newly formed “5G Team Taiwan” offers its more than 10 million users a maximum bandwidth of 100MHz across the coveted 3.5GHz golden frequency band, in addition to the lower frequency band of 700MHz, delivering unparalleled internet services while introducing a variety of unique bundles to give users the most valuable choices. Environmental sustainability is one of our missions, and the integration of the two companies’ base station infrastructure has led to a tangible reduction in power consumption, contributing to carbon reduction and delivering a positive impact on society.

As the telecommunications industry moves toward a new realm of competition centered around meaningful value creation, we will accelerate the development of “Telco+Tech” businesses to propel our technology and telecom flagship forward. Concurrently, we are committed to implementing world-class corporate governance standards internally, while balancing shareholder interests and customer satisfaction externally. With sustainability at its core, the Company aspires to serve as a beacon of corporate social responsibility.

2023 operating and financial results

Propelled by solid momentum from our three growth engines – 5G, e-commerce and home broadband – our mobile business benefited from the release of the iPhone 15 series and our unique bundles. 5G postpaid penetration steadily increased, driving our smartphone postpaid ARPU and mobile service revenue to new highs in recent years.

In 2023, along with revenue contribution from Taiwan Star in December, TWM reported consolidated revenue of NT\$183.3 billion, a 6% YoY growth, EBITDA of NT\$35.8 billion, operating income of NT\$17.5 billion, a 4% YoY growth. Net income hit a four-year record-high of NT\$12.3 billion, with EPS of NT\$4.33, boosted by one-time gains on disposals of investments recorded at the end of the year.

New business roadmap and group resources integration

TWM has been expanding its 5G ecosystem and new business roadmap through strategic investments in multiple fields. The Company continues to partner with the top e-commerce platform, momo, through its unique bundle “momobile” steadily enlarging its business ecosystem. Its “Double Play” footprint has grown to cover over 80% of households in Taiwan, allowing more users to enjoy its stable mobile and broadband services. In addition, its “OP Life” provides a one-stop shop that allows customers to enjoy state-of-the-art home theater experiences through seamlessly integrated bundles of TVs, routers, speakers, and set-top boxes, along with TWM’s unique services. Gaming is another fast-growing business. In addition to the enduring popularity of “League of Legends”, TWM launched the mobile version of “Teamfight Tactics” to break platform restrictions and meet gameplay needs on different devices.

On the enterprise front, in response to businesses’ investment focus and government incentive policies, TWM, leveraging its “Telco+Tech” advantages, has developed enterprise cybersecurity services and enterprise-exclusive generative AI services. The Company has also expanded the industrial ecosystem to develop 5G, IoT, cloud and ESG solutions, working with partners to facilitate digital transformation across industries.

Innovative applications and research results

TWM has poured in a lot of resources into research and development. In 2023, our information, data research and technology units obtained 14 patents, including systems and methods for diagnosing telecom network equipment, geographical modeling of user activity, and detecting and suppressing mobile network interference. The Company has also proactively invested in efforts to combat fraud, leading its peers in developing two powerful tools – the "Anti-fraud Service" and "Number Masking Service" that connect five major stakeholders (government agencies, law enforcement units, public associations, businesses and consumers) to build a secure e-commerce ecosystem. In addition, leveraging its telecom tech expertise, TWM has created a digital transformation solutions package – "OPBiz" for small businesses and micro merchants to help accelerate small- and medium-sized enterprises' (SME) digital transformation, enhance their competitiveness and expand their operational scale.

World-class corporate governance

Taiwan Mobile has striven to be a role model in corporate sustainability and is the first telecommunications company to promote the "Sustainability Development Committee" to the level of board of directors, enhancing the height and breadth of the Company's sustainable governance. The Company once again received numerous commendations for its efforts in the past year. Recognized by the international verification institution SGS, we were honored with the Carbon Management Award – one of the only 10 companies in Taiwan to receive this recognition; for six consecutive years, we have been listed in the "Taiwan Sustainability Index".

Additionally, the Company was included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the 12th consecutive year and in the DJSI World Index for the seventh time, ranking top three among the world's telecommunications enterprises. For nine years in a row, we have been among the top 5 percent listed companies commended for good corporate governance. Lastly, TWM was awarded a Silver Class award in S&P Global's "ESG Yearbook 2023".

Corporate social responsibility

As a leading telecom operator, it is our duty not only to continue to pursue solid operational and financial performances, but also to take into account social inclusion, environmental awareness and sustainable development. In 2023, Taiwan Mobile was the first telecom company in Asia to have its 1.5°C-aligned science-based targets to reach net zero emissions by 2050 validated by the Science-Based Targets initiative (SBTi), and to commit to 100% renewable energy use by 2040. It also published the Company's first Task Force on Climate-Related Financial Disclosures (TCFD) report. Our efforts were recognized by different organizations in Taiwan, as we earned our 2nd *Global Views Monthly* magazine's ESG Awards "Annual Honor Roll", and won 1st place in the Human Resources Development category and a Model Award in the Education Promotion category in 2023. We were also honored with our 16th Excellence in Corporate Social Responsibility Award from *CommonWealth Magazine*. The Company earned further distinction by receiving seven awards at the 2023 Taiwan Corporate Sustainability Awards (TCSA), and won "The Most Prestigious Sustainability Awards – Top 10 Sustainable Taiwanese Service Businesses Award" for the 9th time.

Valuing shareholders' interests and customer satisfaction

Industry consolidation should lead to a healthier market. An expanded user base and synergies unlocked from TWM's and Taiwan Star's merger should propel profit growth, generate stable free cash flow, increase financial flexibility and improve shareholder returns. We completed our 3G network consolidation and 4G 2100MHz capacity expansion on the day of the merger, which should enhance user experience, including a 10% jump in 4G network speed for existing users. With a multi-operator core network (MOCN) in place, we will provide integrated 5G services as we consolidate 4G base stations. Over time, we expect to provide our users with a wider coverage and higher speeds in 4G+5G networks and gradually realize the cost-saving synergies from network consolidation.

Outlook

"5G Team Taiwan" will focus on creating value as its core mission. From the perspective of the telecommunications industry, we will connect our core expertise with sustainable thinking, addressing ESG concerns and contributing to positive social change. Environmental sustainability will always be part of our mission. With the advent of 5G, TWM will leverage and integrate the group's resources and services, including finance, telecommunications, digital and retail, while also expanding outward, laying down new milestones, and outlining a blueprint for a better future for users, employees, shareholders and all stakeholders.

Daniel M. Tsai
Chairperson

Chapter 1 Company Highlights

I. Vision

Taiwan Mobile (TWM) is the second-largest telecommunications company in Taiwan. As a Telco+Tech company, TWM has integrated Telecom, Internet, Media & Entertainment, and E-Commerce, and adopted a “Super 5G” strategy (Gift, Group, Grit, Green, Greater Southeast Asia) to create a platform for the development of new technologies and businesses.

Operating under the concept of “Open Possible,” the Company strives to provide customers with diverse technological solutions that open up limitless possibilities for users to transcend limits and enjoy a host of new experiences.

TWM officially merged with Taiwan Star on December 1, 2023, and formed “5G Team Taiwan” to take on new challenges as the telecommunications industry moves toward a new realm of competition centered around meaningful value creation. The merger boosted TWM’s client base to 10.13 million and broadened its spectrum coverage, allowing it to offer users high quality internet services thanks to a maximum bandwidth of 100MHz on the 3.5GHz golden band as well as key dual lower frequencies of 700MHz and 900MHz.

At this critical juncture of 5G development in Taiwan’s telecommunications industry, TWM aims to give full play to the power of the information and communications technology industry and integrate the group’s financial, telecommunications, digital and retail strategies to share the benefits with society. TWM has developed a sustainability strategic blueprint called “Zetta Connected 2.0”, joined the global renewable energy initiative RE100, and set twin goals of achieving 100% renewable energy usage by 2040 and Net Zero emissions by 2050.

In 2023, TWM declared its commitment to biodiversity conservation and no deforestation, and released its first Task Force on Climate-Related Financial Disclosures (TCFD) report to accelerate the nation’s move toward Net Zero and sustainable co-existence. In doing so, TWM aspires to create maximum value for shareholders, employees, and the public.

II. Core Competitiveness

- **Raising (upgrading) network coverage and speed through high and low frequency convergence**

To merge Taiwan Star’s operations, TWM dedicated thousands of engineering personnel to district-by-district network integration operations, ensuring a smooth transition and a noticeable upgrade in user experience. Post-merger, the revamped TWM now boasts a maximum bandwidth of 100MHz in the coveted 3.5GHz band, in addition to dual low frequencies at 700MHz and 900MHz. Using 5G carrier aggregation (NR CA) technology, the network interconnects over 15,000 base stations across different frequency bands, delivering a download speed of up to 2Gbps.

With the comprehensive wireless network integration set to be completed by the end of 2024, TWM aims to achieve 98% 5G population coverage by 2025. In a commitment to eco-friendly operations, the Company introduced cutting-edge liquid cooling technology to its base stations. This innovative technology is estimated to lower equipment temperatures by 14 °C and reduce power consumption by 47%, creating a more energy-efficient network. Going forward, TWM will proactively minimize duplicated infrastructure deployment, which should lead to significant energy savings of 100 million to 200 million kilowatt-hours annually.

- **Elevating entertainment across the board with exclusive innovative applications**

In addition to discounts for on-net calls for over ten million users, TWM offers unique bundles such as OP Life, momobile and Double Play, and partnered with Disney+ and HBO GO to launch telecom-exclusive packages to enhance users' experience. TWM is also an active player in the gaming business, serving as an agent for Riot Games' popular "League of Legends" and "League of Graphs", and jointly developing "the GeForce NOW powered by Taiwan Mobile" cloud game service with NVIDIA. Furthermore, TWM provides a wealth of video services and content, including its OTT service MyVideo; partnered with the UK's BBC Studios to introduce the "BBC PLAYER" special section; and strategically allied with KKBOX to provide music streaming services, giving users access to over a billion songs and tens of thousands of podcasts.

- **Empowering enterprise transformation and upgrades with nearly 300 ecosystem partners**

TWM integrated the 3.5GHz spectrum in 60MHz and 40MHz bands for enterprise private network, supported by mature device availability. These two frequency bands can be flexibly utilized to provide commercial users with more cost-effective 5G enterprise private network services. TWM also formed a 5G private network national team to build Taiwan's first world-class smart park in historic sites and joined forces with nearly 300 partners to expand the ecosphere of "Super 5G" applications. For SME customers, it launched OP Package – a one-stop service covering mobile landline, store broadband and myBZ+ – to accelerate their digital transformation and upgrade.

- **Harnessing industrial influence: inaugural "D.E.E.P. Tech Day" and expansion into telecom finance**

Leveraging its telecommunications expertise and robust software research and development capabilities, TWM organized its inaugural "D.E.E.P. Tech Day" in 2023, promoting technological advancement through four key roles: Designer, Engineer, Enabler and Practitioner. At the same time, TWM is establishing a comprehensive telecom finance ecosphere to broaden its consumer services. It launched OP Pay – the first buy now pay later service in the telecom industry – to serve TWM users and accelerate the development of inclusive finance in Taiwan. Furthermore, it pioneered telecommunications technology insurance services with OP Insurance. Teaming up with Fubon Insurance, it became the first telecommunication and insurance company in Taiwan to receive approval from the Financial Supervisory Commission's Insurance Bureau to pilot "innovative insurance." TWM users can apply for international roaming and travel insurance (including inconvenience insurance) seamlessly through the Taiwan Mobile Customer Service app. Premiums can be added to the telecom bill for fast and convenient processing.

- **Creating an anti-fraud ecosystem: anti-fraud and number masking services**

An industry leader in combating fraud, TWM works in collaboration with five key stakeholders – government agencies, law enforcement, public associations, businesses and consumers – to launch initiatives such as anti-fraud and number masking services. Leveraging its technology for detection and prevention, TWM's efforts encompass identifying counterfeit websites, blocking fraudulent calls, issuing voice warnings and securing e-commerce transactions – all of which are aimed at comprehensively safeguarding user information security.

- **Prioritizing sustainability: TWM's dedication to energy efficiency and carbon reduction**

TWM's ESG performance ranks among international benchmark corporations. For nine consecutive years, it has ranked in the top 5% in Corporate Governance Evaluation. For four consecutive years, it has received an A rating in "Climate Change" from CDP, the largest carbon disclosure organization. Additionally, TWM has been listed among the top three in the DJSI World Index for seven consecutive years and maintained its position in the DJSI Emerging Markets index for 12 consecutive years, achieving the best performance in 16 indicators in the global telecommunications industry. In August 2023, TWM's adoption of strategies to increase the proportion of green electricity and implement low-carbon operations earned it the honor of being Asia's first telecom operator to pass the SBTi review of the 2050 Net-Zero pathway scenario with a target of limiting temperature rise to 1.5°C. At the same time, TWM has participated in the development of new energy, and cooperates with Academia Sinica on research projects, such as methane pyrolysis, geothermal power generation and ocean current power generation.

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 is connecting people or providing new perspectives, the Company aims to inspire and empower users to live smarter and more fulfilled lives. TWM has integrated technologies into a new ecosystem and open up infinite possibilities to help people fulfill their wishes. By providing a new generation of solutions, we help every customer open up unlimited possibilities and achieve 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 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 98 “Shares issued for mergers and acquisitions.”

Refer to page 142 “Affiliates.”

Changes in shareholdings of directors and major shareholders

Refer to page 89 “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 2023 up to the publication date in 2024

February	2024	Ranked among the top 10% in S&P Global's “The Sustainability Yearbook 2024”.
February	2024	Awarded the highest rating, grade A, in the Carbon Disclosure Project (CDP).
January	2024	Announced the adoption of the “ISO 20400 Sustainable Procurement Guidance” and incorporation of sustainability criteria into procurement processes and supply chain management, validated by the British Standards Institution (BSI).
December	2023	Selected for the Dow Jones Sustainability Indices (DJSI) World for the seventh consecutive year, ranking among the top three in the global telecommunications industry.
December	2023	Won the Sports Activist Award from the Sports Administration for the seventh straight year.
November	2023	Received the National Sustainable Development Award from the National Council for Sustainable Development, Executive Yuan.
November	2023	Won the Most Prestigious Sustainability Awards – Top 10 Domestic Corporates for the ninth consecutive year from the Taiwan Corporate Sustainability Awards.
November	2023	Won the Carbon Management Award at the SGS ESG Awards.
November	2023	Won the Special Award for Digital Resiliency at the IDC 2023 Future Enterprise of the Year for the Asia-Pacific region, the only telecom operator to win this honor in the area.
October	2023	Received a Sports Enterprise Certification from the Sports Administration for the fourth time.

October	2023	Won the Special Award for Digital Resiliency at the IDC 2023 Future Enterprise of the Year.
October	2023	Won the Best IT Employer Award in the first IT Matters Awards.
September	2023	Awarded third place in the large enterprise category of the Commonwealth Talent Sustainability Awards.
September	2023	Ranked among the Top 10 in CommonWealth Magazine's Excellence in Corporate Social Responsibility Awards for the 16th time.
September	2023	Won the highest honor for Family-Friendly and Workplace Equality from the New Taipei City Government.
August	2023	First telecom company in Asia to have its 1.5°C-aligned science-based targets to reach Net Zero emissions by 2050 validated by SBTi.
July	2023	Ranked second in the Financial Times and Statista's Climate Leaders Asia-Pacific 2023 – the only telecom company in Taiwan to receive this honor.
July	2023	A constituent of the FTSE4Good TIP Taiwan ESG Index for the sixth consecutive year.
June	2023	Achieved outstanding recognition from Institutional Investor magazine as the No. 1 telecommunications company in Asia. Additionally, President Jamie Lin received the Best CEO award, while George Chang received the Best CFO award. TWM also received accolades in various categories, including Best ESG, Best Investor Relations, Best Investor Team and Best Board of Directors.
June	2023	Ranked among the top 5% among companies that have undergone a Corporate Governance Evaluation for the ninth straight year.
May	2023	Selected for Global Views Monthly magazine's 2023 ESG Awards' Annual Honor Roll for the second year; won first place in the Human Resources Development category and a Model Award in the Education Promotion category.
March	2023	Received the highest score, an "A" rating, in CDP's Supplier Engagement Rating.
February	2023	Ranked among the top 5% in S&P Global's "The Sustainability Yearbook 2023."

Milestones

February	2024	Completed the deployment of 3G multi-operator core network (MOCN), configuration of 5G MOCN, and expansion of bandwidth for 4G 2100MHz for MOCN in 150 administrative regions.
February	2024	Partnered with Warner Bros. Discovery Group to launch HBO GO exclusive telecommunications package.
February	2024	Launched M+ Meet, which was 100% developed by Taiwan Mobile.
December	2023	Officially merged with Taiwan Star to start a new era of value-creation for millions of users.
November	2023	Concluded the signing of a NT\$15 billion sustainability-linked syndicated loan, which was 33.3% oversubscribed as banks recognized its profit potential.
November	2023	Completed Taiwan's first 5G RedCap test with Nokia and MediaTek to accelerate the commercial deployment of low-power IoT applications.
October	2023	Allied with Warner Bros. Entertainment, Inc. to establish the Taiwan Film and Television Content Fund, and both signed a memorandum of understanding on cooperation in the film and television industry with Taiwan Creative Content Agency.
September	2023	Allied with KKBOX to accelerate the growth of Mandarin music in the international market and agreed to the full acquisition of its subsidiary Taiwan Kuro Times by KKBOX's parent company, KKCompany Technologies, for not more than US\$30 million. TWM also resolved to invest US\$15 million in KKCompany Technologies' rights issue.
July	2023	Formed a 5G private network national team and will build Taiwan's first world-class smart park in a historic site at Songshan Cultural and Creative Park.
July	2023	Collaborated with Fubon Financial to support the Net-Zero Technology R&D-Industry-Research Cooperation project by contributing NT\$10 million to Academia Sinica, aiming to expedite the research, development and commercialization of three Net Zero technologies: methane pyrolysis, geothermal energy and ocean energy.
June	2023	Combined the ESG net-zero trend and the concept of consultative sales to launch "next generation stores" with store staff wearing new uniforms, creating a new identity image.
June	2023	Daniel M. Tsai was elected as Chairman at the 1st meeting of the 10th Board of Directors. More than 50% of the Board was made up of independent directors.

May	2023	Launched the number masking service to protect consumer information security, creating a win-win situation for both enterprises and consumers.
May	2023	Issued NT\$6.5 billion in Social Responsibility Bonds – a record amount in Taiwan telecommunications industry.
March	2023	Joined the Telecom Infra Project (TiP) alliance to expand the global 5G OpenRAN ecosphere.
November	2022	Gained exclusive distribution rights to the world's most popular game, “League of Legends,” in Taiwan.
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.
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.
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 its board.
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.
October	2021	Became the exclusive telecom distributor of Disney+ in Taiwan.
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.
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 eighth 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.

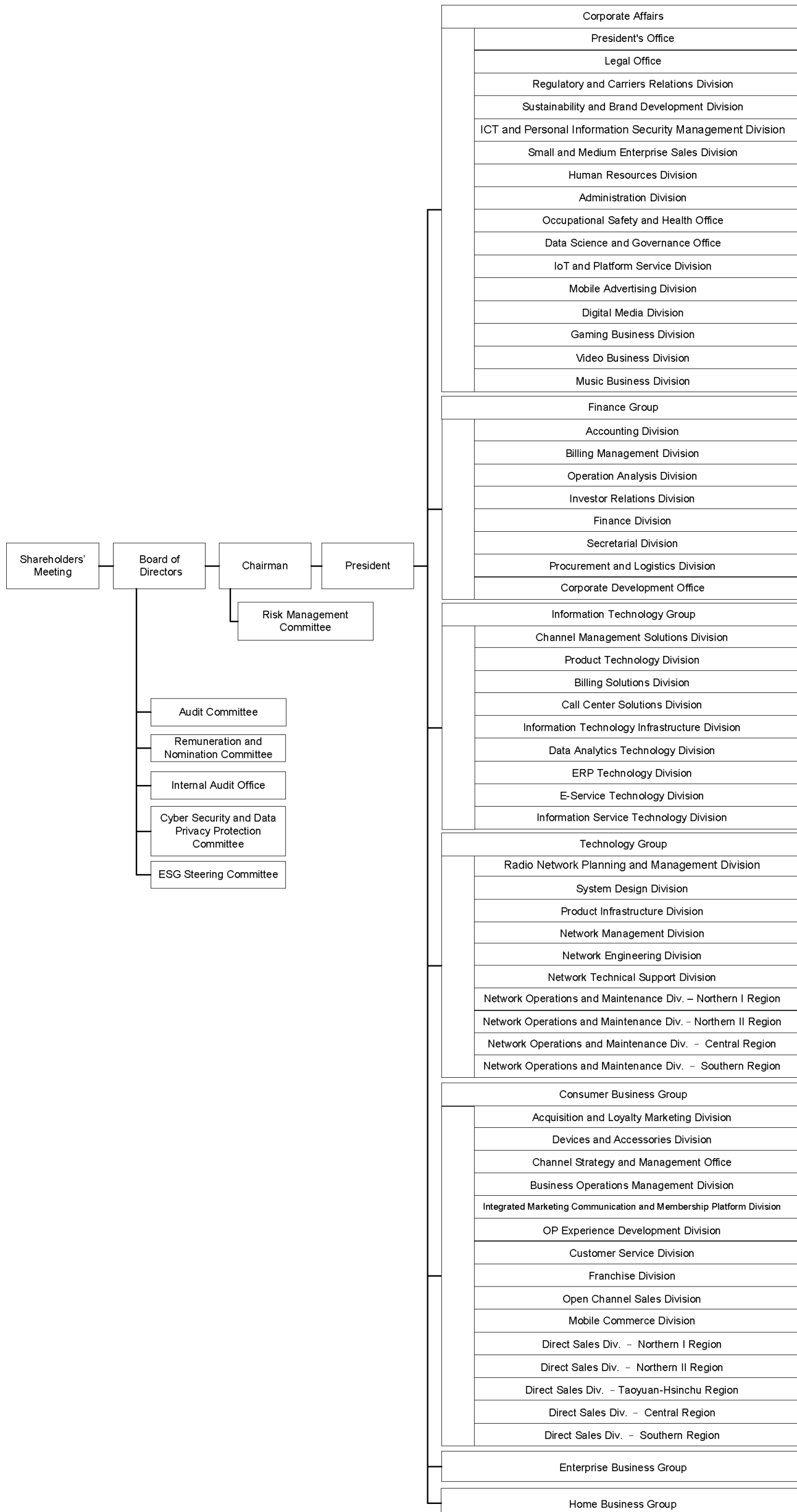
January	2014	James Jeng was appointed President at the 16th meeting of the sixth Board of Directors.
November	2013	Taiwan Mobile's internet data center (IDC), which received an Uptime Institute Tier III certification for design and construction, began operations.
November	2012	Launched mobile video service MyVideo.
May	2012	Launched instant messaging service M+ messenger.
August	2011	Capital reduction of NT\$3.8 billion.
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\$8.35 billion 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\$38 billion after a capital reduction of NT\$12 billion.
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 first Board of Directors.

Chapter 2 Organization and Corporate Governance

Organization Organization Chart

As of February 22, 2024



Divisional Scope of Responsibilities

Division		Scope of responsibilities
Internal Audit Office		Conduct internal audit of the Company and its subsidiaries Handle employee and supplier complaints Coordinate the operations of the Risk Management Committee
Corporate Affairs	President's Office	Strategic planning and implementation Incubate new businesses and develop strategic partnerships Facilitate cross-departmental collaboration and refine operations Analyze changing technological landscapes
	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, brand management, 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	Plan and develop eSIM platform, health IoT and innovative platform services
	Mobile Advertising Division	Provide mobile advertising solutions based on big data analysis
	Music Business Division	Oversee music business' management, strategic planning, marketing and operations management.
	Video Business Division	Oversee video business' strategic planning, marketing and content investment Develop and operate MyVideo OTT service to acquire and retain users
	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
	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	
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

Division		Scope of responsibilities
	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 Corporate share registrar management and corporate registration affairs 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
	Corporate Development Office	Evaluation of strategic investments and mergers and acquisitions
Information Technology Group	Channel Management Solutions Division	Operation and development of sales systems, channel services and commission systems; fixed line business support systems; and payment application systems
	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	Mobile and fixed-line billing systems operation and development
	Call Center Solutions Division	Customer service facilities, computer systems and network architecture construction and operation Customer service systems design, implementation and maintenance Brand portal system design, development and maintenance
	Information Technology Infrastructure Division	Construction and operation of computer rooms, computer systems and network architecture Implementation of information security policies
	Information Service Technology Division	Operation and maintenance of office automation computer systems Enterprise new innovation services and product development Operation and development of virtual channel sales systems and payment platform
	Data Analytics Technology Division	Operation and development of data warehouse, data science, AI and business intelligence analysis; enterprise management information system (MIS); cybersecurity products like anti-fraud solution enterprise edition and social engineering drill system
	ERP Technology Division	Enterprise resource planning (ERP) and human resources solutions Development of telecom network and alarm management system Establishment, planning and operation of inventory and product repair system
	E-Service Technology Division	Operation and development of e-commerce platform for brands, platforms for cloud gaming and communities, Disney+ and DCB portal; OP Pay buy now pay later (BNPL), M+ instant messaging and conferencing, and Center of Excellence organizational management; and CBP (third-party value-added service activation platform) and OPBiZ services for SMEs
Technology Group	Radio Network Planning and Management Division	Radio network development and deployment 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

Division		Scope of responsibilities
	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	Brand image shaping and management, including visual system, store image and POSM (point of sale materials) design and management Integrated marketing communication planning and execution for brand and major company projects, including advertising, social media and events Manage Company website, including development of user-oriented functions, as well as membership platforms, management and maintenance
	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	Third-party sales channel development, distribution and management of postpaid/prepaid products, handset sales and distribution
	OP Experience Development Division	Strategy planning, product promotion and business management for smart homes, new devices, MyMoji and MyCharge (EV charging service) Online-merge-offline (OMO) user experience planning and execution to provide high-quality services through all devices
	Mobile Commerce Division	Operation and management of postpaid/prepaid mobile online services, and myfone shopping to offer customers more diverse choices Development and management of mobile commerce for myfone online shopping, with a focus on 3C merchandise myfone online shopping business development, strategic planning and operations

Division		Scope of responsibilities
	Direct Sales Division – Northern I, Northern II, Taoyuan-Hsinchu, 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 value-added services (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 10th Board of Directors is detailed below:

As of February 22, 2024

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	2023. 06.13	2026. 06.12	1999. 06.22 *1999. 06.22	5,748,763			0.163	5,748,763 *65,162,715 (1)	0.154 *1.750	

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	2023. 06.13	2026. 06.12	1999. 06.22 *1999. 06.22	5,748,763	0.163	5,748,763 *93,310,663	0.154 *2.506	5,086,496	0.137	-	-	Honorary Doctorate of Engineering, Yang Ming Chiao Tong University Honorary Doctorate of Medicine, Taipei Medical University Honorary Doctorate of Business Administration, Fu Jen Catholic University MBA, Stern School of Business, New York University BBA, National Taiwan University Chairman, Fubon Securities Co., Ltd. Chairman, Fubon Life Insurance Co., Ltd Chairman, Taiwan Mobile Co., Ltd	Chairman, Fubon Financial Holding Co., Ltd. Chairman, Taipei Fubon Commercial Bank Co., Ltd. Vice Chairman, Fubon Bank (Hong Kong) Ltd. Director, Fubon Bank (China) Co., 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, Himalaya Venture Fund Corp. 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, Castle Lion Investments 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	Daniel 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: Frank Lin (2)	Male 71~80	2023.12.01	2026.06.12	1999.06.22 *2023.12.01	5,748,763	0.163	5,748,763 *-	0.154 *-	-	-	-	-	EMBA, National Taiwan University and Fudan University BS in Accounting, Soochow University Chief Secretary, Ting Hsin International Group Chairman, Taiwan Star Telecom Co., Ltd. Chief Financial Officer, Vice President and Executive Director, Master Kong Holdings Co., Ltd. Director, Finance Department / Chief Accountant, General Foods, Taiwan and Guangzhou Manager, Accounting Department / Administration Department, Nestle Taiwan Ltd. Vice Manager, Audit Department, Oriental Union Chemical Corp. Head, Accounting Section, Dadechang Petrochemical Co., Ltd	Director, Wei Chuan Foods Co., Ltd. Chairman, Hexun Investment Co., Ltd. Chairman, He Yang Investment Co., Ltd. Chairman, Konzen Co., Ltd. Chairman, Nice Triumph Investment Ltd. Chairman, Kangfa Investment Ltd. Chairman, Kangqing Co., Ltd. Chairman, Kangchao Co., Ltd. Director, Vigorkobo Co., Ltd.	-	-	-	-
Director	R.O.C.	TCCI Investment and Development Co., Ltd. Representative: Jamie Lin (3)	Male 41~50	2023.06.13	2026.06.12	2023.06.13 *2018.06.12	87,589,556	2.489	87,589,556 *540,000	2.352 *0.015	-	-	-	-	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. Director, AppWorks 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.	-	-	-	-

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, 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, TWM Power Co., Ltd. Chairman, FullSynergy New Retail Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman, Taiwan Digital Service Co., Ltd. Chairman, 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, 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	71~80	2023.06.13	2026.06.12	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	2023.06.13	2026.06.12	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	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	
																Member / Deputy Convener / Executive Secretary, Board of Science and 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	61~70	2023.06.13	2026.06.12	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, SYSTEX Co., Ltd. Independent Director, 91APP Inc.	-	-	-	-

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	
Independent Director	Singapore	Tong Hai Tan	Male 51~60	2023. 06.13	2026. 06.12	2020. 06.18	-	-	-	-	-	-	-	-	BS in Electrical Engineering, National University of Singapore President and CEO, StarHub Pte Ltd. (Singapore) President and CEO, Singapore Computer Systems Ltd. President and CEO, Pacific Internet Ltd	Member of Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee, Taiwan Mobile Co., Ltd. Chairman, United Hampshire US REIT (Singapore) Chairman, Nanyang Polytechnic (Singapore) Director, Metis Energy Pte. Ltd. (Singapore) Director, Manhattan Property Development Pte. Ltd.	-	-	-	-
Independent Director	U.S.	Drina Yue	Female 61~70	2023. 06.13	2026. 06.12	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. 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) Fu Chi Investment Co., Ltd. appointed Frank Lin as its representative, taking over Chris Tsai's duties on December 1, 2023.

(3) With the election of a new board of directors on June 13, 2023, Jamie Lin, formerly the representative of TCC Investment Co., Ltd., was elected as the representative of new corporate shareholder TCCI Investment and Development Co., Ltd. Mr. Lin served as an independent director from June 12, 2018 to February 11, 2019. He rejoined TWM's board as a corporate representative on March 31, 2019.

Major shareholders of TWM’s institutional investors

As of February 22, 2024

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

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

As of February 22, 2024

Company	Major shareholders
TCC Investment Co., Ltd.	Taiwan Cellular 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 holds a D.B.A. honoris causa from Tunghai University, J.D. honoris causa from Fu Jen Catholic University, 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, and a member of the Centre for Asian Philanthropy and Society’s Board of Governors since 2014.</p>	<p>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.</p>	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 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>	<p>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.</p>	0
Frank Lin	<p>Mr. Frank Lin, who has extensive experience in finance, business, investment, risk management, and mergers and acquisitions, is a board director at Wei Chuan Foods and Vigorkobo. Mr. Lin had served as chief secretary at Ting Hsin International Group; vice president and executive director at Master Kong Holdings; director, finance department, and chief accountant at General Foods Taiwan and Guangzhou; and manager of Nestle Taiwan Ltd.'s accounting and administration departments. Mr. Lin was a board director at Taiwan Star from 2015 to 2023, and was the chairman from 2017 to 2023.</p>	<p>1. Meets independence criteria Nos. 1 to 11. 2. Serves as a juristic person representative of corporate shareholder Fu Chi Investment Co., Ltd.</p>	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 TCCI Investment and Development 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 telecom 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 doctorate 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 doctorate 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 chairman of United Hampshire US REIT (Singapore) and Nanyang Polytechnic (Singapore). With more than 20 years of experience in the information and communications technology 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

The successor to the board members of the Company should possess the aforementioned knowledge, skills, and qualities.

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	25	25	V	V	V				V			V	
Richard M. Tsai	25	25	V		V			V	V			V	
Frank Lin	9	0.25	V		V			V			V	V	
Jamie Lin	9	6	V		V	V		V					V
Hsueh-Jen Sung	10	10	V		V			V	V			V	
Char-Dir Chung	35	7				V				V	V	V	V
Hsi-Peng Lu	7	5				V			V	V		V	V
Tong Hai Tan	14	4			V	V				V	V	V	
Drina Yue	34	4			V	V				V		V	V

- Female director: 11.11%
- Age of directors: 11.11% between 30 and 50 years old, 88.89% 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 board director Richard M. Tsai. This does not contravene Article 26-3, paragraph 3 of the Securities and Exchange Act.

Management Team

February 22, 2024

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	540,000 0.015	-	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	Director, 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. Director, AppWorks 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, TWM Power Co., Ltd. Chairman, FullSynergy New Retail Co., Ltd. Chairman, Taiwan Teleservices & Technologies Co., Ltd. Chairman, Taiwan Digital Service Co., Ltd. Chairman, 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, 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.	-	-	-

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
								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.			
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 and Chief Enterprise Business Officer / Corporate Affairs	R.O.C.	C.H. Wu	Male	2019.11.08	-	-	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 Corp.	-	-	-
Vice President and Chief Regulatory Officer / Corporate Affairs	R.O.C.	C.H. Jih	Male	2024.01.30	-	-	Electronics Engineering, National Taipei Industry of Technology Institute President, Taiwan Star Telecom Co., Ltd. Advisor, Taiwan Mobile Co., Ltd. CEO, Homeplus Digital Co., Ltd. Senior Vice President and Chief Technology Officer, Taiwan Mobile Co., Ltd. Chief Technology Officer, Kbro Co., Ltd. Vice President, Taiwan Fixed Network Co., Ltd. Engineering Vice President, Taiwan Cellular Corp. Vice President, Suretone Telecom Inc. Project Manager, Siemens Telecom, Vietnam Region	None			
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	-	-	-
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	Director and President, Fu Sheng Digital 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
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 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.	Director and 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.	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.	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 / Corporate Affairs	R.O.C.	Eric Lin	Male	2023.05.08	-	-	EMBA , National Taiwan University of Science and Technology BA in Computer Science, Soochow University Vice President, Lin Yuan Property Management Co., Ltd. CEO, Rain Forest Retail Inc. President, Symphox Information Co., Ltd. Vice President, Payeasy Digital Integration Co., Ltd. Junior Manager, Taishin International Bank Co., Ltd.	Director and President, FullSynergy New Retail 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
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. Independent Director, Wintech Microelectronics Co., Ltd. Director, Mistake Entertainment Co., Ltd. Supervisor, Taiwan Cellular Co., Ltd. Supervisor, Wealth Media Technology Co., Ltd. Supervisor, TWM Venture Co., Ltd. Supervisor, TWM Power Co., Ltd. Supervisor, FullSynergy New Retail Co., Ltd. Supervisor, Taiwan Fixed Network Co., Ltd. Supervisor, Taiwan Teleservices & Technologies Co., Ltd. Supervisor, TCC Investment Co., Ltd. Supervisor, Taiwan Digital Service Co., Ltd. Supervisor, Win TV Broadcasting Co., Ltd. Supervisor, TFN Union Investment Co., Ltd. Supervisor, TCCI Investment and Development Co., Ltd. Supervisor, TWM Communications (Beijing) Co., Ltd. Supervisor, Nada Holdings, Inc.	—	—	—
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 MS in Computer Science and Information Engineering, National Cheng Kung University BS in Computer Science, National Chiao Tung 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	Director, TWM Communications (Beijing) Co., Ltd. Supervisor, Fu Sheng Digital Co., Ltd Supervisor, TFN Media 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
							EVP and Spokesman, Timenet Telecom				
Vice President / Information Technology Group	R.O.C.	Peter Pan	Male	2023.12.01	173,251 0.005	703 0.00	MS in Electrical Engineering, National Taiwan University Senior Vice President, Taiwan Star Telecom Co., Ltd. Director, Taiwan Mobile Co., Ltd. Manager, Citibank Senior Engineer, SYSTEX Corp.	None	—	—	—
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	—	—	—
Vice President / Technology Group	R.O.C.	Shing Chu	Female	2023.12.01	32,751/0.001	—	EMBA, National Taiwan University MS in Communication Management, University of Southern California MBA, National Chiao Tung University BS in Electrical Engineering, National Taiwan University Senior Vice President, Taiwan Star Telecom Co., Ltd. Director, Taiwan Mobile Co., Ltd. Director, Far EasTone Telecommunications Co., Ltd.	None	—	—	—
Vice President and Chief Consumer Business Officer / Consumer Business Group	R.O.C.	Tony Lin	Male	2022.05.06	—	—	Vice President, Operations Center of AEON Motor Co., Ltd., and Chief Executive Officer of Aeon Motor (Aeon Innovation Co., Ltd.) Founder and CEO, NEXIT Technology Consultancy Channel Manager, NTT Taiwan Solutions Ltd.	Director and President, TWM Power Co., Ltd. Director, Taihsin Property Insurance Agent Co., Ltd. Director, Uspace Tech 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
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 (8,284), Eddie Chan (7,127), C.H. Wu (4,219), C.H. Jih (117), Joan Hung (10,612), Luke Han (667), Daphne Lee (9,240), Iris Liu (5,832), David Lin (5,161), Vincent Wu (1,833), Eric Lin (1,472), George Chang (1,567), Jay Hong (16,305), Shirley Chu (3,331), Rock Tsai (4,219), Peter Pan (478), Ming-Tung Wu (11,894), Shing Chu (117), Tony Lin (4,107), Steve Chou (11,467) and Kate Chen (4,219).

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	56,687,200	69,663,800	-	-	16,239,096	16,239,096	1,771,338	2,158,338	74,697,634 0.6086%	88,061,234 0.7175%	21,544,769	21,544,769	-	-	5,567,230	-	5,567,230	-	101,809,633 0.8295%	115,173,233 0.9383%	2,958,580		
Director	Fu-Chi Investment Co., Ltd.	Richard M. Tsai																							
Director	Fu-Chi Investment Co., Ltd.	Frank Lin (Assumed office on December 1, 2023)																							
Director	TCCI Investment and Development Co., Ltd. (Assumed office on June 13, 2023.)	Jamie Lin																							
Director	Fu-Chi Investment Co., Ltd.	Chris Tsai (Resigned on December 1, 2023.)																							
Director	TCC Investment Co., Ltd. (Term expired on June 13, 2023)	Jamie Lin																							
Independent Director	Hsueh-Jen Sung		7,200,000	7,200,000	-	-	24,358,640	24,358,640	3,438,445	3,438,445	34,997,085 0.2851%	34,997,085 0.2851%	-	-	-	-	-	-	-	-	34,997,085 0.2851%	34,997,085 0.2851%	1,000,000		
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\$821,745.

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\$1,800,000.

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, Frank Lin, Chris Tsai, Jamie Lin	Richard M. Tsai, Frank Lin, Chris Tsai, Jamie Lin	Richard M. Tsai, Frank Lin, Chris Tsai	Richard M. Tsai, Frank Lin, Chris Tsai
NT\$1,000,000~NT\$1,999,999	TCC Investment Co., Ltd., TCCI Investment and Development Co., Ltd.	TCC Investment Co., Ltd., TCCI Investment and Development Co., Ltd.	TCC Investment Co., Ltd., TCCI Investment and Development Co., Ltd.	TCC Investment Co., Ltd., TCCI Investment and Development Co., Ltd.
NT\$2,000,000~NT\$3,499,999	—	—	—	—
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	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue	Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue
NT\$10,000,000~NT\$14,999,999	Fu-Chi Investment Co., Ltd.	Fu-Chi Investment Co., Ltd.	Fu-Chi Investment Co., Ltd.	Fu-Chi Investment Co., Ltd.
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	13	13	13	13

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 Data Officer, Eddie Chan; Vice President and Chief Enterprise Business Officer, C.H. Wu; Vice President and Chief Information Officer, Rock Tsai; Vice President and Chief Consumer Business Officer, Tony Lin; Vice President and Chief Financial Officer, George Chang; Vice President and Chief Regulatory Officer, C.H. Jih; Vice President, Jay Hong; Vice President, Steve Chou; Vice President, Joan Hung; Vice President, Shirley Chu; Vice President, Kate Chen; Vice President, Ming-Tung Wu; Vice President, Luke Han; Vice President, Shing Chu; Vice President, Daphne Lee; Vice President, Iris Liu; Vice President, Naomi Lee; Vice President, David Lin; Vice President, Vincent Wu; Vice President, Eric Lin; Vice President, Peter Pan Resigned managers: Vice President and Chief Strategy Officer, Tim Lee	Total	
Salary (A)	Stand-alone	99,571,999	
	Consolidated	100,291,999	
Pension (B) *	Stand-alone	2,067,900	
	Consolidated	2,067,900	
Performance-based salary (C)	Stand-alone	71,202,345	
	Consolidated	71,814,064	
Earnings paid as bonus to employees (D)	Stand-alone	Cash	42,561,168
		Stock	-
	Consolidated	Cash	42,561,718
		Stock	-
A+B+C+D *as a % of net profit	Stand-alone	215,403,412 1.7549%	
	Consolidated	216,735,681 1.7658%	
Compensation from investees other than subsidiaries		2,743,272	

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\$1,539,705.

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	Shing Chu, Peter Pan	Shing Chu, Peter Pan
NT\$1,000,000~NT\$1,999,999	-	-
NT\$2,000,000~NT\$3,499,999	Eric Lin	Eric Lin
NT\$3,500,000~NT\$4,999,999	-	-
NT\$5,000,000~NT\$9,999,999	Eddie Chan, C.H. Wu, Tim Lee, C.H. Jih, Jay Hong, Steve Chou, Joan Hung, Shirley Chu, Kate Chen, Ming-Tung Wu, Luke Han, Daphne Lee, Iris Liu, Naomi Lee, David Lin, Vincent Wu	Eddie Chan, C.H. Wu, Tim Lee, C.H. Jih, Jay Hong, Steve Chou, Joan Hung, Shirley Chu, Kate Chen, Ming-Tung Wu, Luke Han, Daphne Lee, Iris Liu, Naomi Lee, David Lin, Vincent Wu
NT\$10,000,000~NT\$14,999,999	Tom Koh	Tom Koh
NT\$15,000,000~NT\$29,999,999	Jamie Lin, Rock Tsai, Tony Lin, George Chang	Jamie Lin, Rock Tsai, Tony Lin, George Chang
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-
NT\$100,000,000 and above	-	-
Total	24	24

Note: Compensation paid to managers in the above table was based on their tenure in 2023. 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	37.8%	41.7%	20.5%
Senior Vice President and Chief Technology Officer, Tom Koh	48.6%	29.0%	22.4%
Vice President and Chief Data Officer, Eddie Chan	50.1%	29.0%	20.9%
Vice President and Chief Enterprise Business Officer, C.H. Wu	49.9%	29.3%	20.8%
Vice President and Chief Information Officer, Rock Tsai	44.7%	30.9%	24.4%
Vice President and Chief Consumer Business Officer, Tony Lin	38.4%	30.2%	31.4%
Vice President and Chief Financial Officer, George Chang	43.2%	41.1%	15.7%
Vice President and Chief Strategy Officer, Tim Lee*	98.6%	1.4%	0.0%
Vice President and Chief Regulatory Officer, C.H. Jih	7.0%	90.0%	3.0%
Vice President, Jay Hong	56.0%	27.6%	16.4%
Vice President, Steve Chou	51.0%	27.8%	21.2%
Vice President, Joan Hung	50.0%	28.8%	21.2%
Vice President, Shirley Chu	49.4%	29.9%	20.7%
Vice President, Kate Chen	46.7%	32.1%	21.2%
Vice President, Ming-Tung Wu	49.0%	30.2%	20.8%
Vice President, Luke Han	51.1%	26.9%	22.0%
Vice President, Shing Chu	55.4%	28.1%	16.5%
Vice President, Daphne Lee	50.0%	30.9%	19.1%
Vice President, Iris Liu	50.3%	30.4%	19.3%
Vice President, Naomi Lee	47.8%	33.5%	18.7%
Vice President, David Lin	47.4%	33.1%	19.5%
Vice President, Vincent Wu	49.4%	31.5%	19.1%
Vice President, Eric Lin	55.2%	30.0%	14.8%
Vice President, Peter Pan	47.6%	39.2%	13.2%

* 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 Data Officer, Eddie Chan Vice President and Chief Enterprise Business Officer, C.H. Wu Vice President and Chief Information Officer, Rock Tsai Vice President and Chief Consumer Business Officer, Tony Lin Vice President and Chief Financial Officer, George Chang Vice President and Chief Regulatory Officer, C.H. Jih Vice President, Jay Hong Vice President, Steve Chou Vice President, Joan Hung Vice President, Shirley Chu Vice President, Kate Chen Vice President, Ming-Tung Wu Vice President, Luke Han Vice President, Shing Chu Vice President, Daphne Lee Vice President, Iris Liu Vice President, Naomi Lee Vice President, David Lin Vice President, Vincent Wu Vice President, Eric Lin Vice President, Peter Pan	-	42,561,168	42,561,168	0.3468%

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	2022	117,359,557	11,025,550,663	1.0644%
	2023	136,806,718	12,274,109,034	1.1146%
On a consolidated basis	2022	136,703,235	11,025,550,663	1.2399%
	2023	154,128,898	12,274,109,034	1.2557%

Guiding principles for compensation of directors

Remuneration policies, standards and package

- (1) 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.

The assessment of director's remuneration and compensation mainly refers to operational performance and industry benchmarks, which are reviewed by the Remuneration and Nomination Committee and the Board of Directors.

- (2) 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	2022	210,150,604	11,025,550,663	1.9060%
	2023	215,403,412	12,274,109,034	1.7549%
On a consolidated basis	2022	218,636,152	11,025,550,663	1.9830%
	2023	219,478,953	12,274,109,034	1.7881%

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, the Company links 30% of its managers' variable compensation to ESG and other metrics.
- (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 seven meetings in 2023

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Chairman	Fu Chi Investment Co., Ltd. Representative: Daniel M. Tsai	7	0	100%	None
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai	4	2	57%	None
Director	Fu Chi Investment Co., Ltd. Representative: Chris Tsai	7	0	100%	On December 1, 2023, Mr. Frank Lin succeeded Mr. Chris Tsai as the representative of Fu Chi Investment Co., Ltd.
Director	Fu Chi Investment Co., Ltd. Representative: Frank Lin	0	0	-	
Director	TCC Investment Co., Ltd. Representative: Jamie Lin	3	0	100%	On June 13, 2023, the Company elected a new board of directors, and Mr. Lin became the representative of TCCI Investment and Development Co., Ltd., which replaced TCC Investments Co., Ltd.
Director	TCCI Investment and Development Co., Ltd. Representative: Jamie Lin	4	0	100%	
Independent Director	Hsueh-Jen Sung	7	0	100%	None
Independent Director	Char-Dir Chung	7	0	100%	None
Independent Director	Hsi-Peng Lu	7	0	100%	None
Independent Director	Tong Hai Tan	7	0	100%	None
Independent Director	Drina Yue	7	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
2023.01.11	Daniel M. Tsai Richard M. Tsai Jamie Lin	2022 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
2023.02.24	Jamie Lin	2023 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
2023.05.03	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
	Daniel M. Tsai Richard M. Tsai Chris Tsai * Jamie Lin	Transfer of "MyBook E-Bookstore Business" to momo.com Inc.	Daniel M. Tsai and Jamie Lin: Personal interest Richard M. Tsai and Chris Tsai: Interested party	All four were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Hsueh-Jen Sung Char-Dir Chung Hsi-Peng Lu Tong Hai Tan Chris Tsai * Jamie Lin	Removal of non-competition restrictions for the newly elected 10th Board of Directors	Personal interest	All eight were excluded from the deliberations
2023.06.13	Char-Dir Chung Hsi-Peng Lu	Signing of an industry-academia collaboration contract with National Taiwan University and an academic feedback fund contract with National Taiwan University of Science and Technology	Personal interest	Both were excluded from the deliberations
2023.08.04	Jamie Lin	Issuance of shareholders' letter of commitment for the NT\$2.558 billion credit approval case for Taipei New Horizon Co., Ltd.	Personal interest	Mr. Lin was excluded from the deliberations
	Jamie Lin	Appointment of a manager to oversee a disciplinary case	Personal interest	Mr. Lin was excluded from the deliberations
	Daniel M. Tsai Chris Tsai *	Acquisition of a right-of-use asset from Taipei Fubon Commercial Bank Co., Ltd.	Daniel M. Tsai and Chris Tsai: Interested party	Both were excluded from the deliberations
	Daniel M. Tsai Richard M. Tsai Jamie Lin	Distribution of 2022 bonuses and adjustment of 2023 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
2023.11.14	Jamie Lin	Removal of non-competition restrictions for managers	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

* Fu Chi Investment Co., Ltd. appointed Frank Lin as its representative, taking over Chris Tsai's duties on December 1, 2023.

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. 2023 to Dec. 2023	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 controls 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 83.5 in 2023, which included programs such as "Fair treatment of customers – Sustainable development of digital finance and consumer protection," "Generative AI – industrial revolution, opportunities and challenges," and "Entering Web3: Onchain is the New Online."
- (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 2024.
- (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 seven times in 2023

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Independent Director	Hsueh-Jen Sung	7	0	100%	Appointed committee chairman
Independent Director	Char-Dir Chung	7	0	100%	None
Independent Director	Hsi-Peng Lu	7	0	100%	None
Independent Director	Tong Hai Tan	7	0	100%	None
Independent Director	Drina Yue	7	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
2023.01.10	19th meeting of the fifth Audit Committee	2023 capital expenditure plan and donations to related parties 2022 internal control statement	None	Approved as proposed	Approved as proposed
2023.02.23	20th meeting of the fifth Audit Committee	Negotiations on matters such as the stock swap ratio for the acquisition of Taiwan Star Telecom Co., Ltd. Participation in the NT\$3.1bn new share issue of 100%-owned TWM Venture Co., Ltd. 2022 business report and financial statements Appointment of CPA Issuance of unsecured ordinary corporate bonds Acquisition or disposal of right-of-use assets	None	Approved as proposed	Approved as proposed
2023.05.02	21st meeting of the fifth Audit Committee	1Q23 financial statements 2022 earnings distribution and cash return from capital surplus Acquisition or disposal of right-of-use of assets Removal of non-competition restrictions for the newly elected 10th Board of Directors	None	Approved as proposed	Approved as proposed
2023.06.13	1st meeting of the sixth Audit Committee	Signing of "director's litigation compensation agreements" with members of the 10th Board of Directors Signing of an industry-academia collaboration contract with National Taiwan University and an academic feedback fund contract with National Taiwan University of Science and Technology	None	Approved as proposed	Approved as proposed

Date	Audit Committee	Proposals and reports	Audit Committee's major suggestions	Audit Committee's opinion	Company's response
2023.08.04	2nd meeting of the sixth Audit Committee	2Q23 financial statements	None	Approved as proposed	Approved as proposed
		Adjustment of the merger proposal and stock swap ratio in response to Taiwan Star Telecom Co., Ltd.'s unexercised employee rights and planned stock cancellation			
		Additional capital expenditure plan for 2023			
		Acquisition of right-of-use asset from Taipei Fubon Commercial Bank Co., Ltd.			
2023.09.15	3rd meeting of the sixth Audit Committee	Disposal of 100% shares of Taiwan Kuro Times Co., Ltd. by subsidiary TFN Media Co., Ltd. to KKCompany Technologies Inc.	None	Approved as proposed	Approved as proposed
		Participation in KKCompany Technologies Inc.'s pre-IPO fundraising			
2023.11.14	4th meeting of the sixth Audit Committee	3Q23 financial statements	None	Approved as proposed	Approved as proposed
		Acquisition or disposal of right-of-use assets			
		Internal audit plan for 2024			

(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:

Date	Name of Independent Director	Proposal	Reasons for recusal	Participation in deliberation
2023.05.02	Hsueh-Jen Sung Char-Dir Chung Hsi-Peng Lu Tong Hai Tan	Removal of non-competition restrictions for the newly elected 10th Board of Directors	Personal interest	All four were excluded from the deliberations
2023.06.13	Char-Dir Chung Hsi-Peng Lu	Signing of an industry-academia collaboration contract with National Taiwan University and an academic feedback fund contract with National Taiwan University of Science and Technology	Personal interest	Both were excluded from the deliberations

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
2023.01.10 19th meeting of the fifth Audit Committee	1. 4Q22 internal audit report 2. 2022 internal control statement	1. Acknowledged 2. Reviewed and submitted to BoD for approval	-	-
2023.02.23 20th meeting of the fifth Audit Committee	-	-	1. 2022 financial statements, key audit matters, explanations of computer audit, and other communication items 2. Introducing IESBA's new regulations 3. Discussed inquiries raised by attendees	Acknowledged

2023.05.02 21st meeting of the fifth Audit Committee	1Q23 internal audit report	Acknowledged	1. 1Q23 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2023.08.04 2nd meeting of the sixth Audit Committee	1. 2Q23 internal audit report 2. Risk Management Committee's business report	Acknowledged	1. 2Q23 financial statements 2. Discussed inquiries raised by attendees	Acknowledged
2023.11.14 4th meeting of the sixth Audit Committee	1. 3Q23 internal audit report 2. Internal audit plan for 2024	1. Acknowledged 2. Reviewed and submitted to BoD for approval	1. 3Q23 financial statements, key audit matters, explanations of computer audit, and other communication items. 2. Introduction of upcoming or impending standards and regulations that will be applicable in the future. 3. 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 reappointment. 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 4.97, 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. 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 its effectiveness.</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 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 2023 evaluation met the independence criteria and were approved by the Audit Committee on January 29, 2024, and by the board on January 30, 2024.</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 2023:</p> <ol style="list-style-type: none"> 1. Legal risks and responses to corporate investment and financing – from the perspective of corporate directors' responsibilities (Taiwan Corporate Governance Association, 3hr) 2. The latest practices and case analyses of corporate mergers and acquisitions regulations (Taiwan Corporate Governance Association, 3hr) 3. The explosion of the virtual world: The development of metaverse and cryptocurrency blockchain (Chinese National Association of Industry and Commerce, 3hr) 4. Impact of carbon pricing on business operations (Greater China Financial and Economic Development Association, 3hr) 5. Generative AI – industrial revolution, opportunities and challenges (Independent Directors' Association Taiwan, 3hr) 6. Entering Web3: Onchain is the new Online (Taiwan Corporate Governance Association, 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. 4. Reviewed the independence qualifications of independent directors. 5. Handle matters related to changes in directors.

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 2023, 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 employee 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 2023

Training program	Organization	Date	Hours	Participant(s)
Trends in sustainable development and governance*	Taipei Foundation of Finance	2023.02.15	3	Drina Yue
Board of Directors' role in fair treatment of customers and fighting money laundering	Taiwan Insurance Institute	2023.03.13	1.5	Richard M. Tsai
Regional revitalization and circular economy*	Taipei Foundation of Finance	2023.05.08	3	Drina Yue
Generative AI situation room – Flash foresight and identifying new business opportunities	Taipei Fubon Commercial Bank Co., Ltd.	2023.05.29	2	Daniel M. Tsai, Richard M. Tsai
Web3 – Development of crypto finance and the metaverse*	Greater China Financial and Economic Development Association	2023.06.08	3	Char-Dir Chung
AI thinking and digital transformation*	Greater China Financial and Economic Development Association	2023.07.12	3	Tong Hai Tan
Low-carbon transformation strategies for enterprises*	Greater China Financial and Economic Development Association	2023.07.17	3	Tong Hai Tan
How do directors supervise a company to ensure good risk and crisis management?*	Securities and Futures Institute	2023.08.08	3	Char-Dir Chung
Impact of carbon pricing on business operations*	Greater China Financial and Economic Development Association	2023.08.09	3	Hsueh-Jen Sung
Trends in sustainable development and governance*	Taiwan Insurance Institute	2023.08.16	1.5	Daniel M. Tsai

Training program	Organization	Date	Hours	Participant(s)
IFRS17: Disclosure requirements for financial statements, international accounting policy and business strategies*	Taiwan Corporate Governance Association	2023.08.16	3	Daniel M. Tsai
Fubon's anti-money laundering course: 1MDB – the world's biggest financial scandal	Independent Directors' Association Taiwan	2023.09.01	3	Daniel M. Tsai
Fair treatment of customers – Sustainable development of digital finance and consumer protection*	Independent Directors' Association Taiwan	2023.10.03	3	Hsi-Peng Lu, Jamie Lin
Generative AI – industrial revolution, opportunities and challenges*	Independent Directors' Association Taiwan	2023.10.06	3	Daniel M. Tsai, Richard M. Tsai, Hsi-Peng Lu
The application of AI and new technologies to enhance financial security*	Taiwan Academy of Banking and Finance	2023.10.16	1.5	Richard M. Tsai
Entering Web3: Onchain is the new Online*	Taiwan Corporate Governance Association	2023.10.21	3	Daniel M. Tsai, Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan, Drina Yue, Jamie Lin
How do directors supervise a company to ensure good risk and crisis management?*	Taiwan Corporate Governance Association	2023.11.08	3	Frank Lin
Practical analysis of criminal responsibility in securities cases	Taiwan Corporate Governance Association	2023.12.19	3	Frank Lin
Latest developments and highlights in ESG for directors and supervisors*	Taiwan Corporate Governance Association	2023.12.19	3	Richard M. Tsai
The latest trends in and case studies of corporate governance and securities and exchange related regulations*	Taiwan Corporate Governance Association	2023.12.19	3	Richard M. Tsai

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

* Denotes courses that fall within the scope of risk management.

7. Corporate governance related training programs and succession plan for management in 2023

At the end of every year, the Company develops a training plan for the following year in accordance with enterprise development strategies, surveys 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 2023, the Company arranged training courses covering topics such as "Global economic trends and crucial issues," "Digital transformation and channel development," "Trends and business opportunities in the exploration of low-orbit satellites," sustainable development and corporate governance.

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 its strategic expansion into new business domains, the Company on May 8, 2023, appointed Eric Lin as vice president to take charge of the development of its e-commerce brand business. Following the acquisition of Taiwan Star, TWM appointed three senior executives, assigning distinct responsibilities for regulatory compliance, technical operations and information-centric businesses.

Training program	Organization	Date	Hours	Participant(s)
The Task Force on Climate-related Financial Disclosures (TCFD) workshop	In-house training	2023.02.08 ~ 2023.04.10	8	Iris Liu, Jay Hong
S&P global corporate sustainability assessment (CSA)	S&P Global	2023.03.16	1	Iris Liu
Global economic trends and crucial issues	In-house training	2023.03.17	2	Eddie Chan, C.H. Wu, Tony Lin, George Chang, Jay Hong, Steve Chou, Joan Hung, Shirley Chu, Kate Chen, Ming-Tung Wu, Luke Han, David Lin, Vincent Wu
Circular electronics partnership (CEP)	Global Enabling Sustainability Initiative (GeSI)	2023.04.13	1.5	Iris Liu
Legal risks and responses to corporate investment and financing – from the viewpoint of corporate directors' responsibilities	Taiwan Corporate Governance Association	2023.04.14	3	George Chang
Code of ethics	In-house training	2023.05.12 ~ 2023.12.21	0.3	C.H. Jih, Joan Hung, Eric Lin, Peter Pan, Shing Chu
The Taskforce on Nature-related Financial Disclosures (TNFD) workshop and analysis of results	In-house training	2023.05.30 ~ 2023.07.28	3.5	Iris Liu
Digital transformation and channel development	In-house training	2023.06.07	2.83	Jamie Lin, C.H. Wu, Luke Han, Joan Hung, Iris Liu, Vincent Wu, Eric Lin, George Chang, Jay Hong, Shirley Chu, Tom Koh, Ming-Tung Wu, Tony Lin, Steve Chou, Kate Chen
Corporate mergers and acquisitions regulations and practices	Taiwan Corporate Governance Association	2023.06.16	3	George Chang
Generative AI and responsible innovation	Chinese National Association of Industry and Commerce	2023.7.18	3	George Chang
The impact of carbon pricing on corporate operations	Greater China Financial and Economic Development Association	2023.08.09	3	George Chang
International sustainable accounting standards	In-house training	2023.09.20	3	Iris Liu, Shirley Chu
Fair treatment of customers – Sustainable development of digital finance and consumer protection	Independent Director Association Taiwan	2023.10.3	3	Jamie Lin

Training program	Organization	Date	Hours	Participant(s)
Generative AI – industrial revolution, opportunities and challenges	Independent Director Association Taiwan	2023.10.06	3	George Chang
Trends and business opportunities in the exploration of low-orbit satellites	In-house training	2023.10.20	2	Eddie Chan, C.H. Wu, George Chang, Jay Hong, Joan Hung, Shirley Chu, Ming-Tung Wu, Naomi Lee, David Lin, Vincent Wu
Entering Web3: Onchain is the new Online	Taiwan Corporate Governance Association	2023.10.21	3	Jamie Lin, Tom Koh, Eddie Chan, C.H. Wu, Rock Tsai, Tony Lin, George Chang, Naomi Lee
Ethical corporate management best practice principles	In-house training	2023.12.04 ~ 2023.12.25	0.13	Peter Pan, Shing Chu

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 undertake any necessary measures.

Risk management scope

	Important risk factors	Responsible unit	Examining committee	Decision-making and supervision
1	Operating risks	Technology Group / IT Group	Operations and Management Committee	The highest decision-making body: Board of Directors
2	Market risks 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 customers' trust, the Company established the 080 Home Agent to continue providing customer services during 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)			3
Certified Internal Auditor (CIA)	3		2
Certified Information Systems Auditor (CISA)	2		
Chartered Financial Analyst (CFA)			2
Corporate governance basic skills			5
Stock affairs specialist (Securities and Futures Institute)			3
Bond specialist (Securities and Futures Institute)			1
ISO20000 / ISO22301 / ISO27001 / ISO27701 / ISO29100 / ISO9001 / BS10012 / BS25999/BS7799 Lead Auditor	11	7	11

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 nine 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

Title	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 pages 26-30, "Qualifications and independence criteria of directors"		0
Independent Director	Hsueh-Jen Sung			0
Independent Director	Hsi-Peng Lu			2
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 Fifth Remuneration and Nomination Committee: June 18, 2023 to June 17, 2026. The committee convened five times in 2023:

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 suggestions by the Remuneration and Nomination Committee that were 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
2023.01.11	11th meeting of the fourth R&N Committee	Results of a 2022 performance evaluation of managers/head of internal audit, and year-end bonus distribution	Approved as proposed	Approved by the BoD
		Corporate Development Office Compensation Plan structure proposal	Approved as proposed	Approved by the BoD
		2022 year-end bonus of the Chairman	Approved as proposed	Approved by the BoD
2023.02.24	12th meeting of the fourth R&N Committee	Report on the results of a 2022 performance evaluation of the BoD and functional committees	Approved as proposed	Approved by the BoD
		2022 remuneration distribution plan for BoD	Approved as proposed	Approved by the BoD
		2023 balanced scorecard goal setting for the President	Approved as proposed	Approved by the BoD

Date	R&N Committee Meeting	Agenda	R&N Committee's Opinion	Company Response
2023.05.03	13th 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
		Recommendation of a candidate for director of the 10th BoD	Approved as proposed	Approved by the BoD
2023.06.13	1st meeting of the fifth R&N Committee	Recommendation of a convener for the 5th Remuneration and Nomination Committee	Approved as proposed	Approved by the BoD
		Disciplinary action against managerial personnel	Approved as proposed	Approved by the BoD
2023.08.04	2nd meeting of the fifth R&N Committee	2022 employee profit sharing and mid-year bonus distribution plan and 2023 salary adjustment proposal for managers/head of internal audit	Approved as proposed	Approved by the BoD
		2022 annual compensation and 2023 salary adjustment proposal for the Chairman	Approved as proposed	Approved by the BoD

Meetings of ESG Steering Committee

1. The company's ESG steering Committee has six members.
2. Tenure of the second ESG steering Committee: June 13, 2023 to June 12, 2026. The Committee met twice in 2023.

Qualifications and attendance are as follows:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
Convener	Daniel M. Tsai	2		100%	None
Member	Char-Dir Chung	1	1	50%	None
Member	Hsueh-Jen Sung	2		100%	None
Member	Hsi-Peng Lu	2		100%	None
Member	Tong Hai Tan	2		100%	None
Member	Drina Yue	2		100%	None

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>1. The Sustainability Development Department was established under the Sustainability and Brand Development Division with dedicated personnel and an independent budget. It serves as the executive secretary of the ESG Steering Committee and the ESG Working Group, integrates related cross-department businesses, and plans and implements sustainability strategies and projects.</p> <p>The Corporate Social Responsibility Committee was set up in 2014 and renamed the ESG Steering Committee in 2021 with the BoD's approval. In 2022, the ESG Steering Committee was elevated to director-level status and the Chairman was appointed as convener, with five independent directors as members. The committee convenes at least twice a year to conduct a comprehensive review of the ESG Working Group, Environmental Working Group, Brand Development Working Group, Innovation Working Group and Occupational Safety and Health Working Group, as well as all decisions involving ESG. Key agendas undergo rigorous tiered reviews and meticulous checks to ensure policies are carried out from top to bottom, while execution plans are formulated and reported bottom-up.</p> <p>A total of two ESG Steering Committee meetings and four ESG working group meetings were held in 2023, and 17 proposals were passed. Important proposals forwarded to the BoD included the TCFD report and Net Zero and renewable energy strategies.</p>
<p>2. Applying the materiality principle to identify material ESG topics, and setting corresponding policies or strategies</p>	<p>2. The ESG materiality boundaries were defined based on the nature of TWM's operations. In 2023, 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 TWM's official website. Specifically, the Company prioritized topics that were more vital to its operations, concerned stakeholders more, and in which the Company had a higher impact on society and the environment. The material topics were confirmed by the ESG Working Group.</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>1. The Environmental Management Committee was formed in 2016, and renamed the Environmental Working Group in 2022, with the CTO serving as the chairperson, and the Sustainability and Brand Development & PR 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, the ESG Steering Committee and the Board of Directors.</p> <p>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, Kaohsiung Hsin Ya's main computer room, Kaohsiung Po Ai Building, Taichung Peiping Building and 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.

Item	Current practices
<p>2. Promoting advanced and efficient use of renewable resources to reduce their impact on the environment</p>	<p>2. In March 2022, TWM officially joined RE100. The Company has set renewable energy targets of 11% by 2025, 35% by 2030 and 60% by 2035, and plans to invest billions of NT dollars in green energy and low-carbon initiatives by 2042. Actions taken in 2023 were as follows:</p> <p>(4) Promoted smart carbon reduction stores: Launched next-generation stores in 2023, introduced electronic price tags, saved on labor costs, reduced paper printing, and cut carbon emissions by approximately 2,923 kilograms; simultaneously implemented store temperature control, lighting replacement, adjusted the lighting time of sign lights and promoted 86% paperless billing.</p> <p>(5) Formulated a Declaration on Biodiversity Conservation and Zero Deforestation. TWM has set high standards to underline its commitment: In the event of residual impact, it would make maximum compensation based on the principle of Net-Zero losses and join key value chains in protecting the environment.</p> <p>(6) Improved energy efficiency: TWM uses big data to analyze customer usage behavior, allowing for dynamic adjustments to telecommunications equipment loading. The Company has also implemented various smart energy-saving construction methods, optimized air-condition usage and intelligently manage water cooler operations to enhance power efficiency. Using digital cloud tools, TWM also offers one-stop ESG solutions from carbon inventory to reduction that can help a single enterprise cut its emissions by up to 280 metric tons. These include its TWCC Taiwan AI cloud platform commercial service with Taiwan Web Service Corp, which can save up to 48% on energy; Smart IT housekeeping service for cloud machine rooms to help enterprises remotely manage machine rooms, save energy and reduce carbon emissions.</p> <p>(7) Extended product life cycle: To promote a circular economy, TWM offers mobile phone and tablet recycling and accepts donations to extend the lifespan of 3C devices. The Company has since 2015 accepted 100,000 trade-ins of used devices for new ones, including 40,000 phones in 2023 alone, up 273% from the previous year, extending the life cycle of smartphones and creating NT\$740 million in economic benefits. From 2022 to 2023, working with seven non-profit organizations, the Company collected 463 second-hand devices, which it refurbished and donated to children in remote areas to narrow the digital gap.</p>

Item	Current practices
<p>3. Evaluating climate change risks and opportunities for the Company and taking action</p>	<p>3. On October 6, 2023, the Company published its first Task Force on Climate-Related Financial Disclosures report using the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report (AR6) to calculate the short, medium and long-term financial impact and perform a cost analysis under the scenario of limiting global warming to 1.5°C.</p> <p>Governance The Environmental Working Group oversees 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 TWM targets five major climate risks (cap/emissions trading, carbon tax, mandatory declaration, product efficiency regulations and standards, and renewable energy regulations) and five major opportunities (market development funding sources, energy-saving buildings, adaptation and solutions, participation in renewable energy projects, and upstream or supply chain resource efficiency), carrying out in-depth assessments of the intensity, scope, timing and financial impact of various climate change risks on the Company and undertaking management response.</p> <p>Financial impact assessment Select and evaluate the financial impact of five major risks (transformation risks) on the Company</p> <ol style="list-style-type: none"> (1) Carbon emissions control: Y35 excess carbon emissions payment – cash equivalent would be NT\$8.53 million (2) Carbon tax: Highest carbon tax expenditure in Y40 would be NT\$565 million (3) Mandatory declaration: Failure to declare on time in Y50 would result in a fine of NT\$112 million (4) Purchasing product efficiency – domestic and international compliance and standards: If found non-compliant in Y50, the financial impact would be NT\$14.68 billion (5) Renewable energy regulations: Reaches RE100 in Y40, with investment in renewable energy hitting NT\$4.37 billion. <p>In addition, extreme rainfall due to climate change is used as the hazard level, and flooding and landslides caused by extreme rainfall are used as the vulnerability level. Exposure level is based on the 1,104 locations of the Company's assets and suppliers; vulnerability level is based on government information to determine the scope and extent of the disaster and conduct an assessment of the physical risks and financial impact of each location.</p> <p>Strategic objectives Based on the financial impact analysis results, four core strategies were established:</p> <ol style="list-style-type: none"> (1) Strengthen climate-related financial impact disclosures (2) Boost smart energy conservation at its base stations (3) Procure green electricity (4) Invest in green energy

Item	Current practices												
<p>4. Statistics on GHG emissions, water consumption and waste, and formulation of environmental sustainability policies</p>	<p>4. The Environmental 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>Results of the 2023 environmental management action plan:</p> <ol style="list-style-type: none"> (1) Electricity savings: Reduced power consumption by 3.01% (estimated value) from 2016 levels, surpassing its target of 1%. (2) Water conservation: Lowered water consumption by 7.5% (estimated value) from 2017 levels, better than its target of 6%. (3) Waste reduction: Cut non-recyclable waste by 23.7% (estimated value) from 2016 levels, surpassing its target of 19%. (4) Renewable energy application: Renewable energy accounted for 5% of total electricity consumption; performance utilization rate was 5.96% (estimated value). (5) Carbon reduction: Joined RE100 in 2022 and committed to using 100% renewable energy by 2040 and achieve net zero by 2050. On August 23, 2023, TWM became the first company in Asia to have its 1.5°C-aligned science based targets to reach net zero emissions by 2050 validated by SBTi. <p>Statistics on water consumption, waste, and energy consumption for 2022-2023 are detailed below:</p> <table border="1" data-bbox="639 931 1418 1077"> <thead> <tr> <th>Category</th> <th>2022</th> <th>2023**</th> </tr> </thead> <tbody> <tr> <td>Water consumption (m³)</td> <td>294,821</td> <td>302,907</td> </tr> <tr> <td>Waste (mt)*</td> <td>1,165</td> <td>1,597</td> </tr> <tr> <td>Energy consumption (MJ)</td> <td>2,111,863,235.95</td> <td>2,229,026,855.68</td> </tr> </tbody> </table> <p>* The amount of waste in 2022 was adjusted retrospectively.</p> <p>**The main reasons for the increase in 2023 compared to 2022 are the continuous growth of business operations and the recovery of business travel and employee commuting after the pandemic.</p> <p>The above-mentioned content has 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 2023 sustainability report.</p>	Category	2022	2023**	Water consumption (m ³)	294,821	302,907	Waste (mt)*	1,165	1,597	Energy consumption (MJ)	2,111,863,235.95	2,229,026,855.68
Category	2022	2023**											
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Waste (mt)*	1,165	1,597											
Energy consumption (MJ)	2,111,863,235.95	2,229,026,855.68											
<p>Commitment to corporate socialresponsibility</p> <p>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</p>	<p>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.</p>												

Item	Current practices
<p>2. Establishing reasonable employee benefits measures (such as remuneration and leave policy) and linking company performance to employee compensation</p>	<p>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> <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 48.4% of the Company's workforce and 48.0% of its management. The proportion of women in top management positions is 33.9%.</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>
<p>3. Providing employees with a safe and healthy working environment, as well as regular training on safety and health education</p>	<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. The company hasn't fire incidents in the year and will continue to implement existing regular inspections and emergency response management measures. 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.</p>
<p>4. Developing individual training plans for career development</p>	<p>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.</p>

Item	Current practices
<p>5. Complying with relevant regulations and international standards on marketing and labeling of products and services</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>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 12 consecutive years.</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, TWM became the first telecommunications company in Taiwan to receive ISAE 3000 external assurance certification, using more stringent standards to examine the quality and credibility of report disclosures.</p> <p>The ESG report issued in 2023 was commissioned by the independent and credible KPMG Taiwan based on the Accounting Research and Development Foundation of the Republic of China's Assurance Standards Bulletin No. 3000 (equivalent to ISAE 3000). In addition, this annual report continues to disclose relevant ESG information in accordance with the Sustainable Accounting Reporting Standards (SASB).</p>

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

The Company values integrity above all, and has seamlessly integrated ESG considerations into the operating strategy, management system and daily activities of all departments. The Company's Corporate Social Responsibility (CSR) policy was officially adopted by the Board of Directors in January 2011, and the CSR Code of Practice was established in January 2015. In 2022, as part of ongoing efforts to enhance the Company's commitment to sustainable development and align with international ESG trends and practices, the Board of Directors approved a significant update. The CSR Policy and CSR Code of Practice were revised and transformed into the Corporate Sustainable Development Policy and Code of Practice for Corporate Sustainable Development. These revised guidelines serve as the overarching principles for the Company's long-term promotion of ESG considerations. The new approach places a strong emphasis on improving corporate governance, prioritizing stakeholder engagement, and providing comprehensive and transparent disclosures. The Company's core technologies and services within the industry serve as a strategic foundation for putting ESG principles into action across various areas, including environmental protection and social welfare.

Additional information on ESG-related matters:

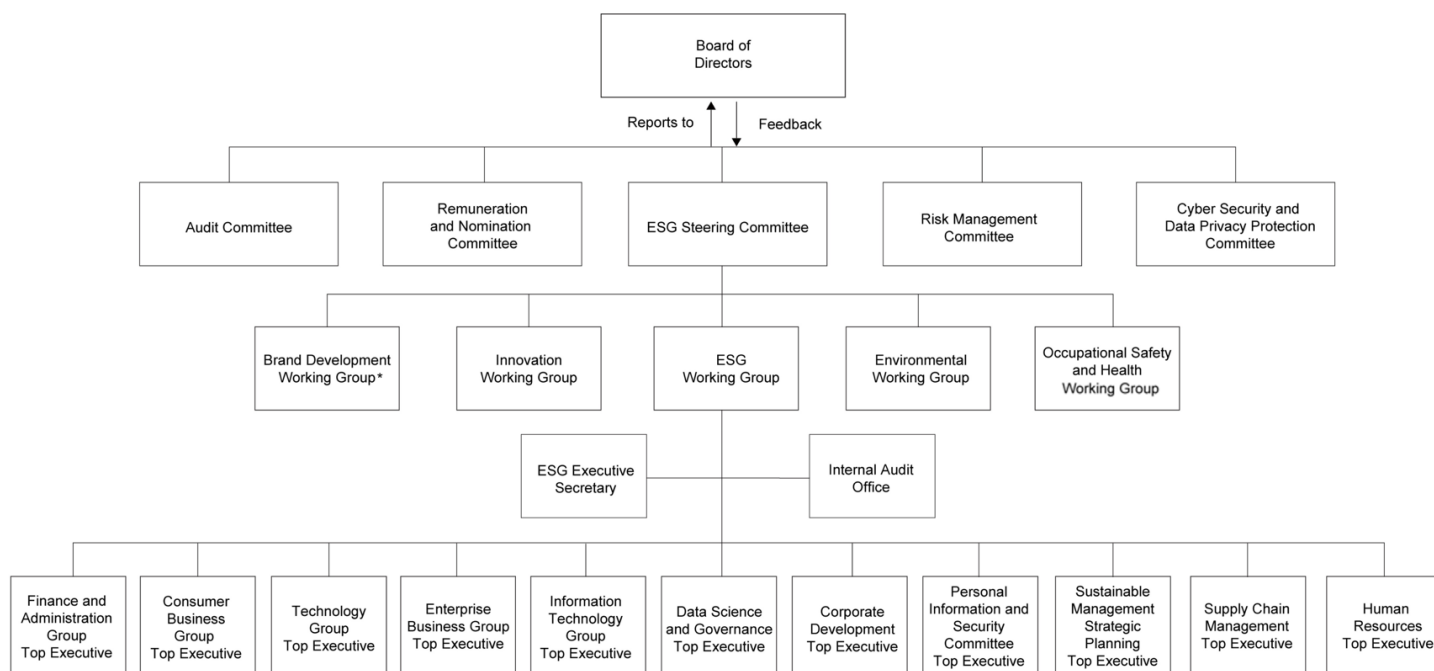
1. Meetings of ESG Steering Committee

(1) The company's ESG steering Committee has six members.

(2) The term of the second ESG steering Committee: June 13, 2023, to June 12, 2026. The Committee met twice in the most recent (2023) year. The qualifications and attendance situation of the members are as follows:

Title	Name	Attendance in person	By proxy	Attendance ratio	Remarks
convener	Daniel M. Tsai	2	0	100	None
member	Char-Dir Chung	1	1	50	None
member	Hsueh-Jen Sung	2	0	100	None
member	Hsi-Peng Lu	2	0	100	None
member	Tong Hai Tan	2	0	100	None
member	Drina Yue	2	0	100	None

2. TWM officially completed its acquisition of Taiwan Star on December 1, 2023. The merger would minimize duplication in infrastructure deployment, leading to annual energy savings of 100 million to 200 million kilowatt-hours. This should have a significant impact on efforts to combat global warming. Notably, TWM was the first telecom operator in Asia to successfully pass the SBTi 2050 net zero path review, aligning with the goal of limiting the temperature rise to 1.5°C. As for the social responsibility, TWM employs advanced technology for detection and prevention. This includes initiatives such as anti-fraud services, including identifying fake web pages and apps, blocking fraudulent calls, issuing international roaming voice warnings, and providing secure call hidden code services. These measures are in place to safeguard user information security and leverage technology to protect people. In terms of governance, in 2022, TWM took the pioneering step of elevating the ESG Steering Committee to the level of the Board of Directors. The chairman personally serves as the convener, and five independent directors serve as members to supervise all aspects of ESG decision-making and enhance the Company's sustainable governance. Furthermore, the ESG performance of senior managers is linked to their compensation. TWM's leaders actively lead ESG practices, and all employees are encouraged to become "green collar" vanguards, actively participating in the Company's sustainability efforts.



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

Information of climate-related implementation

Item	Current practices
1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and management:	<ol style="list-style-type: none"> 1. Board of Directors: Conduct an annual review and oversee climate risks and opportunities facing the Company. 2. ESG Steering Committee: Composed of the board chairman, who serves as the convener, and five independent directors, the committee meets twice a year to oversee all aspects of ESG-decision-making, including climate risks and strategic opportunities, and reports to the Board of Directors. 3. Risk Management Committee: The board chairman or the designated proxy serves as chairperson of the committee, while the top executive of each risk management area is a committee member. The committee meets once every six months to evaluate and approve relevant mitigation and adjustment measures in accordance with the risk control mechanism, and reports risks (including climate-related) to the Company to the ESG Steering Committee and the Board of Directors as needed. 4. Environmental Working Group: The Chief Technology Officer is the chairperson, and the top sustainability officer is the deputy chairperson. The group meets semi-annually to identify and manage climate-change risks and opportunities in accordance with the Company's risk management system, and reports climate risk trends and issues to the Risk Management Committee. 5. ESG Working Group: The President serves as the vice chairperson, and the top executive of each business group is a member. The working group meets four times a year to conduct research on international climate risk trends and provide feedback on the latest risk trends to the Environmental Working Group.

Item	Current practices
<p>2. Describe how the Company identifies climate-related risks and opportunities and their short-, medium- and long-term impact on its business, strategy and finances:</p> <p>3. Describe the financial impact of extreme climate events and actions taken:</p> <p>4. Describe how the identification, assessment and management processes of climate risks are integrated into the Company's overall risk management system:</p>	<ol style="list-style-type: none"> 1. Participants in the TCFD workshop were grouped according to the nature of their business, and followed the TCFD framework to identify climate risks. Thirty-six climate risks and 22 opportunities in the value chain were analyzed for their impact, scope, timing and likelihood of occurrence. 2. Establish a matrix of climate risks and opportunities and classify the impact level of the matrix as moderate-to-high or higher, and the probability as possible or higher. Report the assessment results of the identification and ranking of climate risks and opportunities, and response plans. 3. Discuss and identify significant climate risks (including cap and trade, carbon tax, mandatory declaration, product efficiency regulations and standards and renewable energy regulations) and opportunities (including developing funding sources, energy-efficient buildings, adaptations and solutions, participation in renewable energy projects, and production processes) that directly/indirectly impact the Company in the short, medium and long term, and input management measures. <p>For details on the impacts on the Company's business, strategy and finances, please refer to the TCFD report.</p> <ol style="list-style-type: none"> 1. Transition risk analysis: Assess the potential financial impact and the management measures taken by the Company under three scenarios – Taiwan's Net Zero pathway, the Intergovernmental Panel on Climate Change's (IPCC) SSP1-1.9 pathway and the Science-Based Targets initiative's net zero (SBT-NZ) pathway. 2. Physical risk analysis: Evaluate the physical risks using four climate models (RCP2.6, RCP4.5, RCP6.0 and RCP8.5), taking extreme rainfall due to climate change as the hazard level, flooding, landslides and mudslides caused by extreme rainfall as the vulnerability level, and the locations of self-owned assets and suppliers' operations as the exposure level. 3. Please refer to TWM's TCFD report for information on the impact of transition and physical risks on the Company's finances. <p>For details on the process of incorporating climate risk identification and assessment into enterprise risk management, please refer to Chapter 3.1.3 Risk Management.</p>

Item	Current practices
<p>5. When using scenario analysis to assess resilience to climate change risks, list the scenario, parameters, assumptions, analysis factors and primary financial impacts:</p>	<p><u>Transition scenario analysis</u></p> <p>TWM used three scenarios – Taiwan’s Net Zero, SSP1-1.9 and SBT-NZ – and the temperature targets set in SSP1-1.9, SSP1-2.6, and SSP2-4.5, supplemented by international industry trend reports, to determine the risks and opportunities that climate change would have on the Company. To better address the positive and negative impacts of five major climate risks (cap and trade, carbon tax, mandatory declaration, product efficiency regulations and standards, and renewable energy regulations) and five major opportunities (developing funding sources, energy-efficient buildings, adaptations and solutions, participation in renewable energy projects, and supply chain resource efficiency), the Company conducted an in-depth assessment of the impact of the intensity, scope and timing of each climate change risk on the Company’s finances, and has taken corresponding management measures.</p> <p><u>Physical scenario analysis</u></p> <p>TWM analyzed physical risks based on the hazard caused by extreme rainfall due to climate change; vulnerability to flooding, landslides and debris flow; and location exposure. Four climate models – RCP2.6, RCP4.5, RCP6.0, and RCP8.5 – were used to gauge hazard levels; vulnerability was analyzed based on government-published maps, including scope and degree of disaster; and exposure was measured based on the location of 1,104 of TWM’s own assets and those of its suppliers. The results showed that over 300 premises face flooding risks, one is vulnerable to debris flow, and two are at risk of landslides.</p> <p><u>Financial impact of physical risks</u></p> <p>The analysis of Company-owned assets showed that 200 operating sites face one or more potential disasters, i.e., 116 stores, 78 machine rooms and 6 offices. Meanwhile, 131 of its suppliers are located in areas at risk of flooding. Disasters would increase the Company’s operating costs and losses. To minimize impacts from flooding, landslides and debris flow, the Company is boosting investment, allocating more human resources and enhancing prevention measures.</p> <p>For details on the results of the analysis, see TWM’s TCFD report.</p>

Item	Current practices
<p>6. If there is a transition plan to address climate-related risks, list details of the plan, including the indicators and objectives used to identify and manage physical risks and transition risks:</p>	<p><u>Metrics and Targets</u></p> <p>TWM established an ISO14064 greenhouse gas (GHG) inventory mechanism, ISO 5001 energy management system and ISO 14001 environmental management system. It employs four core strategies to manage climate change-related risks and opportunities. Apart from conducting inventories for GHG Scope 1, 2 and 3 emissions, it has also set short-, medium- and long-term reduction targets for GHG emissions and prioritizes increasing the proportion of green energy usage.</p> <ul style="list-style-type: none"> ● Based on the SBTi carbon reduction requirement, the Company has calculated and estimated the relevant indicators of climate mitigation and adaptation: With 2019 as the base year, the absolute reduction of emissions would be 30% for Scope 1 and 2 and 15% for in Scope 3 in 2030. In 2023, TWM once again passed the SBTi review for its 2050 Net Zero target. With 2022 as the base year, the reduction of emissions would be 42% for Scope 1 and 2 and 25% for in Scope 3 in 2030, and net zero emissions would be achievable by 2050. ● TWM has committed to 100% total renewable energy use by 2040 and Net Zero emissions by 2050. <p><u>Response measures for self-owned assets</u></p> <ul style="list-style-type: none"> ● Zero to low-risk sites: Focus on maintaining the premises, draft emergency plans and risk management measures to ensure employee safety and protect company assets, and consider further weatherproofing buildings and strengthening risk management systems. ● Medium-risk sites: Strengthen maintenance of the premises by closely monitoring disaster potentials. For premises facing risks of landslides, response measures include strengthening slope stabilization measures, assessing buildings' structural safety, and strengthening risk management. For premises at risk of flooding, response measures include raising the foundation, improving drainage systems, and strengthening risk management. ● High-risk sites: Avoid setting up operations in such areas unless necessary or relocate to a medium- or low-risk site. For premises facing risks of debris flow or landslides, response measures include strengthening slope stabilization measures, assessing building structural safety assessment, and strengthening risk management. For premises at risk of flooding, response measures include raising the foundation, improving drainage systems, and strengthening risk management. <p><u>Response measures for suppliers</u></p> <ul style="list-style-type: none"> ● Low-risk sites: Continue to work with the suppliers, while requiring them to bolster disaster prevention measures, including improving drainage systems and repairing floodbanks to cope with extreme weather events. ● Medium-risk sites: Continue to work with the suppliers, while raising their awareness about potential risks due to climate change by assisting them in understanding potential disaster trends and strengthening prevention measures, such as stepping up regional monitoring and installing early warning systems, to cope with extreme weather events.

Item	Current practices
	<ul style="list-style-type: none"> ● High-risk sites: Implement more proactive disaster prevention measures. In addition to improving drainage systems and building structures and raising disaster awareness, consider incorporating disaster risk-related supporting measures and a compensation for damage system to reduce potential impacts and damages. ● The remaining 307 premises have zero risk, but efforts to strengthen basic protection and regular maintenance should continue. TWM should also make dynamic adjustments through its annual review of supplier risks. <p>For more information, see TWM's TCFD report.</p>
7. If internal carbon pricing is used as a carbon emission reduction tool, list the basis for setting prices:	TWM does not use internal carbon pricing.

8. When setting climate-related goals, specify the activities covered, scope of GHG emissions, timetable, annual progress toward achieving these goals, etc. If carbon offsets or renewable energy certificates (RECs) are used to achieve such goals, the sources and quantities of carbon offsets exchanged or the number of RECs should be disclosed.

Greenhouse gas reduction targets, strategies and action plans are as follows:

Targets for GHG reductions	Science-based targets (SBT) for carbon reduction	2023 performance	2024 plan
Short-term 2023	Scope 1 and 2 reduced by 5.3% compared with 2022 carbon emissions	Increased by 1.46% YoY	Scope 1 and 2 reduced by 10.5% compared with 2022 carbon emissions
	Scope 3 reduced by 7.5% compared with 2020 carbon emissions	Reduced by 19.7% YoY	Scope 3 reduced by 10% compared with 2020 carbon emissions
Mid-term 2030	Scope 1 and 2 reduced by 42% compared with 2022 carbon emissions	For the mid-term 2030, TWM would increase usage of renewable energy (RE100 plan) and improve energy and fuel efficiency	
Long-term 2050	Scope 1, Scope 2 and Scope 3 achieve net zero emissions	For the long-term 2050 target, TWM would adopt multiple projects to achieve net zero, such as, direct air capture, bioenergy with carbon capture utilization and storage, and nature-based solutions	

Since adopting the ISO14064-1 standard in 2012, TWM has had its GHG inventories undergo third-party verification annually to ensure data quality. The primary source of emissions is electricity (98%), with the remaining sources including company vehicles, generators, refrigerants, fire extinguishers, and septic tanks.

Greenhouse gas inventory scope: Office buildings, telecommunications room, base stations and directly operated stores of Taiwan Mobile Co., Ltd. (including Taiwan Mobile Foundation), Taiwan Digital Services Co., Ltd., Taiwan Teleservices & Technologies Co., Ltd., Taiwan Fixed Network Co., Ltd., Taiwan Fixed Network Media Co., Ltd. and its subsidiaries, Win TV Broadcasting Co., Ltd., Taiwan Kuro Times Co., Ltd., Taipei New Horizon Co., Ltd., Taihsin Property Insurance Agent Co., Ltd. In addition, 16 new subsidiaries were included in the scope of inspection in 2023: TWM Holding Co., Ltd., TCC Investment Co., Ltd., Tai-Fu Cloud Technology Co., Ltd., Global Forest Media Technology Co., Ltd., Global Wealth Media Technology Co., Ltd., TFN Union Investment Co., Ltd., Global Wealth Media Technology Co., Ltd., TCCI Investment and Development Co., Ltd., Taiwan Cellular Co., Ltd., Wealth Media Technology Co., Ltd., TWM Venture Co., Ltd., Taiwan Mobile Film Co., Ltd., Taiwan Stampede Franchise Film Co., Ltd., Fu Sheng Digital Co., Ltd., TWM Power Co., Ltd., and FullSynergy New Retail Co., Ltd.

Greenhouse gas inventory (scope1 & Scope2)

Category	2020	2021	2022	2023 ¹
Scope1(tons-CO2e)	5,558.37	6,177.80	5,331.63	6,098.4759
Scope2(tons-CO2e)-Location base	235,146.95	269,124.54	282,140.61	285,603.6986
Scope2(tons-CO2e)-Market base	235,146.95	269,124.54	282,096.83	285,523.5086
Scope1 & Scope2(tons-CO2e)-Location base	240,705.32	275,302.34	287,472.24	291,702.1745
Scope1 & Scope2(tons-CO2e)-Market base	240,705.32	275,302.34	287,428.46	291,621.9845
Emission intensity = total carbon emissions-location base/combined revenue (ton-CO2e /NTD million) ²	3.55	3.92	3.99	3.94

Note:

1. Used the 2022 emissions factor for electricity issued by the Bureau of Energy under the Ministry of Economic Affairs to calculate Scope 2 carbon emissions for 2023.
2. Consolidated revenue does not include revenue of momo.

9. The GHG emissions in the consolidated financial reports of the company and its subsidiaries in the past two years are as follows :

The inventory of GHG emissions in year 2023 has been verified and meeting the requirements of ISO 14064-1:2018 with SGS. The level of assurance agree is that of 「reasonable assurance」.

Verified scope		FY 2022		FY 2023	
		Total Emissions (metric tons of CO2e)	Intensity (metric tons of CO2e/NT\$ million)	Total Emissions (metric tons of CO2e)	Intensity (metric tons of CO2e/NT\$ million)
Taiwan Mobile Co., Ltd.	Scope1	3,690.25	/	4,561.40	/
	Scope2	246,040.81		251,696.66	
	Subtotal	249,731.06		256,258.07	
Subsidiaries	Scope1	1,641.38		1,537.07	
	Scope2	36,056.02		33,826.84	
	Subtotal	37,697.40		35,363.92	
Total		287,428.46	4.18	291,621.98	3.94

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 Corporate 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 directly to the President, 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 Operating 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 or 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, 2023 to February 22, 2024, a total of 3,406.6 training hours were held, with 13,988 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 2023 ESG Report further shed light on its execution and enhanced 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 to keep its Ethical Corporate Management Best Practice Principles and Operating Rules of Ethical Corporate Management Principles up to date.</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 has incorporated them into its internal control system to avoid insider trading risks.

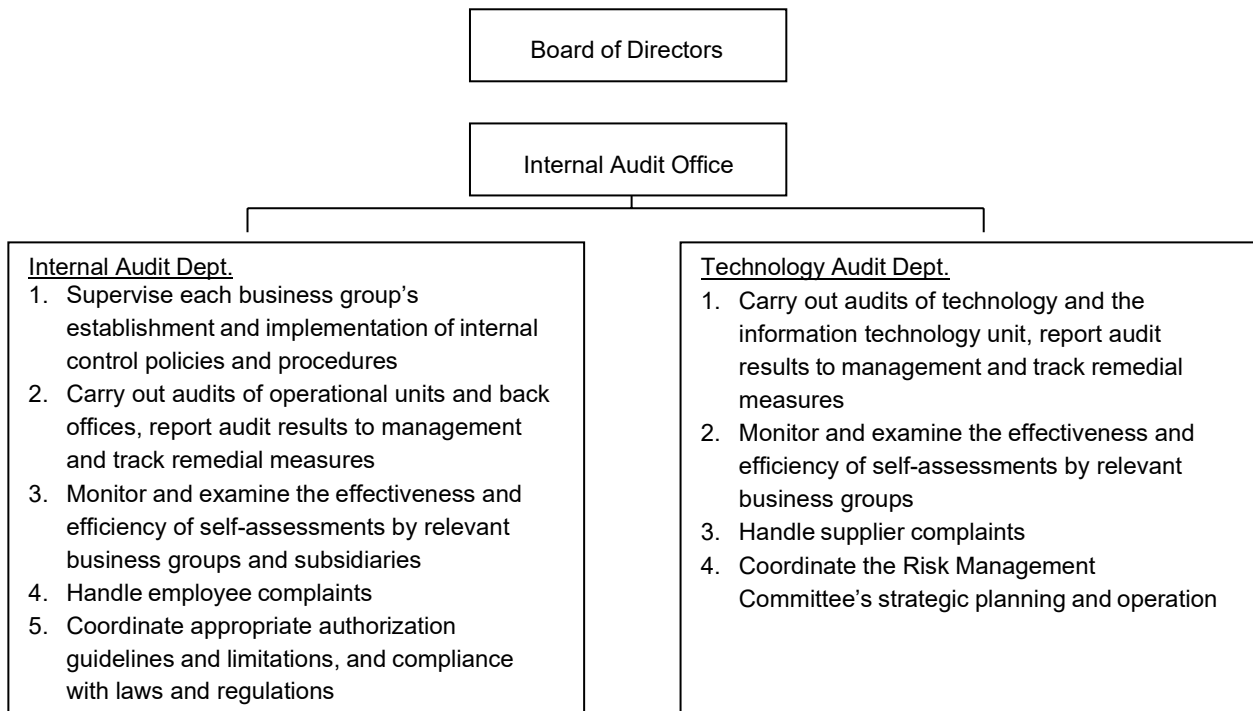
Internal control system

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 30, 2024

Taiwan Mobile (TWM) states the following with regard to its internal control system for the year 2023:

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, 2023, 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 30, 2024, where all 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 2023 shareholders' meeting

Issues approved and subsequent execution:

- (1) 2022 business report and financial statements
- (2) Distribution of 2022 earnings and cash return from capital surplus
Execution: Ex-dividend date was set for July 8, 2023, and cash payment of NT\$4.3 per share on July 26, 2023.
- (3) Election of the 10th Board of Directors (including five independent directors)
Directors: Fu-Chi Investment Co., Ltd. (Representatives: Daniel M. Tsai, Richard M. Tsai and Chris Tsai)
TCCI Investment and Development Co., Ltd. (Representative: Jamie Lin)
Independent Directors: Hsueh-Jen Sung, Char-Dir Chung, Hsi-Peng Lu, Tong Hai Tan and Drina Yue
Execution: Approved by the Ministry of Economic Affairs on July 3, 2023, the result was published on the Company's website.
- (4) Removal of non-competition restrictions for the newly elected 10th Board of Directors
Execution: Published on MOPS on June 13, 2023.

2. Major resolutions by the board (from 2023 up to the publication date in 2024)

1. 18th meeting of ninth BoD on January 11, 2023
 - (1) Approved the 2023 capital expenditure plan and donations to related parties
2. 19th meeting of ninth BoD on February 24, 2023
 - (1) Approved the 2022 business report and financial statements
 - (2) Approved the adjustment of the stock swap ratio for the acquisition of 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 issue of 100%-owned TWM Venture Co., Ltd.
 - (6) Approved the acquisition or disposal of right-of-use assets
3. 20th meeting of ninth BoD on May 3, 2023
 - (1) Approved the 2022 earnings distribution proposal and cash return from capital surplus
 - (2) Approved the 1Q23 financial statements
 - (3) Approved the supplementary reasons for convening the 2023 annual general meeting
 - (4) Approved the acquisition or disposal of right-of-use assets
4. 1st meeting of the 10th BoD on June 13, 2023
 - (1) Approved the re-election of Mr. Daniel M. Tsai as chairman.
 - (2) Appointment of members to the company's Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee
5. 2nd meeting of the 10th BoD on August 4, 2023
 - (1) Approved the 2Q23 financial statements
 - (2) Approved capex budget additions in 2023
 - (3) Approved the adjustment of the stock swap ratio in the merger with Taiwan Star Telecom Co., Ltd.
 - (4) Approved the acquisition or disposal of right-of-use assets
6. 3rd meeting of the 10th BoD on September 15, 2023
 - (1) Approved a cash injection of NT\$15 million into KKCompany Technologies Inc.
7. 4th meeting of the 10th BoD on November 14, 2023
 - (1) Approved the 3Q23 financial statements
 - (2) Approved the removal of non-competition restrictions for executives
 - (3) Approved the acquisition or disposal of right-of-use assets

8. 5th meeting of the 10th BoD on January 30, 2024
 - (1) Approved the 2024 guidance
 - (2) Approved the 2024 capital expenditure plan and donation to TWM Foundation
 - (3) Approved the appointment of executive personnel
 - (4) Approved the schedule for the 2024 annual general meeting
 - (5) Approved the acquisition or disposal of right-of-use assets.
9. 6th meeting of the 10th BoD on February 21, 2024
 - (1) Approved the 2023 business report and financial statements
 - (2) Approved the 2023 earnings distribution proposal and cash return from capital surplus
 - (3) Approved the procurement of mobile broadband equipment
 - (4) Approved the issuance of unsecured straight corporate bonds

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

Major dissenting comments over board meeting resolutions from 2023 up to the publication date in 2024: 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 22, 2024

Title	Name	Date of taking office	Date of resignation	Reason for resignation/discharge
Vice President and Chief Strategy Officer	Tim Lee	2022.11.10	2023.04.01	Resignation

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	2023.01.01~ 2023.12.31	9,396	4,615	14,011	-

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: 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, 2023

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.	512,260,000	100.00	—	—	512,260,000	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
TWM Power Co., Ltd.	10,000,000	100.00	—	—	10,000,000	100.00
FullSynergy New Retail Co., Ltd.	10,000,000	100.00	—	—	10,000,000	100.00
AppWorks Ventures Co., Ltd	2,167,500	51.00	—	—	2,167,500	51.00
Nada Holdings Co., Ltd	1,666,666	8.93	4,285,714	22.97	5,952,380	31.90

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	2023		2024 (as of February 22)	
		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	0	0	0	0
Director	Fu Chi Investment Co., Ltd. Representative: Richard M. Tsai				
Director	Fu Chi Investment Co., Ltd. Representative: Frank Lin				
Director	TCCI Investment and Development Co., Ltd. Representative: Jamie Lin (Took office on June 13, 2023)	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	317,000	0	0	0
SVP and Chief Technology Officer	Tom Koh	0	0	0	0
VP and Chief Legal Officer	C. H. Jih (Took office on December 1, 2023)	0	0	0	0
VP and Chief Data Officer	Eddie Chan	0	0	0	0
VP and Chief Information Officer	Rock Tsai	0	0	0	0
VP and Chief Financial Officer	George Chang	0	0	0	0
VP and Chief Business Officer	Tony Lin	0	0	0	0
Vice President	C.H. Wu	0	0	0	0
Vice President	Luke Han	0	0	0	0
Vice President	Joan Hung	0	0	0	0
Vice President	Jay Hong	0	0	0	0
Vice President	Shirley Chu	0	0	0	0
Vice President	Ming-Tung Wu	0	0	0	0
Vice President	Shing Chu (Took office on December 1, 2023)	0	0	0	0
Vice President	Steve Chou	0	0	0	0
Vice President	Kate Chen	0	0	0	0
Vice President	David Lin	0	0	0	0
Vice President	Daphne Lee	0	0	0	0
Vice President	Iris Liu	0	0	0	0
Vice President	Naomi Lee	0	0	0	0

Title	Name	2023		2024 (as of February 22)	
		Net change in shareholding	Net change in shares pledged	Net change in shareholding	Net change in shares pledged
Vice President	Vincent Wu	0	0	0	0
Vice President	Eric Lin (Took office on May 8, 2023)	0	0	0	0
Vice President	Peter Pan (Took office on December 1, 2023)	0	0	0	0
Chief Accounting Officer	Darren Shih	0	0	0	0
Director	TCC Investment Co., Ltd. Representative: Jamie Lin (Term of office expired on June 13, 2023)	0	0	NA	NA
VP and Chief Strategy Officer	Tim Lee (Retired on April 1, 2023)	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 8, 2023

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. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman Related Parties A and B have the same chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	65,162,715	1.85%	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 director at B A is B's chairman B is A's relative within two degrees A is B's chairman
Shin Kong Life Insurance Co., Ltd.	241,445,000	6.86%	–	–	None	None
Chairman: Mark Wei	–	–	–	–	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. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman Related Parties A and B have the same chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	65,162,715	1.85%	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 director at B A is B's chairman B is A's relative within two degrees A is B's chairman

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
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. Richard M. Tsai TCCI Investment and Development Co., Ltd.	A and B have the same chairman A and B have the same chairman Related Parties A and B have the same chairman B is a director at A A and B have the same chairman
Chairman: Daniel M. Tsai	65,162,715	1.85%	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 director at B A is B's chairman B is A's relative within two degrees A is B's chairman
Cathay Life Insurance Co., Ltd.	177,018,900	5.03%	-	-	None	None
Chairman: Ming-Ho Hsiung	-	-	-	-	None	None
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. Richard M. Tsai TCCI Investment and Development Co., Ltd.	Related Parties Related Parties Related Parties Related Parties Related Parties Related Parties
Chairman: Howard Lin	-	-	-	-	None	None
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. 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 Related Parties B is a director at A A and B have the same chairman

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	65,162,715	1.85%	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 director at B 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. TCCI Investment and Development Co., Ltd.	A is a director at B A is a director at B A is a director at B Related Parties A is a director at B 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. Richard M. Tsai	A and B have the same chairman A and B have the same chairman A and B have the same chairman Related Parties A and B have the same chairman B is a director at A
Chairman: Daniel M. Tsai	65,162,715	1.85%	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 director at B A is B's chairman B is A's relative within two degrees A is B's chairman
The Labor Pension Fund	73,739,100	2.10%	–	–	None	None

Note: Shareholding percentage is calculated based on outstanding shares of 3,519,233,603 as of July 8, 2023.

Chapter 3 Financial Information

Capital and shares

Source of capital

As of February 22, 2024

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	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
Dec. 2023	10	6,000,000,000	60,000,000,000	3,723,261,811	37,232,618,110	New share issue to acquire Taiwan Star:2,040,282,080	—	Authorization No. 1121805629 Nov. 24, 2023

As of February 22, 2024

	Authorized capital			Remarks
	Listed shares	Unissued shares	Total	
Common stock	3,723,261,811	2,276,738,189	6,000,000,000	None

Information related to shelf registration: None

Shareholder structure

As of July 8, 2023

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
No. of shareholders	7	20	411	72,283	863	73,584
Total shares owned	281,373,156	740,681,459	1,491,363,982	460,320,885	545,494,121	3,519,233,603
Holding percentage	7.99%	21.05%	42.38%	13.08%	15.50%	100.00%

Shareholding distribution

As of July 8, 2023

1. Common shares

Shareholding range	No. of shareholders	Total shares owned	Holding percentage
1 ~ 999	20,459	5,573,262	0.16%
1,000 ~ 5,000	42,475	85,162,516	2.42%
5,001 ~ 10,000	5,574	43,137,196	1.23%
10,001 ~ 15,000	1,580	19,910,088	0.56%
15,001 ~ 20,000	973	17,813,723	0.51%
20,001 ~ 30,000	818	20,774,323	0.59%
30,001 ~ 40,000	399	14,221,254	0.40%
40,001 ~ 50,000	236	10,970,702	0.31%
50,001 ~ 100,000	438	31,123,187	0.88%
100,001 ~ 200,000	193	27,413,657	0.78%
200,001 ~ 400,000	145	41,923,012	1.19%
400,001 ~ 600,000	52	25,098,289	0.71%
600,001 ~ 800,000	32	22,102,462	0.63%
800,001 ~ 1,000,000	23	20,648,720	0.59%
1,000,001 and above	187	3,133,361,212	89.04%
Total	73,584	3,519,233,603	100.00%

2. Preferred shares: None

Major shareholders

As of July 8, 2023

Name	Total shares owned	Holding percentage (Note)
TFN Union Investment Co., Ltd.	410,665,284	11.67%
Shin Kong Life Insurance Co., Ltd.	241,445,000	6.86%
TCC Investment Co., Ltd. Ltd.	200,496,761	5.70%
Ming Dong Co., Ltd.	184,736,452	5.25%
Cathay Life Insurance Co., Ltd.	177,018,900	5.03%
Fubon Life Insurance Co., Ltd.	150,880,400	4.29%
Dao Ying Co., Ltd.	113,609,742	3.23%
Richard M. Tsai	93,310,663	2.65%
TCCI Investment & Development Co., Ltd.	87,589,556	2.49%
The Labor Pension Fund	73,739,100	2.10%

Note: Shareholding percentage was calculated based on outstanding shares of 3,519,233,603 as of July 8, 2023.

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

		2022	2023	As of February 22, 2024
Share price (NT\$)	High	110.50	105.50	100.00
	Low	90.40	93.10	96.90
	Average	101.19	97.84	98.46
Net worth per share (NT\$)	Before earnings appropriation	22.86	28.05	—
	After earnings appropriation	18.56	(Note 1)	—
Earnings per share (NT\$)	Adjusted weighted average outstanding shares (‘000 shares)	2,820,482	2,837,810	—
	Earnings per share	3.91	4.33	—
Dividends per share (NT\$)	Cash dividends	4.30	4.30 (Note 1)	—
	Stock dividends	—	— (Note 1)	—
		—	— (Note 1)	—
	Accumulated unpaid dividends	—	—	—
PE and dividend yield (Note 2)	Price earnings ratio (x)	25.88	22.60	—
	Price to cash dividend (x)	23.53	22.75 (Note 1)	—
	Cash dividend yield (%)	4.25	4.39 (Note 1)	—

Note 1: The appropriation amount for 2023 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

Below is the dividend plan based on 2023 earnings approved by the BoD. It has yet to be passed at the 2024 AGM.

Unit: NT\$/share

Year	Cash dividend		Stock dividend
	From retained earnings	From additional paid-in capital	
2023	3.6251	0.6749	-

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

None.

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. 2023 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 2023 employee bonuses and directors' compensation approved by the BoD on February 21, 2024, totaled NT\$405.977 million and NT\$40.598 million, respectively, in the form of cash, while the accrued amounts in the 2023 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 2022 employee bonuses and directors' compensation: None

Share buyback: None

Corporate bond issuance

Corporate bonds

As of February 22, 2024

Issuance	Fifth Unsecured Corporate Bond	Sixth Unsecured Corporate Bond	Seventh Unsecured Corporate Bond	2023 First Unsecured Corporate Bond
Issue date	April 20, 2018	March 24, 2020	July 13, 2021	May 22, 2023
Denomination	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000	NT\$10,000,000
Issuance and listing	Not applicable	Not applicable	Not applicable	Not applicable
Issue price	100% of par value	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	NT\$6,500,000,000
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.	1.537% 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	5 years, maturing on May 22, 2028
Guarantor	None	None	None	None
Trustee	Bank of Taiwan	Bank of Taiwan	Bank of Taiwan	Bank of Taiwan
Underwriter	Yuanta Securities Co., Ltd.	KGI Securities Co., Ltd.	Fubon Securities Co., Ltd.	KGI Securities Co., Ltd.
Legal counsel	Jim Chen, Attorney	Jim Chen, Attorney	Ariel Hwang, 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	Pei-De Chen, CPA Kwan-chuang Lai, CPA Deloitte & Touche	Pei-De Chen, CPA Te-Chen Cheng, CPA Deloitte & Touche
Repayment	Bullet repayment	Bullet repayment	Bullet repayment	Bullet repayment
Outstanding balance	NT\$9,000,000,000	NT\$20,000,000,000	NT\$2,500,000,000	NT\$6,500,000,000
Early repayment clause	None	None	None	None
Covenants	None	None	None	None
Credit rating agency, rating date, company credit rating	None	None	None	None
Ancillary rights	Amount converted/ exchanged into common shares, ADRs or other securities	Not applicable	Not applicable	Not applicable
	Rules governing issuance or conversion (exchanged or subscription)	Not applicable	Not applicable	Not applicable
Dilution and other effects on shareholders' equity	Not applicable	Not applicable	Not applicable	Not applicable
Custodian	Not applicable	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:

Opinions from the primary securities underwriters on mergers completed and acquisition of other companies' newly issued shares during the latest quarter:

On December 1, 2023, Taiwan Mobile Co., Ltd. (hereinafter referred to as 'Taiwan Mobile' or 'the Company') completed a capital increase by issuing 204,028,208 common shares. This was done to acquire Taiwan Star Telecom Co., Ltd. (hereinafter referred to as 'Taiwan Star'), with the registration change completed on December 29, 2023. In accordance with Article 9, Paragraph 1, Subparagraph 8 of the Guidelines for the Issuance and Offering of Securities by Issuers, the underwriter provides the following assessment regarding the impact on the financials, operations and shareholders' equity for the fourth quarter of 2023:

(1) Impact on financials:

Following the merger of Taiwan Mobile and Taiwan Star, the Company has benefited from network consolidation, user contributions and operational optimization. The gradual integration of Taiwan Star's network reduces duplicate sites, providing Taiwan Star users with a more diverse range of application services, leading to an increase in ARPU and growth in telecom service revenue. Post-merger, there are plans for more effective operational models to achieve comprehensive merger benefits and save on costs of refinancing.

(2) Impact on operations:

Following the merger, there has been an improvement in frequency utilization efficiency and signal coverage. In terms of data and voice services, it is estimated that over 9.8 million users will benefit from on-net discounts, larger network capacity, and higher-quality voice services. These enhancements are expected to contribute to Taiwan Mobile's future business expansion and market competitiveness.

(3) Impact on shareholders' equity:

Through resource integration and mutual support after the merger, the Company can strengthen its competitiveness in the market, which should lead to sustained revenue growth. Integration of costs and expenses after consolidation will also be more efficient because of economies of scale. Consequently, business results are expected to grow gradually, enhancing the enterprise's value.

(4) Whether the benefits of the merger and issuance of new shares are evident:

After the merger, the Company has focused its efforts on integrating critical resources, such as research and development, technology, production capacity and financial operations to achieve greater operational efficiency. This includes reducing the costs of duplicate construction and maintenance. Leveraging operational optimization and competitive advantages with increased scale, overall operating costs are expected to be effectively reduced. It is anticipated that the subsequent benefits of the merger will gradually become evident.

2. Board of Directors' resolution:

The Board of Directors of Taiwan Mobile resolved on December 30, 2021, to approve the acquisition of Taiwan Star. The final share exchange ratio was one Taiwan Star share for 0.03261 TWM shares. TWM increased its capital and issued 204,028,208 common shares. Post-merger, Taiwan Mobile is the surviving entity, while Taiwan Star was dissolved. The completion date of the merger was December 1, 2023. The application for the issuance of new shares for the acquisition of the target company's shares was approved by the Financial Supervisory Commission, and the change of registration was completed on December 29, 2023.

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 (Unit: NT'000)*		62,585,481	
Service/product lines		Telecommunications, etc.	
Financial data (Unit: NT'000)	June 30, 2023	Total assets	54,101,521
		Total liabilities	33,761,809
		Total shareholders' equity	20,339,712
	For the six months ended June 30, 2023	Operating revenue	5,773,609
		Gross profit	332,760
		Operating profit and loss	(1,361,108)
		Net income (loss)	(1,867,075)
		EPS (NT\$)	(0.30)

*Source: Taiwan Star 2Q 2023 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	Ranked second in a three-player market, with a market share of around 32% 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
2023 revenue*	71,489		6,263	109,243
2023 EBIT*	10,711		2,188	4,385

* Source: 2023 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 with mobile voice and data services, the Consumer Business Group offers a wealth of value-added services, exclusive games and devices. These value-added services include video and music streaming, online cloud gaming, mobile devices, IoT-related services and smart home services. The Company has also launched OP Life and Double-Play packages that offer 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, AI, cloud services, IoT and information security.

2. Telecom revenue breakdown

Unit: NT\$m

Item	Year	2023	
		Revenue	% of total
Service revenue		50,400	71%
Device sales		21,089	29%
Total		71,489	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 momo, offering exclusive "momobile member's day" deals for TWM users and facilitating purchases of devices and accessories using momo coins on myfone stores.
- (3) MyCharge charging platform: Establish electric vehicle charging facilities nationwide to provide charging services.

Enterprise Business Group

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

By combining the advantages of telecom services and collaborating with CloudMile, TWM has integrated ITG (Information Technology Group) experiences and technology, providing consulting services to help customers achieve digital transformation.

- (2) AI and industrial solutions:

TWM continues to cooperate with partners in the industrial ecosphere and combine its ITG (Information Technology Group) experiences and technology along with TWSC (Taiwan Web Service Corporation). As a result, TWM has developed generative AI services for enterprises. With AI 2.0 consulting services and application tools, it creates tailor-made solutions for customers.

- (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).

(4) Enterprise cybersecurity solutions:

The adoption of digital transformation by various industries post-pandemic has led to increased cybersecurity risks. TWM has been developing solutions for information security protection to help customers improve digital resilience and empower innovative business transformation.

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	2023	
		Revenue	% of total
Pay TV service		3,097	49%
Cable broadband service		2,040	33%
TV content agency and others*		1,126	18%
Total		6,263	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 1Gbps+WiFi 6 and Mesh WiFi 6 services, 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 5 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\$mn

Item	Year	2023	
		Revenue	% of total
E-commerce		105,136	96%
TV home shopping and others		4,107	4%
Total		109,243	100%

3. New categories and services

(1) momo has continued to usher in more international brands and expand its product categories. Its TV home shopping platform has also been introducing more overseas niche products to enhance its unique platform. momo has stepped up its logistics network build-out to accelerate last-mile delivery to shorten delivery times and offer customers greater convenience. In terms of mobile device application, momo has deployed AI technology to improve voice and image searches, enhance information security and manage risks.

(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.

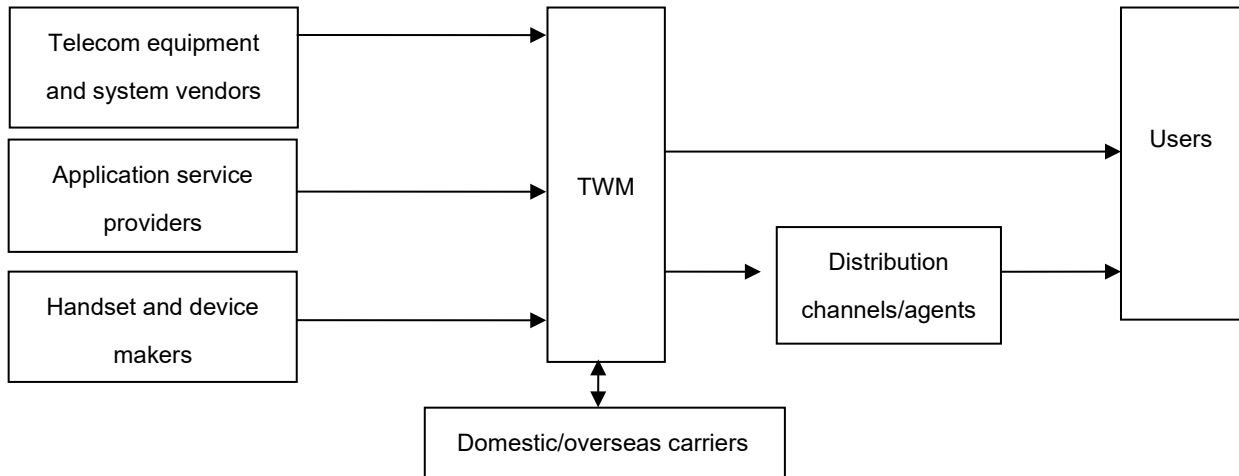
Industry overview

Consumer Business Group

1. Industry status and development

It has been almost four years since 5G's launch and the three major operators' infrastructure development has peaked, yet there is still a lack of a killer app. The mergers between Taiwan Mobile and Taiwan Star, and between Far EasTone and Asia Pacific Telecom had been approved by the National Communications Commission, and completed. With 5G penetration's increasing and the widespread adoption of home broadband, the focal point for consumer engagement is shifting toward smart homes, IoT devices and exclusive terminals, as well as media services.

2. Industry value chain



3. Product development trends and competitive landscape

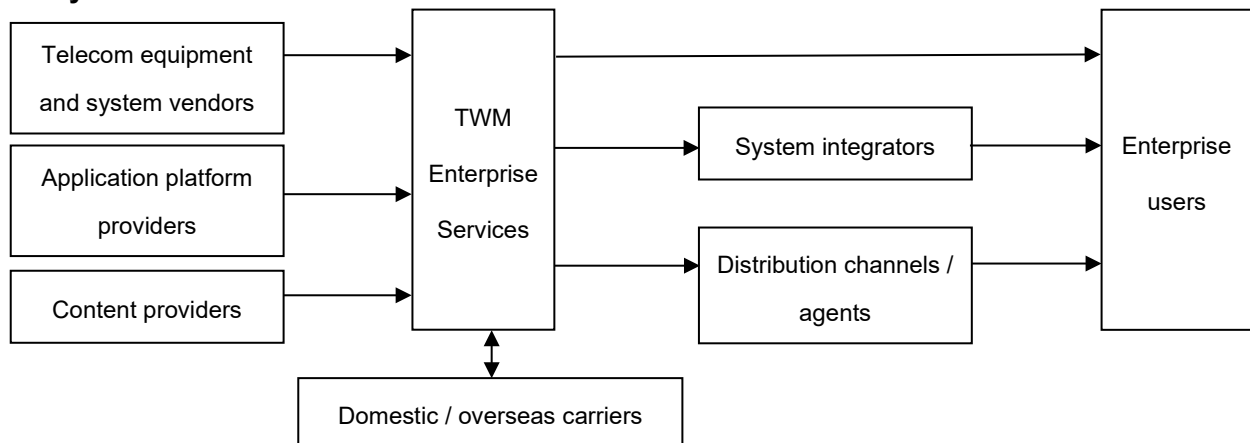
With the completion of the two mergers, price-cutting competition in the mobile market is expected to end, leading operators to focus on enhancing user contributions. The 5G competition is expected to switch to smart homes, IoT, exclusive devices and streaming/video services.

Enterprise Business Group

1. Industry status and development

Companies' commitment to carbon reduction and sustainable development has propelled demand for automation, data visualization and transformation consulting services. Furthermore, the need for cloud, IoT and cybersecurity applications driven by AI should bring more business opportunities to ICT providers.

2. Industry value chain



3. Product development trends and competitive landscape

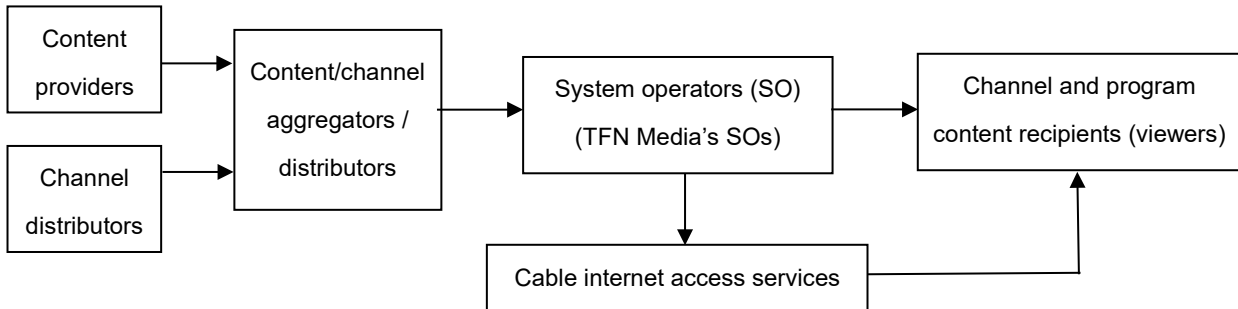
The opening of the O-RAN and dedicated 5G network has spurred telecom operators to build 5G network ecosystems and actively seek partnerships, as well as explore innovative vertical application opportunities. Through the merger with Taiwan Star, the Company has added numerous SME customers. The Company plans to launch more diverse telecommunications and SaaS services to help SMEs enhance their competitiveness and accelerate the adoption of beyond-5G vertical applications, thereby facilitating industrial transformation and upgrading.

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 pricing 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.

Major research and development achievements

The Company's research and development expenditures for 2023 and up to January 31, 2024 amounted to NT\$511.574 million and NT\$51.34 million, respectively. The main technologies and products resulting from these efforts are as follows:

Project name	Description
Image-to-image translation-based acceleration for indoor ray-tracing mode	Use deep learning technologies to establish generative models for various signal receptions. 1. Leverage image translation techniques to convert indoor images into 3D architectural layouts. 2. Further translate these 3D layouts to depict indoor network coverage.
MyVideo	Offer new streaming formats with home-cinema quality. Enhance encryption security for diverse devices.
Number masking service	Offer a comprehensive management interface and streamline integration processes to lower the threshold for enterprise customers to adopt the service.
MyMoji	Develop GIF stickers and provide users with the ability to generate a personal 3D avatar simply by taking a selfie with their smartphones to enhance user engagement.
Anti-fraud solution	Use AI to identify phishing websites and enhance communication security. Features include real-time identification of unknown calls, automatic checking of suspicious links, and blocking of high-risk numbers.
Online traffic profiling	Employ AI and search engine technology for tagging, enhancing business value.
Pedestrian flow and tide analysis	Utilize triangulation technology for regional hotspot research in public and private sectors.
OPBiz	OPBiz provides applications for myBZ+ My Store, mobile landline, store broadband and various SaaS services.
OP Pay-BNPL (buy now pay later)	1. Enhance credit risk management with a review system for better installment payment services. 2. Create a platform for automated transaction settlements and quick daily disbursements via online banking.
M+/M+ Meet	Develop the M+ Meet large-scale video conferencing system, offering an enterprise-level solution with cloud-based integration and multi-device login capabilities.
Smart voice platform	Combine speech-to-text (STT), natural language understanding (NLU), and text-to-speech (TTS) technologies to accurately interpret and respond to customers' verbal commands.
Smart outbound system	Develop a dialing and recording system that can be used not only as a customer relationship management tool for physical stores, but also for telemarketing to improve the efficiency of telemarketing personnel and increase the probability of closing deals.

Project name	Description
Digital identity verification	Utilize artificial intelligence and machine learning as an alternative to traditional customer identity verification solutions.
Customer fraud/credit control	Utilize big data and new rule engine technology, analyze customers' DCB(Direct carrier billing), telecom/non-telecom service usage, and transaction records to detect abnormal customer behaviors.
Using customer behavior and product big data to establish related product tags	Utilize optical character recognition (OCR) technology for online shopping search and keyword search. Create hashtags through analysis of images of newly added products from suppliers and extracted keywords from text descriptions to connect independent products. Customers can use these hashtag to link to related product pages for easier and more accurate product searches.

Sales development plans

Consumer Business Group

1. Short-term plan

- (1) Establish MyCharge platform to provide charging services for electric vehicles nationwide as part of its venture into the green energy market.
- (2) Introduce the "Certified Used Phone Product" program to encourage people to purchase used phones through special plans that cater to the diverse preferences of users.
- (3) Expand the range of one-stop service experience products (OP Life Packages); collaborate with various mobile/VR gaming devices to launch the Smart Gamer Set; utilize Matter to connect cross-brand IoT products and create a more diverse smart home set, driving users to choose higher rate plans and enhance customer loyalty.
- (4) Deepen integration with momo shopping resources to create a 5G sales advantage; offer consumer rewards in the form of momo coin rebates; allow the use of momo coins for purchases of phones/accessories/MyMoji; expand the utility and management of momo coins to create group synergy.

2. Medium to long-term plan

- (1) Become a leading brand in smart homes: Establish Taiwan Mobile's smart home brand to integrate users' network environment, smart home appliances/devices, data and services to provide a one-stop service solution and become the core partner brand in creating smart homes.
- (2) Continuously monitor the development of eSIM applications and market information related to intelligent vehicles and applicable hardware for smart wearable devices, and explore collaboration opportunities.

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 already operates 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 December 2023, the mobile penetration rate in Taiwan had reached 127.5%. While the market is highly saturated, the rise of 5G applications and the increasing demand for IoT, broadband, wearable devices, smart home devices, etc., indicate promising future market growth.

3. Competitive advantages

- (1) Synergy of group resources

Leveraging the synergy of group resources in telecommunications, cable television and e-commerce through strategic collaborations, the Company aims to expand its customer base through cross-selling, enlarging user usage scenarios, and establishing a mutually beneficial ecosystem to deepen customer loyalty.

- (2) Diverse innovative services

TWM has introduced various services based on potential user needs and usage scenarios, such as diverse OTT streaming, cloud/online gaming and telecom-integrated e-commerce consumer rewards. The Company also offers diverse packages of technological service devices/products according to user demands, enhancing perceived value and brand differentiation.

4. Opportunities and challenges

Positive factors

- (1) Diversified 5G application services are driving the emergence of value-added services and revenue growth.
- (2) One-stop services meet user needs and enhance brand value.
- (3) Growth opportunities in the developing market for smart homes and meeting the needs of an aging society.

Negative factors

- (1) Low user awareness and involvement in smart homes due to technical barriers.
- (2) High production costs of domestic IoT-related products, making it a challenge to meet users' price expectations.

Countermeasures

- (1) Collaborate with domestic and international smart home appliance brands to upgrade products to IoT to jointly develop the smart home market.
- (2) Leverage group resources to attract potential smart home users, such as employing cross-selling from consultation to installation and after-sales warranty, and providing a one-stop customized service to encourage users to upgrade to smart homes.

Enterprise Business Group

1. Main products and service areas

Taiwan Mobile Enterprise Services provides international services in 247 countries. As of the end of 2023, its roaming services included the following: GSM: 213 countries, 411 networks; GPRS: 194 countries, 374 networks; 3G: 182 countries, 352 networks; 4G: 124 countries, 225 networks; 5G: 64 countries, 108 networks.

2. Market status

According to the 2024 CIO Survey, cybersecurity tops the list of CIOs' procurement priorities, followed by network security, storage backup and AI. A survey by IDC also predicts that by 2027, global spending on AI solutions would surpass US\$500 billion. Going forward, businesses will focus more on investing in AI technologies and AI-driven products and services.

3. Competitive advantages

- (1) Premium brand equity and customer relationship: Taiwan Mobile Enterprise Services has won widespread recognition among major corporations. It actively responds to customer needs and designs one-stop services for enterprises to help them create maximum benefits for their clients.
- (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) Industrial ecosystem partner: The Company effectively integrates its advantages of telecommunications with 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. Backed by their existing communications network infrastructure, telecom operators are leading the charge in meeting the demands for cloud and information security services. TWM independently develops cybersecurity products and collaborates with ecosystem partners to offer enterprise customers more innovative solutions.
- (2) MIC'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, develop cross-field alliance opportunities, 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 boost customer stickiness.

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 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, and Disney+ streaming media, 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 increases.

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

		2022			2023			
	Company	Procurement amount	As a % of 2022 total net procurement	Nature of relationship	Company	Procurement amount	As a % of 2023 total net procurement	Nature of relationship
1	Company A	13,176,835	11	Third party	Company A	13,809,647	10	Third party
	Others	111,443,330	89		Others	119,093,778	90	
	Total	124,620,165	100		Total	132,903,425	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		2022		2023	
		Sales volume	Revenue (NT\$'000)	Sales volume	Revenue (NT\$'000)
Mobile	Mobile services (‘000 subs at year-end)	7,482	41,202,847	10,132	43,732,621
Domestic fixed telephony	Local calls (‘000 minutes) ¹	215,900	435,182	210,180	443,445
	Long distance calls (‘000 minutes) ¹	69,246	47,206	70,456	49,237
International fixed telephony	International calls (‘000 minutes) ¹	18,973	484,963	18,525	530,642
Fixed-line data transmission (‘000 lines)		290	2,845,478	428	3,240,287
Sales revenue ²		NA	118,931,066	NA	126,194,519
Others		NA	8,259,370	NA	9,157,074
Total			172,206,112		183,347,825

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		2022	2023	2024 (as of February 22)
Number of employees	Consolidated	9,389	10,345	10,378
	Stand-alone	3,824	4,577	4,570
Educational attainment	Ph.D.	0.17%	0.17%	0.17%
	Master's	12.68%	12.81%	12.92%
	University	60.93%	61.80%	61.72%
	College	13.63%	13.05%	12.96%
	Others	12.59%	12.17%	12.23%
Average age		38.57	39.24	39.32
Average years of service		8.37	8.66	8.70

Environmental Protection Expenditure

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

None.

Countermeasures:

TWM has incorporated the risks of possible violations of various environmental laws and regulations into its daily operation management system and mechanisms, practices preventive management, and tracks government policies and proposed legislation to adopt countermeasures in advance. To date, the Company has not committed any environmental infraction requiring major compensation, penalties or other expenditure.

The Company attaches great importance to the practice of corporate environmental responsibility and promotes the following environmental protection measures: green procurement; green machine room construction; energy-efficient base stations and machines rooms; water conservation in stores and offices; zero paper use; cable and battery recycling; mobile phone recycling and used phone for new phone exchange programs. It also encourages users to utilize electronic billing, virtual services, energy-saving value-added services, etc.

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 that includes their spouses from their 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, 2024, totaled NT\$35,534,328, with 601,186 attendees taking a total of 533,753.7 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 2024, the accumulated reserve fund was NT\$745.672 million.

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\$173.795 million was deposited in 2023.

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 risks.

3. Consultation and communication: Enhance employee knowledge of the importance of health and safety, invite employees or representatives to participate in consultations 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 key targets 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 (valid until 2026), 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 2023 up to the publication date in 2024:

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

Number of workplace injuries resulting in disabilities or fatalities in 2023 up to the publication date in 2024:

In 2023, there was one case 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	2023	As of February 22, 2024
Number of disabilities	1	0
Disabling injury frequency rate ²	0.13	0
Disabling injury severity rate ³	0.89	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 directors 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, and share cyber security information with the Communication – Information Sharing and Analysis Center (C-ISAC) and other agencies.
- (2) Internal leakage prevention: Conduct data leakage detection and protection tests, gap reinforcement and other measures.
- (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.

5. 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, an explanation must be provided.

In the most recent year up to the publication date, there was no major information security incident that had an impact on the Company or resulted in losses. TWM continues to promote information security operations as a preventive measure.

Major Contracts

As of February 22, 2024

Nature	Counterpart	Contract period	Description	Restriction clauses
Long-term credit facility	Sumitomo Mitsui Banking Corp. Taipei Branch	2023.01.31~2025.01.31	Long-term loan of NT\$4 billion	Non-disclosure
	Mizuho Bank, Ltd., Taipei Branch	2023.04.14~2025.04.14	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.	2023.12.29~2026.12.29	Long-term loan of NT\$2 billion	Non-disclosure
	Union Bank of Taiwan Co., Ltd.	2023.02.24~2025.02.23	Long-term loan of NT\$500 million	Non-disclosure

Nature	Counterpart	Contract period	Description	Restriction clauses
Syndicated loan	Bank of Taiwan Co., Ltd. Mega International Commercial Bank Co., Ltd. First Commercial Bank, Ltd. Chang Hwa Commercial Bank, Ltd. Taiwan Cooperative Bank Co., Ltd. Land Bank of Taiwan Co., Ltd.	2023.12.13~2028.12.12	Syndicated loan of NT\$15 billion	Non-disclosure
Strategic alliance	Bridge Alliance	2004.11.03~present	Joined Bridge Alliance	Non-disclosure
Procurement	Apple Asia LLC, Taiwan Branch	2022.06.01~2025.05.31	Procurement agreement for iPhone	Non-disclosure
		2023.11.01~2026.10.30	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.	2023.06.01~2024.05.31	Master supply agreement	Non-disclosure
		2022.05.01~2024.12.31	Master supply agreement	Non-disclosure
Share sale	KKCompany Technologies Inc.	2023.09.22	100% share sale of Taiwan Kuro Times Co., Ltd.	Non-disclosure
		Amended on 2023.12.29		
Merger	Taiwan Star Telecom Co., Ltd.	2021.12.30~ present	100% acquisition of Taiwan Star shares	Non-disclosure
		Amended on 2023.03.15		
Affiliates				
Nature	Counterpart	Contract period	Description	Restriction clauses
Procurement	Cheng Loong Corp.	2023.10.01~2024.09.30	Procurement agreement for cartons	Non-disclosure
	Shuenn Chyang Paper Container Co., Ltd.	2023.10.01~2024.09.30	Procurement agreement for cartons	Non-disclosure

Nature	Counterpart	Contract period	Description	Restriction clauses
Contract agreement	Li Jin Engineering Co., Ltd.	2021.05.05	Construction of southern logistics center	Non-disclosure
	Li Jin Engineering Co., Ltd.	2023.10.31	Construction of central 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 on cable TV	Non-disclosure
Lease agreement	Fubon Life Insurance Co., Ltd.	2023.08.01~2028.07.31	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 (2019-2023)

Unit: NT\$'000

		2019	2020	2021	2022	2023
Current assets		29,905,700	32,092,794	38,652,038	41,439,100	44,158,164
Investments		6,723,913	4,256,640	5,856,891	7,761,891	9,382,627
Property, plant and equipment (PP&E)		36,182,005	42,479,314	43,439,740	44,247,993	50,676,171
Intangible assets		59,078,475	85,766,511	81,327,563	76,871,365	111,413,273
Other assets		22,029,866	19,989,343	21,706,295	22,751,317	27,334,126
Total assets		153,919,959	184,584,602	190,982,527	193,071,666	242,964,361
Current liabilities	Before appropriation	44,522,956	58,532,319	59,486,772	69,568,116	75,728,342
	After appropriation	57,873,424	70,631,100	71,614,845	81,696,189	(Note1)
Non-current liabilities		35,220,728	54,062,071	58,218,757	50,652,770	73,851,865
Total liabilities	Before appropriation	79,743,684	112,594,390	117,705,529	120,220,886	149,580,207
	After appropriation	93,094,152	124,693,171	129,833,602	132,348,959	(Note1)
Equity attributable to owners of the parent company		68,017,291	65,365,100	65,533,753	64,470,756	84,823,548
Paid-in capital		35,093,545	35,124,215	35,192,336	35,192,336	37,232,618
Capital surplus	Before appropriation	20,274,694	18,936,574	16,903,239	15,326,778	31,302,785
	After appropriation	18,681,070	16,358,971	15,327,153	13,080,546	(Note1)
Retained earnings	Before appropriation	41,927,491	43,471,394	44,978,937	43,380,772	45,681,373
	After appropriation	30,170,647	33,950,216	34,426,950	33,498,931	(Note1)
Other equity interests		438,905	(2,449,739)	(1,823,415)	288,214	324,116
Treasury stock		(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)
Non-controlling interest		6,158,984	6,625,112	7,743,245	8,380,024	8,560,606
Total equity	Before appropriation	74,176,275	71,990,212	73,276,998	72,850,780	93,384,154
	After appropriation	60,825,807	59,891,431	61,148,925	60,722,707	(Note1)

Note 1: The appropriation amount for 2023 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 (2019-2023)

Unit: NT\$'000

		2019	2020	2021	2022	2023
Current assets		16,835,738	16,039,175	16,800,099	19,397,247	22,886,443
Investments		45,171,026	47,242,230	47,874,612	51,164,875	54,194,863
Property, plant and equipment (PP&E)		19,711,168	25,327,616	25,967,927	24,806,240	30,780,719
Intangible assets		38,300,915	65,347,011	61,234,729	57,114,882	92,033,846
Other assets		19,087,499	16,914,811	18,105,193	19,092,221	21,479,079
Total assets		139,106,346	170,870,843	169,982,560	171,575,465	221,374,950
Current liabilities	Before appropriation	42,009,716	57,436,944	52,284,013	62,137,094	70,429,154
	After appropriation	55,360,184	69,535,725	64,412,086	74,265,167	(Note1)
Non-current liabilities		29,079,339	48,068,799	52,164,794	44,967,615	66,122,248
Total liabilities	Before appropriation	71,089,055	105,505,743	104,448,807	107,104,709	136,551,402
	After appropriation	84,439,523	117,604,524	116,576,880	119,232,782	(Note1)
Paid-in capital		35,093,545	35,124,215	35,192,336	35,192,336	37,232,618
Capital surplus	Before appropriation	20,274,694	18,936,574	16,903,239	15,326,778	31,302,785
	After appropriation	18,681,070	16,358,971	15,327,153	13,080,546	(Note1)
Retained earnings	Before appropriation	41,927,491	43,471,394	44,978,937	43,380,772	45,681,373
	After appropriation	30,170,647	33,950,216	34,426,950	33,498,931	(Note1)
Other equity interests		438,905	(2,449,739)	(1,823,415)	288,214	324,116
Treasury stock		(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)	(29,717,344)
Total equity	Before appropriation	68,017,291	65,365,100	65,533,753	64,470,756	84,823,548
	After appropriation	54,666,823	53,266,319	53,405,680	52,342,683	(Note1)

Note 1: The appropriation amount for 2023 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 (2019-2023)

Unit: NT\$'000

	2019	2020	2021	2022	2023
Operating revenue	124,420,913	132,860,984	156,109,533	172,206,112	183,347,825
Gross profit	32,808,735	31,445,736	31,374,597	33,225,222	34,762,253
Operating income	17,193,335	16,056,160	16,053,041	16,892,739	17,544,704
Non-operating income (expenses)	(611,525)	(598,369)	(471,466)	(701,497)	(73,340)
Pre-tax income	16,581,810	15,457,791	15,581,575	16,191,242	17,471,364
Net income	13,291,867	12,393,778	12,825,209	12,971,412	14,335,004
Other comprehensive income (after tax)	487,173	(853,669)	667,222	42,699	(50,117)
Comprehensive income	13,779,040	11,540,109	13,492,431	13,014,111	14,284,887
Profit attributable to owners of parent company	12,481,167	11,286,553	10,988,165	11,025,551	12,274,109
Profit attributable to non-controlling interest	810,700	1,107,225	1,837,044	1,945,861	2,060,895
Comprehensive income attributable to owners of parent company	12,971,397	10,414,104	11,662,701	11,068,344	12,221,272
Comprehensive income attributable to non-controlling interest	807,643	1,126,005	1,829,730	1,945,767	2,063,615
EPS (NT\$)	4.51	4.01	3.90	3.91	4.33

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

Stand-alone statements of comprehensive income (2019-2023)

Unit: NT\$'000

	2019	2020	2021	2022	2023
Operating revenue	62,426,270	56,890,204	59,844,804	61,027,806	66,412,642
Net gross profit	20,285,294	17,661,456	15,047,344	14,796,158	16,024,216
Operating income	9,198,843	7,598,398	5,820,790	5,636,740	6,179,288
Non-operating income (expenses)	4,963,642	5,043,606	5,849,627	6,296,129	6,998,179
Pre-tax income	14,162,485	12,642,004	11,670,417	11,932,869	13,177,467
Net income	12,481,167	11,286,553	10,988,165	11,025,551	12,274,109
Other comprehensive income (after tax)	490,230	(872,449)	674,536	42,793	(52,837)
Comprehensive income	12,971,397	10,414,104	11,662,701	11,068,344	12,221,272
EPS (NT\$)	4.51	4.01	3.90	3.91	4.33

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
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
2023	Deloitte & Touche	Pei-De Chen, Te-Chen Cheng	Unqualified opinion

Financial Analysis

Consolidated financial analysis (2019-2023)

		2019	2020	2021	2022	2023
Financial structure	Liabilities to assets ratio (%)	51.81	61.00	61.63	62.27	61.56
	Long-term fund to PP&E ratio (%)	285.33	281.14	284.88	260.18	313.12
Solvency	Current ratio (%)	67.17	54.83	64.98	59.57	58.31
	Quick ratio (%)	53.39	43.86	53.26	47.10	46.13
	Interest coverage ratio (%)	2,984.90	2,598.88	2,581.88	2,296.51	1,797.49
Operations	Accounts receivable turnover (x)	14.81	15.66	18.61	19.90	18.94
	Average collection days	24.64	23.30	19.61	18.34	19.27
	Inventory turnover (x)	12.92	12.70	15.27	14.58	13.92
	Accounts payable turnover (x)	12.44	11.54	11.47	10.72	9.79
	Average days sales	28.25	28.74	23.90	25.03	26.22
	Property, plant and equipment turnover (x)	3.32	3.38	3.63	3.93	3.86
	Total asset turnover (x)	0.80	0.78	0.83	0.90	0.84
Profitability	Return on assets (%)	8.83	7.62	7.10	7.06	6.95
	Return on equity attributable to owners of the parent company (%)	19.21	16.92	16.79	16.96	16.44
	Pre-tax income as a % of paid-in capital	47.25	44.01	44.28	46.01	46.92
	Net income margin (%)	10.68	9.33	8.22	7.53	7.82
	EPS (NT\$)	4.51	4.01	3.90	3.91	4.33
Cash flow	Cash flow ratio (%)	67.87	54.23	50.76	42.51	38.37
	Cash flow adequacy ratio (%)	112.96	121.06	121.26	121.02	121.64
	Cash reinvestment rate (%)	7.58	8.09	7.75	7.13	5.47
Leverage	Operating leverage	2.93	3.01	3.16	3.10	3.14
	Financial leverage	1.03	1.04	1.04	1.05	1.06

Explanation of significant changes in 2023 compared with the previous year:

- (1) The long-term fund to PP&E ratio increased due to the issuance of new stocks, bonds, and an increase in long-term borrowings.
- (2) The interest coverage ratio decreased due to an increase in interest expenses resulting from rising interest rates.
- (3) The cash reinvestment rate decreased due to an increase in gross PP&E and other assets acquired through the merger with Taiwan Star.

Stand-alone financial analysis (2019-2023)

		2019	2020	2021	2022	2023
Financial structure	Liabilities to assets ratio (%)	51.10	61.75	61.45	62.42	61.68
	Long-term fund to PP&E ratio (%)	492.60	447.87	453.25	441.17	490.39
Solvency	Current ratio (%)	40.08	27.92	32.13	31.22	32.50
	Quick ratio (%)	31.97	23.17	26.50	24.94	27.05
	Interest coverage ratio (%)	2,603.12	2,145.09	1,903.84	1,679.98	1,281.74
Operations	Accounts receivable turnover (x)	9.32	8.53	9.17	9.09	8.44
	Average collection days	39.16	42.79	39.80	40.15	43.24
	Inventory turnover (x)	6.87	6.09	8.02	6.48	6.33
	Accounts payable turnover (x)	14.88	12.84	13.39	13.15	13.08
	Average days sales	53.12	59.93	45.51	56.32	57.66
	Property, plant and equipment turnover (x)	2.98	2.53	2.33	2.40	2.39
	Total asset turnover (x)	0.44	0.37	0.35	0.36	0.34
Profitability	Return on assets (%)	9.14	7.60	6.75	6.81	6.70
	Return on equity (%)	19.21	16.92	16.79	16.96	16.44
	Pre-tax income as a % of paid-in capital	40.36	35.99	33.16	33.91	35.39
	Net profit margin (%)	19.99	19.84	18.36	18.07	18.48
	EPS (NT\$)	4.51	4.01	3.90	3.91	4.33
Cash flow	Cash flow ratio (%)	48.38	35.97	31.47	25.38	24.69
	Cash flow adequacy ratio (%)	89.37	97.27	93.56	90.17	90.54
	Cash reinvestment rate (%)	2.93	3.57	2.11	1.75	2.05
Leverage	Operating leverage	3.92	4.46	5.77	6.09	5.87
	Financial leverage	1.07	1.09	1.13	1.15	1.22

Explanation of significant changes in 2023 compared with the previous year:

The interest coverage ratio decreased due to an increase in interest expenses resulting from rising interest rates.

Note 1: The financial data for 2019-2023 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 = $(\text{Net revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$
- (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expense})$

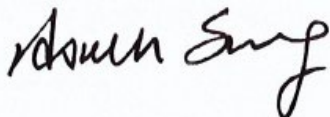
Audit Committee Report

Audit Committee Report

February 21, 2024

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2023 business report, financial statements and proposal for distribution of the 2023 earnings 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, financial statements and proposal 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

2023 Consolidated Financial Statements:

Refer to the attachment.

2023 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:

1. Investments rose mainly due to increased cross-industry strategic investments.
2. Intangible assets rose mainly due to an increase in concession licenses and goodwill acquired through the merger with Taiwan Star.
3. Other assets rose mainly due to an increase in right-of-use assets acquired through the merger with Taiwan Star.
4. Non-current liabilities rose mainly due to an increase in long-term borrowings.
5. Paid-in capital rose mainly due to issuance of new shares.

2022 - 2023 Consolidated Balance Sheet

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Current assets	41,439,100	44,158,164	2,719,064	6.56
Investments	7,761,891	9,382,627	1,620,736	20.88
Property, plant and equipment	44,247,993	50,676,171	6,428,178	14.53
Intangible assets	76,871,365	111,413,273	34,541,908	44.93
Other assets	22,751,317	27,334,126	4,582,809	20.14
Total assets	193,071,666	242,964,361	49,892,695	25.84
Current liabilities	69,568,116	75,728,342	6,160,226	8.85
Non-current liabilities	50,652,770	73,851,865	23,199,095	45.80
Total liabilities	120,220,886	149,580,207	29,359,321	24.42
Paid-in capital	35,192,336	37,232,618	2,040,282	5.80
Capital surplus	15,326,778	31,302,785	15,976,007	104.24
Retained earnings	43,380,772	45,681,373	2,300,601	5.30
Other equity and treasury stock	(29,429,130)	(29,393,228)	35,902	(0.12)
Non-controlling interests	8,380,024	8,560,606	180,582	2.15
Total equity	72,850,780	93,384,154	20,533,374	28.19

Stand-alone balance sheet analysis

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

1. Property, plant and equipment rose mainly due to an increase in telecommunications equipment acquired through the merger with Taiwan Star.
2. Intangible assets rose mainly due to an increase in concession licenses and goodwill acquired through the merger with Taiwan Star.
3. Non-current liabilities rose mainly due to an increase in long-term borrowings.
4. Paid-in capital rose mainly due to issuance of new shares.

2022- 2023 Stand-alone Balance Sheet

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Current assets	19,397,247	22,886,443	3,489,196	17.99
Investments	51,164,875	54,194,863	3,029,988	5.92
Property, plant and equipment	24,806,240	30,780,719	5,974,479	24.08
Intangible assets	57,114,882	92,033,846	34,918,964	61.14
Other assets	19,092,221	21,479,079	2,386,858	12.50
Total assets	171,575,465	221,374,950	49,799,485	29.02
Current liabilities	62,137,094	70,429,154	8,292,060	13.34
Non-current liabilities	44,967,615	66,122,248	21,154,633	47.04
Total liabilities	107,104,709	136,551,402	29,446,693	27.49
Paid-in capital	35,192,336	37,232,618	2,040,282	5.80
Capital surplus	15,326,778	31,302,785	15,976,007	104.24
Retained earnings	43,380,772	45,681,373	2,300,601	5.30
Other equity and treasury stock	(29,429,130)	(29,393,228)	35,902	(0.12)
Total equity	64,470,756	84,823,548	20,352,792	31.57

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:

Non-operating expenses decreased mainly due to gains on disposal of Taiwan Kuro Times Co., Ltd.

2022 - 2023 Consolidated Statements of Comprehensive Income

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Operating revenue	172,206,112	183,347,825	11,141,713	6.47
Operating costs	138,980,890	148,585,572	9,604,682	6.91
Gross profit	33,225,222	34,762,253	1,537,031	4.63
Operating expenses	17,143,477	18,086,412	942,935	5.50
Operating income	16,892,739	17,544,704	651,965	3.86
Non-operating income (expenses)	(701,497)	(73,340)	628,157	(89.55)
Income before tax	16,191,242	17,471,364	1,280,122	7.91
Net income	12,971,412	14,335,004	1,363,592	10.51

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.

2022 - 2023 Stand-alone Statements of Comprehensive Income

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Operating revenue	61,027,806	66,412,642	5,384,836	8.82
Operating costs	46,231,648	50,388,426	4,156,778	8.99
Net gross profit	14,796,158	16,024,216	1,228,058	8.30
Operating expenses	9,771,507	10,553,138	781,631	8.00
Operating income	5,636,740	6,179,288	542,548	9.63
Non-operating income (expenses)	6,296,129	6,998,179	702,050	11.15
Income before tax	11,932,869	13,177,467	1,244,598	10.43
Net income	11,025,551	12,274,109	1,248,558	11.32

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

As the number of telecom operators has shrunk from five to three, service providers are now focusing on enhancing customer loyalty. Toward this aim, TWM is leveraging its unique 5G services and group resources to improve collaboration synergy and boost revenue.

Cash Flow Analysis

Consolidated cash flow analysis

1. Cash inflow from investment activities increased mainly due to cash acquired through the merger with Taiwan Star.
2. Cash outflow from financing activities increased mainly due to the repayment of short-term borrowings.

2022 - 2023 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	29,576,551	29,057,509	(519,042)	(1.75)
Cash inflow (outflow) from investment activities	(11,631,753)	(7,072,937)	4,558,816	(39.19)
Cash inflow (outflow) from financing activities	(18,413,364)	(23,673,462)	(5,260,098)	28.57
Impact from changes in exchange rate	1,281	(1,584)	(2,865)	NM
Net cash decrease	(467,285)	(1,690,474)	(1,223,189)	261.77

Stand-alone cash flow analysis:

1. Cash inflow from investment activities increased mainly due to cash acquired through the merger with Taiwan Star.
2. Cash outflow from financing activities increased mainly due to the repayment of short-term borrowings.

2022 - 2023 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2022	2023	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	15,771,527	17,385,876	1,614,349	10.24
Cash inflow (outflow) from investment activities	(978,543)	2,324,912	3,303,455	NM
Cash inflow (outflow) from financing activities	(14,241,722)	(19,495,786)	(5,254,064)	36.89
Net cash increase (decrease)	551,262	215,002	(336,260)	(61.00)

Plans to improve negative liquidity: Not applicable.

Projected consolidated cash flow for 2024

1. Projected cash inflow from operating activities: Operating cash inflow is expected to grow in 2024 due to benefits from the merger with Taiwan Star.
2. Projected cash outflow from investment activities: For capital expenditure.
3. Projected cash outflow from financing activities: For cash dividend distribution.

Projected Consolidated Cash Flow in 2024

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
13,244,266	33,681,840	33,109,178	13,816,928	—	—

Source of Funding for Negative Cash Flow in 2024: 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 Plans

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 2023, on a consolidated basis, TWM posted losses of NT\$51.417 million from long-term investments under the equity method as most were early-stage investments. Going forward, TWM will continue to make prudent strategic investments.

Risk Management

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

- 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.
- 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.
- Impact of inflation
Inflation had a minor impact on the Company's operating performance in 2023 up to the publication date in 2024.

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

- The Company was not involved in any high-risk, high-leverage financial investment.
- The Company passed the Rules and Procedures on Lending and Making Endorsements/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.
- Derivatives transaction: None.

Future research and development plans

Project name	Objective
Social engineering solution	Develop social engineering drills for enterprises to train employees through simulated exercises.
Anti-fraud service	Deploy AI deep learning to enhance phishing detection models and improve the Company's security intelligence database. The app offers advanced on-device protection, including communication security and Android app scanning capabilities.
AI 2.0	Develop a generative AI model toolkit to boost system efficiency.
Telecom wisdom maximization (TWMMax)	Deploy big data and AI models to offer intelligent personalized rate plans, products and/or services. TWMMax focuses on using deep learning for precision user demand predictions, ensuring customized experiences that meet customer preferences.
OPBiz	<ol style="list-style-type: none"> 1. Digitize application forms to help businesses set up new stores. 2. Continuously introduce convenient and practical SaaS solutions.
OP Pay BNPL (buy now pay later)	<ol style="list-style-type: none"> 1. Establish a QR Code offline payment system and a merchant backend website to expand collaborations with merchants and customer usage. 2. Introduce a partial refund feature for installment transactions and broaden the scope of regular checkout scenarios involving multiple options for online checkouts. 3. Enhance user convenience by offering more e-payment options.
Multichannel single-site management platform	Develop a multichannel, single-site management platform for e-commerce brand manufacturers, encompassing product procurement, inventory management, integrated channel orders, shipping operations, and sales data analysis to boost operational efficiency.
M+/M+ Meet	Enhance large-scale video conferencing to include landline and mobile phone outbound invitation calls, and provide AI multilanguage translation and verbatim transcription features. Offer an instant messaging integration suite for large e-commerce platforms.
MyCharge	Establish a charging station management platform to oversee charging piles across the nation.
MyVideo	Support more smart TV systems to attract users. Integrate AI technology to provide users with higher-quality video services.
Number masking service	Use AI model to develop abnormal call detection functionality.
Smarter Home	Support the Matter IoT Standard to create a new cross-brand and more diversified smart home AIoT ecosystem.
MyMoji	Expand the sticker mall and 3D Avatar modeling functionality to provide features such as changing clothes and hairstyles. Integrate TWM Customer Service App to explore interactive applications.
Intelligent product hashtag	Develop an intelligent system that links a hashtag to products in the same category to boost product recommendations.
momo retail media network (RMN) system	Provide targeted advertising services and plans based on analysis of consumers' behavior.
momo payment gateway	Establish a credit card payment gateway to provide credit card authorization services. The gateway can automatically connect different acquiring banks based on the customer's card type to decrease transaction fees.

Forecast research and development expenses

The projected research and development expense for 2024 is NT\$692.107 million.

Regulatory changes and developments

1. The NCC determines companies with significant market power in specific telecommunications areas

(1) Status

On May 10, 2023, the National Communications Commission (NCC) determined that the Company holds significant market power (SMP) in the mobile communication network voice connection market. Aside from adhering to the upper limits on termination rates set by SMP regulations, the Company complies with other relevant regulatory measures. These include disclosing essential interconnection information on the Company's website, avoiding price discrimination against other telecommunications operators, providing interconnection information upon reasonable requests from other telecommunications operators, segmenting network components, and establishing network interconnection points at technically feasible locations.

(2) Countermeasures

The Company complies with the obligations outlined in the NCC announcements.

2. The government started accepting applications for 4.8-4.9GHz dedicated telecommunications networks for mobile broadband on June 5, 2023

(1) Status

To meet the innovative development demands of 5G vertical applications and in line with the Executive Yuan's plan to promote 5G dedicated telecommunications networks, the Ministry of Digital Affairs announced the Regulations Governing the Establishment and Use of Mobile Broadband Dedicated Telecommunications Networks on June 1, 2023. Starting on June 5 that year, the Administration for Digital Industries began accepting applications for dedicated telecommunications networks for mobile broadband.

(2) Countermeasures

The Company has solutions in place for 5G dedicated telecommunications networks to meet demand when the government released spectrums for application.

3. The NCC approved a reduction in the wholesale IP peering price for Chunghwa Telecom Co., Ltd. starting from April 1, 2023

(1) Status

The NCC announced the price adjustment coefficient that should be applied to fixed communication services, which factors in changes in the consumer price index. Based on the price adjustment coefficient and the consumer price index, the NCC approved a reduction in the wholesale IP peering price for Chunghwa Telecom Co., Ltd., from NT\$51/Mbps to NT\$37/Mbps starting on April 1, 2023, a decrease of 27.45%, which should help lower the Company's internet interconnection costs.

(2) Countermeasures

The Company will continue to strengthen its broadband internet service, provide diversified internet access routes and ensure stable broadband internet access quality.

4. The NCC approved the implementation of fixed and mobile networks' termination rates, effective June 5, 2023

(3) Status

To facilitate market competition, the NCC approved new fixed and mobile termination rates, which took effect on June 5, 2023. The rates are as follows:

a. Fixed termination rates:

Unit : NT\$/minute

Call Type		2023.01.01~ 2023.06.04	2023.06.05- 2023.12.31	2024	2025	2026
Fixed-to-Fixed (Local)	Peak hours	0.32	0.3	0.28	0.26	0.24
	Off-peak hours	0.09	0.09	0.08	0.08	0.08
Fixed-to-Fixed (Long distance incoming/ outgoing call, international outgoing call)	Peak/Off-peak hours	0.32	0.31	0.29	0.28	0.27
Mobile-to-Fixed	Peak hours	0.4349	0.3943	0.3575	0.3241	0.2939
	Off-peak hours	0.2059	0.1883	0.1722	0.1575	0.1440

b. Mobile termination rate:

Effective January 1, 2024, the mobile termination rate was lowered from NT\$0.443 to NT\$0.407 per minute.

(4) Countermeasures

The reduction in termination rates can lower network operating costs, facilitate investment in 5G-related application services, enhance user experience, and promote the development of telecommunications services.

5. The NCC announced the Guidelines for the Risk Management Mechanism in the Application of Telecommunication Services by Telecommunications Enterprises on June 16, 2023

(5) Status

To more effectively combat fraud, the NCC formulated the Guidelines for Risk Management Mechanism in the Application of Telecommunication Services by Telecommunications Enterprises in accordance with Article 165 of the Administrative Procedure Act, Article 37 of the Telecommunications Management Act and Article 26 of the Regulations for Allocating and Governing Telecommunications Numbers. The guidelines stipulate that telecommunications operators should strengthen their customer risk management mechanism (KYC), including implementing dual-document verification, taking a photo onsite and restricting application methods for first timers. They also call for the establishment of an independent audit department and limiting phone number applications for non-citizens (such as one number per identification document). Furthermore, the guidelines outline a comprehensive management mechanism for enterprise clients applying for mobile numbers under various scenarios. This includes criteria such as ensuring that the number of applications does not exceed the number of company employees, requiring high-risk customers to explain their purpose in applying for a number, and creating a list of users.

(6) Countermeasures

The Company is committed to implementing the customer risk management mechanism in accordance with the guidelines, and collaborating with the NCC and law enforcement agencies to jointly combat telecommunications fraud.

Technology changes and development

1. Mobile network

(1) Status

The Company's merger with Taiwan Star and Far EasTone's merger with Asia Pacific Telecom were both approved by the regulatory authorities in 2023. Taiwan Mobile officially merged with Taiwan Star on December 1, 2023. Following these mergers, the telecommunications market shifted from a structure comprising three major and two smaller operators to one dominated by three significant entities. According to an announcement by the NCC in November 2023, which calculated subscriber numbers excluding those with 040 prefixes, the gap in subscriber numbers between the newly merged Taiwan Mobile, Far EasTone and the leader, Chunghwa Telecom, has narrowed from between 3.87 million and 3.92 million to between 1.46 million and 1.92 million. With Taiwan Mobile and Far EasTone now possessing the capacity to challenge Chunghwa Telecom's dominance, the competition landscape has shifted from one focused on pricing to value. Meanwhile, as 5G applications are still in the early stage, the acquisition and retention of mobile subscribers and their contribution to ARPU remain the main sources of revenue growth.

According to the "2023 Global Consumer 5G Report" published by Ericsson in 2023, about 50% of consumers in Taiwan still consider network performance the most important factor when choosing a telecom service provider, and that 11% of consumers favor innovative tariff plans. Both percentages were higher than the global averages, suggesting that ensuring an optimal user experience continues to be key in customer management.

(2) Countermeasures

To enhance the user experience for Taiwan Mobile and Taiwan Star subscribers after the integration, the Company adopted a Multiple Operator Core Network (MOCN) approach so that users experience no change or disruption in service. Post-merger, the Company expanded its 4G 2100MHz network bandwidth to 20MHzx2 in December 2023.

TWM aims to complete overall integration of the two companies' base stations within one year, maximizing spectrum utilization and reducing network maintenance costs. Upon completion, both Taiwan Mobile and Taiwan Star users will experience improved coverage and significantly enhanced internet speeds. The maximum download speeds for 4G will exceed 800Mbps for 4G and, with enhanced terminal capabilities, will surpass 2.0Gbps for 5G after the integration.

2. Mobile voice services

(1) Status

Since operators launched free VoLTE voice services in August 2022, VoLTE subscription has grown significantly. In 2023, TWM subscriber numbers grew from 1.58 million in January to 6.67 million in December, an increase of 321%. As consumer behavior shifts, the use of 3G voice communication services has also continued to decline, with total outgoing call minutes dropping 16.3% from the third quarter of last year to the second quarter of this year. With the NCC planning to terminate 3G services, the Company must accelerate the expansion of network equipment to prepare for its shutdown this year.

(2) Countermeasures

On December 1, 2023, coinciding with the benchmark date of the merger with Taiwan Star, the Company completed the integration of Taiwan Star's 3G network, improving voice and SMS coverage in remote and indoor areas for the users of the original Taiwan Star network. TWM has continued to expand the capacity of the voice core network and enhance redundancy to strengthen network reliability and resilience in response to the growth of VoLTE voice subscribers. Following the comprehensive provision of VoLTE voice services to all Taiwan Mobile users, the Company plans to shut down its 3G network. This would not only reduce maintenance and electricity costs, but also allow the reallocation of the freed-up spectrum resources for the development of 4G/5G infrastructure, thereby providing all users with superior mobile experiences and services.

3. ICT security risks

(1) Risks associated with changes in 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 private 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 2023 up to the publication date in 2024:

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 2023 (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 2023 up to the publication date in 2024:

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. On December 30, 2021, TWM's Board of Directors approved the acquisition of Taiwan Star. The share swap ratio was set at one Taiwan Star share for 0.03261 TWM shares. The Financial Supervisory Commission approved TWM's issuance of 204,028,208 new shares for the acquisition and the change of registration was completed on December 29, 2023.

Expected benefits and risks related to plant facility expansions in 2023 up to the publication date in 2024:

Not applicable as the Company is not a manufacturer.

Risks from supplier and buyer concentration in 2023 up to the publication date in 2024:

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 2023 up to the publication date in 2024: None.

Changes in management controls in 2023 up to the publication date in 2024: None.

Significant lawsuits and non-litigious matters in 2023 up to the publication date in 2024

1. The Company:

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

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

In August 2015, FET filed a civil complaint with the Taipei District Court (“District Court”) demanding that the Company: (i) file an application to return the C4 spectrum block; (ii) stop using the C4 spectrum block; (iii) stop using the C1 spectrum block until its application for the return of the C4 spectrum block is approved by the NCC; and (iv) pay NT\$1,005.800 million to FET as compensation.

In May 2016, the District Court ruled in favor of FET on claims (i), (ii) and (iii), and against FET on claim (iv). TWM and FET appealed these decisions to the High Court. The High Court dismissed TWM's appeal on claims (i), (ii) and (iii), and modified the judgment on claim (iv), ordering TWM to pay FET NT\$765.779 million, as well as a 5% annual interest on NT\$152.584 million of the aforementioned amount from September 5, 2015, until the payment date. TWM and FET appealed the rulings.

In May 2019, the Supreme Court dismissed the High Court's judgment in regard to FET's additional appeals, eliminated TWM's payment obligation, and remanded the case to the High Court. During the first retrial, TWM filed a counterclaim demanding FET pay NT\$14.482 million, plus a 5% annual interest from the day after the counterclaim is served until the settlement date. In August 2020, the High Court ruled as follows: for the dismissed claim (iv), TWM must pay FET NT\$242.154 million, plus a 5% annual interest on NT\$142.685 million of the aforementioned amount from September 30, 2016, to the payment date, and a 5% annual interest on NT\$99.469 million from July 21, 2017, to the payment date. The Company's counterclaim was denied. The Company and FET appealed the rulings. In June 2023, the Supreme Court dismissed the first retrial of the High Court and remanded the case to the High Court. The case is now in process at the second retrial of the High Court.

2. The Company's directors, general manager, executives, major shareholders hold 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. Stopping external hackers: Intrusion prevention, network segmentation, firewalls, web application firewalls, etc.
2. Preventing internal leaks: Conduct data leakage protection detection and strengthen 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.

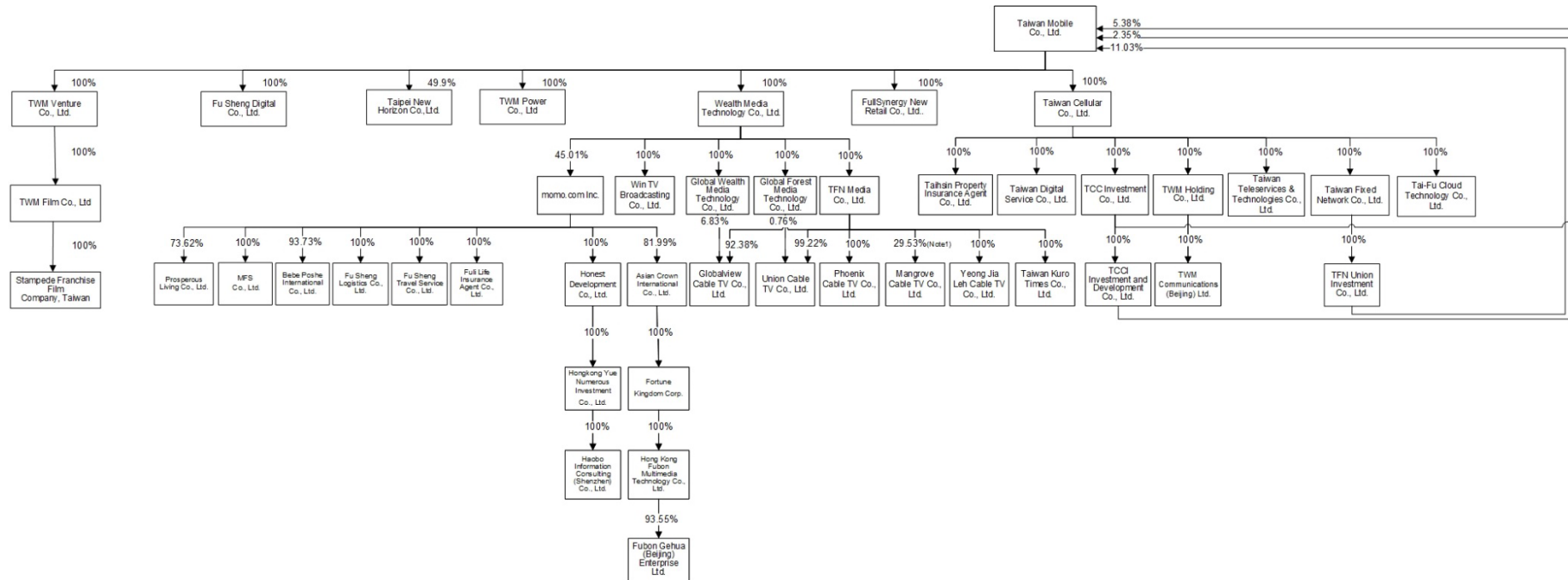
Other significant items: None

Chapter 7 Special Notes

Affiliates

1. Investment holding structure

As of December 31, 2023



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

2. Affiliates' profile

As of December 31, 2023; 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	5,122,600,000	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
TWM Power Co., Ltd.	2023.09.06	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	100,000,000	Information software services
FullSynergy New Retail Co., Ltd.	2023.11.01	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	100,000,000	Brand agency and retail sale
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	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	240,000,000	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	2,403,403,860	Wholesale, retail sales and no storefront retailer
TFN Union Investment Co., Ltd.	2009.09.22	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	4,000,000	Investment

Name	Date of incorporation	Address	Paid-in capital	Main business
TWM Communications (Beijing) Ltd. (Note 1)	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 Franchise Film Co., Ltd.	2022.03.11	7F, No. 206, Dunhua S. Rd., Sec. 2, Da-an District., Taipei	300,000	Film production
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 Insurance Agent Co., Ltd.	2006.01.03	7F, No. 96, Zhouzi St., Neihu District, Taipei	5,000,000	Comprehensive insurance agent
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	Cosmetics wholesaler
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

Name	Date of incorporation	Address	Paid-in capital	Main business
Haobo Information Consulting (Shenzhen) Co., Ltd.	2008.11.14	L1060, 1F, Mingcheng International Plaza, Longgang Avenue, Maoye Community, Buji Subdistrict, Longgang District, Shenzhen, China	RMB 11,000,000	Investment
Fubon Gehua (Beijing) Enterprise Ltd. (Note 2)	2010.12.08	Room 244, 2nd Floor, Building 2, 241, Pingfang Road, Chaoyang District, Beijing, China	RMB 77,500,000	Wholesaler

Note 1: Liquidation procedures are still in progress.

Note 2: Dissolution and liquidation were decided by the Board of Directors in October 2023. Liquidation procedures are still in progress.

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, 2023; Unit: share (unless otherwise stated), %

Company name	Title	Name of Representative	Shares (Note 2)	%
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	512,260,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Richard M. Tsai	512,260,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	512,260,000	100.00%
	President	Jamie Lin	-	-
Taipei New Horizon Co., Ltd.	Director	Fubon Land Development Co., Ltd. Representative: Chumin Hong	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: Jian-Zhi Chen	192,634,500	50.10%
	Director	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	191,865,500	49.90%
	Director	Taiwan Mobile Co., Ltd. Representative: Iris Liu	191,865,500	49.90%
	Supervisor	Rita Kuo	-	-
	President	Iris Liu	-	-
Fu Sheng Digital Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	3,000,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Luke Han	3,000,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: Rock Tsai	3,000,000	100.00%
	President	Luke Han	-	-
TWM Power Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	10,000,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Tony Lin	10,000,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	10,000,000	100.00%
	President	Tony Lin	-	-
FullSynergy New Retail Co., Ltd.	Chairman	Taiwan Mobile Co., Ltd. Representative: Jamie Lin	10,000,000	100.00%
	Director	Taiwan Mobile Co., Ltd. Representative: Eric Lin	10,000,000	100.00%
	Supervisor	Taiwan Mobile Co., Ltd. Representative: George Chang	10,000,000	100.00%
	President	Eric Lin	-	-
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	-	-

Company name	Title	Name of Representative	Shares (Note 2)	%
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	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: Jamie Lin	500,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Tony 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	24,000,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Allen Liou	24,000,000	100.00%
	Director	Taiwan Cellular Co., Ltd. Representative: Sara Chen	24,000,000	100.00%
	Supervisor	Taiwan Cellular Co., Ltd. Representative: Rita Kuo	24,000,000	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: Joshua Lan	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: Rock Tsai	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	-	-

Company name	Title	Name of Representative	Shares (Note 2)	%
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	108,189,002	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Jeff Ku	108,189,002	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Jamie Lin	108,189,002	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: Douglas Tsai	108,189,002	45.01%
	Director	Wealth Media Technology Co., Ltd. Representative: George Chang	108,189,002	45.01%
	Director	Tong-An Investment Co., Ltd. Representative: Mao-Hsiung Huang	25,309,680	10.53%
	Independent Director	Chieh Wang	-	-
	Independent Director	Emily Hong	-	-
	Independent Director	Mike Jiang	-	-
President	Jeff Ku	8,856	0.0037%	
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. Representative: George Chang	400,000	100.00%
	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: C.H. Wu	US\$ 3,000,000	100.00%
	Director	TWM Holding Co., Ltd. Representative: Rock Tsai	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: Joshua Lan	30,000	100.00%
	Supervisor	TWM Venture Co., Ltd. Representative: Rita Kuo	30,000	100.00%
	President	Jamie Lin	-	-

Company name	Title	Name of Representative	Shares (Note 2)	%
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: Sheng-Hung 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	Sheng-Hung Lin	-	-
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%

Company name	Title	Name of Representative	Shares (Note 2)	%
	Director	TFN Media Co., Ltd. Representative: Cing-Po Huang	51,733,200	92.38%
	Supervisor	Global Wealth Media Technology Co., Ltd. Representative: Jay Hong	3,825,333	6.83%
	Supervisor	Rita Kuo	-	-
	President	Cing-Po Huang	-	-
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 Insurance Agent Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	500,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	500,000	100.00%
	Director	momo.com Inc. Representative: Terry Lee	500,000	100.00%
	Supervisor	momo.com Inc. Representative: Gina Lu	500,000	100.00%
	President	Jeremy Hong	-	-
Fu Sheng Travel Service Co., Ltd.	Chairman	momo.com Inc. Representative: Jeff Ku	3,000,000	100.00%
	Director	momo.com Inc. Representative: Jeremy Hong	3,000,000	100.00%
	Director	momo.com Inc. Representative: Gina Lu	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	9,372,824	93.73%
	Director	Jennifer Lin	-	-
	Director	momo.com Inc. Representative: Jeremy Hong	9,372,824	93.73%
	Director	momo.com Inc. Representative: Summer Hsieh	9,372,824	93.73%
	Director	momo.com Inc. Representative: Louie Chuang	9,372,824	93.73%
	Supervisor	Gina Lu	-	-
	President	Summer Hsieh	-	-
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: Terry Lee	22,085,000	73.62%

Company name	Title	Name of Representative	Shares (Note 2)	%
	Supervisor	Gina Lu	100,000	0.33%
	President	(Note 1)		
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: No. of shares unless stated otherwise, i.e., paid-in capital in foreign denomination

6. Affiliates' operating highlights

As of December 31, 2023; 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	81,964,328	15,060	81,949,268	-	(823)	3,913,779	7.78
Wealth Media Technology Co., Ltd.	420,650	23,702,075	6,200	23,695,875	-	(236)	4,072,839	96.82
TWM Venture Co., Ltd.	5,122,600	5,156,865	34,453	5,122,412	-	(3,789)	93,637	0.21
Taipei New Horizon Co., Ltd.	3,845,000	6,948,428	2,965,645	3,982,783	610,895	227,111	129,900	0.34
Fu Sheng Digital Co., Ltd.	30,000	17,891	2,357	15,534	58	(11,309)	(11,220)	(3.74)
TWM Power Co., Ltd.	100,000	99,406	302	99,104	-	(1,057)	(896)	(0.09)
FullSynergy New Retail Co., Ltd.	100,000	100,056	203	99,853	-	(230)	(147)	(0.01)
Taiwan Fixed Network Co., Ltd.	21,000,000	58,440,520	4,958,392	53,442,128	10,308,466	4,373,858	3,593,440	1.71
Taiwan Teleservices & Technologies Co., Ltd.	24,843	443,308	330,584	112,724	1,043,632	58,289	48,158	19.38

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Net income	EPS (NT\$)
TWM Holding Co. Ltd.	0.032	247,401	47	247,354	-	(105)	7,019	7,019,183
TCC Investment Co., Ltd.	1,547,213	27,406,536	456,805	26,949,731	917	679	3,003	0.02
Taiwan Digital Service Co., Ltd.	25,000	143,399	36,962	106,437	242,802	14,213	12,044	4.82
Taihsin Property Insurance Agent Co., Ltd.	5,000	236,376	120,762	115,614	365,353	131,375	105,614	211.23
Tai-Fu Cloud Co., Ltd.	240,000	421,858	156,784	265,074	176,069	21,579	20,414	0.85
TFN Media Co., Ltd.	2,309,213	14,206,017	3,111,166	11,094,851	3,665,497	1,958,579	2,470,719	10.70
Global Forest Media Technology Co., Ltd.	15,000	17,411	51	17,360	-	(131)	71	0.05
Global Wealth Media Technology Co., Ltd.	89,449	97,158	74	97,084	-	(158)	1,510	0.17
Win TV Broadcasting Co., Ltd.	181,774	917,318	602,973	314,345	947,021	56,048	40,006	2.20
momo.com Inc.	2,403,404	28,104,750	18,011,168	10,093,582	109,205,957	4,245,223	3,628,069	15.10
TWM Film Co., Ltd.	11,300	11,483	-	11,483	-	(71)	428	0.38
TFN Union Investment Co., Ltd.	4,000	40,491,967	1,090,727	39,401,240	2	(72)	(72)	(0.18)
TWM Communications (Beijing) Co., Ltd.	92,115	82,467	159	82,308	-	(623)	468	NA
TCCI Investment and Development Co., Ltd.	1,047,120	8,637,922	232,686	8,405,236	8	(110)	(110)	(0.00)
Taiwan Stampede Franchise Film Co., Ltd.	300	600	32	568	-	(71)	314	10.47
Taiwan Kuro Times Co., Ltd. (Note 1)	147,000	-	-	-	180,656	(6,215)	(3,925)	NA
Yeong Jia Leh Cable TV Co., Ltd.	339,400	684,300	370,860	313,440	758,790	(29,159)	(26,710)	(0.79)
Mangrove Cable TV Co., Ltd.	211,600	589,848	227,379	362,469	393,037	25,961	23,000	1.09
Phoenix Cable TV Co., Ltd.	680,902	1,543,630	414,364	1,129,266	1,065,691	120,461	106,894	1.57
Union Cable TV Co., Ltd.	1,704,633	2,190,253	338,258	1,851,995	593,042	26,121	25,535	0.15
Globalview Cable TV Co., Ltd.	560,000	911,302	213,802	697,500	407,730	23,050	24,276	0.43
Asian Crown International Co., Ltd.	364,890	15,769	-	15,769	-	(115)	(5,520)	(0.46)
Honest Development Co., Ltd.	670,448	465,798	-	465,798	-	-	(82,414)	(3.78)
Fuli Life Insurance Agent Co., Ltd. (Note 2)	5,000	-	-	-	7	(1,505)	(1,502)	NA
Fuli Insurance Agent Co., Ltd.	5,000	12,104	2,210	9,894	9,832	339	288	0.58
Fu Sheng Travel Service Co., Ltd.	30,000	232,323	179,315	53,008	15,775	12,192	11,415	3.80
Bebe Poshe International Co., Ltd.	100,000	33,873	2,315	31,558	33,836	(65)	35	0.00
Fu Sheng Logistics Co., Ltd.	250,000	590,162	227,594	362,568	1,174,010	114,881	94,815	3.79
MFS Co., Ltd.	100,000	139,360	32,073	107,287	216,800	10,265	8,888	0.89
Prosperous Living Co., Ltd.	300,000	314,578	6,145	308,433	46,817	7,148	8,028	0.27
Fortune Kingdom Corp.	356,500	11,315	-	11,315	-	-	(5,536)	(0.48)
Hong Kong Fubon Multimedia Technology Co., Ltd.	356,500	11,315	-	11,315	-	(121)	(5,536)	(0.48)
Hongkong Yue Numerous Investment Co., Ltd.	66,035	465,798	-	465,798	-	-	(82,414)	(4.96)
Haobo Information Consulting (Shenzhen) Co., Ltd.	47,509	437,479	-	437,479	-	(165)	(82,110)	NA
Fubon Gehua (Beijing) Enterprise Ltd.	334,722	2,986	-	2,986	985	(5,642)	(6,043)	NA

Note 1: Disposed of in December 2023 and reported figures represent information before the disposal.

Note 2: Merged with Fuli Insurance Agent Co., Ltd. in November 2023; information disclosed here only covered income/loss from January to November that year.

Note 3: Exchange rates: US\$1=NT\$30.705, HK\$1=NT\$3.929, and RMB1=NT\$4.319 as of December 31, 2023

Average exchange rates: US\$1=NT\$31.159, HK\$1=NT\$3.980, and RMB1=NT\$4.394 for 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 using the Company's shares	TFN Investment (Note 1) established TID using the Company's shares
% 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

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Taiwan Mobile and T STAR have officially merged.
Together, we pursue a better Taiwan.

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 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, 2023 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 21, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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 2023 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, multimedia business 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.

The Identification and Valuation of Intangible Assets from Merger with Taiwan Star Telecom Corporation Limited (TST)

The description of key audit matter:

Taiwan Mobile Co., Ltd. has completed the acquisition of TST through the issuance of new shares on December 1, 2023. The intangible assets arising from the acquisition, primarily consisting of concessions of \$20,506,689 thousand, goodwill of \$17,498,979 thousand, and customer relationships of \$955,776 thousand, were significant to the accompanying consolidated financial statements. In accordance with International Financial Reporting Standards (IFRS), the management has recognized the acquisition cost and fair value of identifiable net assets. Due to the management's involvement in making significant judgments related to consideration received during the transaction, determining the fair value of net assets and purchase price allocation, these assessments are deemed significant for 2023, leading the identification and valuation of intangible assets to be considered as one of the key audit matters.

Corresponding audit procedures:

1. We evaluated the professional competency and objectivity of the external appraisers engaged by the management in the process of identifying and valuing intangible assets.
2. We assessed the reasonableness of the management's assumptions in the process of identification and valuation of intangible assets, including the valuation model used, the factors applied, the categories of intangible assets identified, and the related economic benefit lives estimated in the valuation report.
3. We tested the accuracy of the amortization expenses recognized for those identified intangible assets and confirmed the disclosures regarding the acquisition in accordance with IFRS in the consolidated financial statements.

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, 2023 and 2022 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, 2023 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 21, 2024

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 DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 6 and 31)	\$ 13,244,266	5	\$ 14,934,740	8	Short-term borrowings (Note 17)	\$ 18,460,000	8	\$ 20,550,000	11
Financial assets at fair value through profit or loss	11,283	-	-	-	Short-term notes and bills payable (Note 17)	12,876,257	5	3,092,395	2
Financial assets at fair value through other comprehensive income (Note 7)	261,445	-	249,824	-	Contract liabilities (Note 22)	2,608,499	1	2,079,999	1
Financial assets at amortized cost	151,144	-	-	-	Notes payable	232,394	-	520,769	-
Contract assets (Note 22)	6,100,164	3	5,092,822	3	Accounts payable	13,245,827	5	13,326,938	7
Notes and accounts receivable, net (Note 8)	9,128,414	4	7,711,033	4	Notes and accounts payable due to related parties (Note 31)	131,492	-	133,150	-
Notes and accounts receivable due from related parties (Note 31)	589,232	-	576,760	-	Other payables (Note 31)	11,943,612	5	10,373,509	5
Other receivables (Note 31)	4,464,950	2	3,359,268	2	Current tax liabilities	2,274,634	1	2,537,557	1
Inventories (Note 9)	8,193,068	4	8,101,340	4	Provisions (Note 19)	461,400	-	80,467	-
Prepayments (Note 31)	1,030,527	-	572,104	-	Lease liabilities (Notes 13, 28 and 31)	5,785,690	2	3,693,801	2
Disposal groups held for sale	3,082	-	-	-	Advance receipts	94,817	-	164,474	-
Other financial assets (Notes 31 and 32)	786,371	-	646,289	-	Long-term liabilities, current portion (Notes 17 and 18)	3,713,406	2	9,772,757	5
Other current assets	194,218	-	194,920	-	Other current liabilities (Note 31)	3,900,314	2	3,242,300	2
Total current assets	44,158,164	18	41,439,100	21	Total current liabilities	75,728,342	31	69,568,116	36
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss	1,821,715	1	1,181,015	-	Contract liabilities (Note 22)	409,315	-	97,845	-
Financial assets at fair value through other comprehensive income (Note 7)	5,530,350	2	4,786,843	3	Bonds payable (Note 18)	37,980,333	16	31,481,943	16
Financial assets at amortized cost	236,697	-	-	-	Long-term borrowings (Note 17)	20,118,833	8	6,282,531	3
Contract assets (Note 22)	5,811,221	2	5,397,742	3	Provisions (Note 19)	1,486,571	1	1,440,590	1
Investments accounted for using equity method (Notes 10 and 31)	1,793,865	1	1,794,033	1	Deferred tax liabilities (Note 24)	1,393,052	-	1,278,223	1
Property, plant and equipment (Notes 12 and 32)	50,676,171	21	44,247,993	23	Lease liabilities (Notes 13, 28 and 31)	7,978,053	3	6,155,641	3
Right-of-use assets (Notes 13 and 31)	13,746,288	6	9,784,277	5	Net defined benefit liabilities (Note 20)	58,013	-	108,631	-
Investment properties (Note 14)	2,182,504	1	2,734,429	2	Guarantee deposits	1,425,121	1	1,310,619	1
Concessions (Notes 15 and 32)	72,238,167	30	56,178,122	29	Other non-current liabilities	3,002,574	1	2,496,747	1
Goodwill (Note 15)	33,228,022	14	15,819,108	8	Total non-current liabilities	73,851,865	30	50,652,770	26
Other intangible assets (Note 15)	5,947,084	2	4,874,135	3					
Deferred tax assets (Note 24)	730,251	-	575,978	-	Total liabilities	149,580,207	61	120,220,886	62
Incremental costs of obtaining a contract (Note 22)	2,492,742	1	1,913,755	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)				
Other financial assets (Notes 31 and 32)	427,014	-	373,125	-	Common stock	37,232,618	15	35,192,336	18
Other non-current assets (Notes 16 and 31)	1,944,106	1	1,972,011	1	Capital surplus	31,302,785	13	15,326,778	8
Total non-current assets	198,806,197	82	151,632,566	79	Retained earnings				
					Legal reserve	33,498,727	14	32,603,345	17
					Special reserve	-	-	1,823,415	1
					Unappropriated earnings	12,182,646	5	8,954,012	5
					Other equity interests	324,116	-	288,214	-
					Treasury stock	(29,717,344)	(12)	(29,717,344)	(15)
					Total equity attributable to owners of the Corporation	84,823,548	35	64,470,756	34
					NON-CONTROLLING INTERESTS				
						8,560,606	4	8,380,024	4
					Total equity	93,384,154	39	72,850,780	38
TOTAL	\$ 242,964,361	100	\$ 193,071,666	100	TOTAL	\$ 242,964,361	100	\$ 193,071,666	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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 31 and 38)	\$ 183,347,825	100	\$ 172,206,112	100
OPERATING COSTS (Notes 9, 31, 35 and 38)	148,585,572	81	138,980,890	81
GROSS PROFIT FROM OPERATIONS	34,762,253	19	33,225,222	19
OPERATING EXPENSES (Notes 31, 35 and 38)				
Marketing	10,922,321	6	10,434,740	6
Administrative	6,382,548	4	6,059,250	4
Research and development	511,574	-	391,273	-
Expected credit loss	269,969	-	258,214	-
Total operating expenses	18,086,412	10	17,143,477	10
OTHER INCOME AND EXPENSES, NET (Note 31)	868,863	1	810,994	1
OPERATING INCOME (Note 38)	17,544,704	10	16,892,739	10
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 31)	228,425	-	110,440	-
Other income	36,018	-	55,497	-
Other gains and losses, net (Note 23)	742,881	-	(140,445)	-
Finance costs (Note 23)	(1,029,247)	-	(737,134)	-
Share of profit (loss) of associates accounted for using equity method (Note 10)	(51,417)	-	10,145	-
Total non-operating income and expenses	(73,340)	-	(701,497)	-
PROFIT BEFORE TAX	17,471,364	10	16,191,242	10
INCOME TAX EXPENSE (Note 24)	3,136,360	2	3,219,830	2
NET PROFIT	14,335,004	8	12,971,412	8
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	17,496	-	259,364	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,456)	-	(229,984)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	(47,000)	-	(24,230)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	(12,313)	-	31,519	-
Share of other comprehensive income (loss) of associates accounted for using equity method	(4,844)	-	6,030	-
Other comprehensive income (loss) (after tax)	(50,117)	-	42,699	-
TOTAL COMPREHENSIVE INCOME	\$ 14,284,887	8	\$ 13,014,111	8
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 12,274,109	7	\$ 11,025,551	7
Non-controlling interests	2,060,895	1	1,945,861	1
	\$ 14,335,004	8	\$ 12,971,412	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 12,221,272	7	\$ 11,068,344	7
Non-controlling interests	2,063,615	1	1,945,767	1
	\$ 14,284,887	8	\$ 13,014,111	8
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	\$ 4.33		\$ 3.91	
Diluted earnings per share	\$ 4.32		\$ 3.90	

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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Parent						Other Equity Interests			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	Treasury Stock			
				Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2022	\$ 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)	-	-	-	-	-	-	-	-	-	-
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
Distribution of 2022 earnings												
Legal reserve	-	-	-	895,382	-	(895,382)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(1,823,415)	1,823,415	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,881,841)	-	-	-	(9,881,841)	-	(9,881,841)
Total distribution of earnings	-	-	-	895,382	(1,823,415)	(8,953,808)	-	-	-	(9,881,841)	-	(9,881,841)
Cash dividends from capital surplus	-	-	(2,246,232)	-	-	-	-	-	-	(2,246,232)	-	(2,246,232)
Profit for the year ended December 31, 2023	-	-	-	-	-	12,274,109	-	-	-	12,274,109	2,060,895	14,335,004
Other comprehensive income (loss) for the year ended												
December 31, 2023	-	-	-	-	-	17,523	(10,357)	(60,003)	-	(52,837)	2,720	(50,117)
Total comprehensive income (loss) for the year ended												
December 31, 2023	-	-	-	-	-	12,291,632	(10,357)	(60,003)	-	12,221,272	2,063,615	14,284,887
Shares issued for pursuant to acquisitions	2,040,282	-	18,190,446	-	-	-	-	-	-	20,230,728	-	20,230,728
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(106,262)	-	106,262	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,928)	-	-	-	(2,928)	(5,157)	(8,085)
Changes in equity of associates accounted for using equity method	-	-	4,721	-	-	-	-	-	-	4,721	-	4,721
Reorganization	-	-	24,832	-	-	-	-	-	-	24,832	(39,028)	(14,196)
Other changes in capital surplus	-	-	2,240	-	-	-	-	-	-	2,240	-	2,240
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,838,848)	(1,838,848)
BALANCE, DECEMBER 31, 2023	\$ 37,232,618	\$ -	\$ 31,302,785	\$ 33,498,727	\$ -	\$ 12,182,646	\$ (38,219)	\$ 362,335	\$ (29,717,344)	\$ 84,823,548	\$ 8,560,606	\$ 93,384,154

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 17,471,364	\$ 16,191,242
Adjustments for:		
Depreciation expense	13,320,669	12,711,921
Amortization expense	4,923,357	4,775,736
Amortization of incremental costs of obtaining a contract	1,415,345	1,322,091
Loss on disposal and retirement of property, plant and equipment, net	89,201	214,387
Gain on disposal of property, plant and equipment held for sale	-	(1,014)
Expected credit loss	269,969	258,214
Other income and expenses	(585,406)	(473,168)
Finance costs	1,029,247	737,134
Interest income	(228,425)	(110,440)
Dividend income	(30,723)	(20,041)
Valuation gain on financial assets at fair value through profit or loss	(215,886)	(2,377)
Share of loss (profit) of associates accounted for using equity method	51,417	(10,145)
Loss on disposal of investments accounted for using equity method	312	-
Gain on disposal of subsidiary	(707,953)	-
Gain on disposal of investments accounted for using equity method held for sale	-	(109,805)
Impairment loss on non-financial assets	83,158	82,231
Others	(5,277)	2,464
Changes in operating assets and liabilities		
Contract assets	(816,507)	(628,820)
Notes and accounts receivable	(454,053)	(673,591)
Notes and accounts receivable due from related parties	(12,472)	(193,686)
Other receivables	(964,374)	(654,719)
Inventories	(41,458)	1,661,224)
Prepayments	(457,043)	(139,885)
Other current assets	9,054	(11,995)
Other financial assets	(2,921)	(3,246)
Incremental costs of obtaining a contract	(1,513,728)	(1,407,459)
Contract liabilities	28,022	193,536
Notes payable	(532,846)	409,213
Accounts payable	(328,690)	1,820,045
Notes and accounts payable due to related parties	(1,658)	(205,410)
Other payables	151,554	(55,317)
Provisions	18,270	(4,387)
Advance receipts	(70,619)	98,628
Other current liabilities	372,495	291,255
Net defined benefit liabilities	(31,522)	(30,726)
Cash inflows generated from operating activities	32,231,873	32,710,642
Interest received	15,638	13,729
Interest paid	(1,716)	(933)
Income taxes paid	(3,188,286)	(3,146,887)
Net cash generated from operating activities	<u>29,057,509</u>	<u>29,576,551</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$(8,519,575)	\$(9,839,436)
Acquisition of right-of-use assets	(22,777)	(26,018)
Acquisition of intangible assets	(307,824)	(286,447)
Increase in prepayments for equipment	(233,075)	(335,919)
Proceeds from disposal of property, plant and equipment	82,347	9,328
Proceeds from disposal of property, plant and equipment held for sale	-	2,715
Increase in advance receipts from asset disposals	126	231
Proceeds from disposal of intangible assets	-	10,000
Net cash inflows from business combination	1,742,723	-
Acquisition of financial assets at fair value through profit or loss	(434,517)	(904,871)
Acquisition of financial assets at fair value through other comprehensive income	(799,701)	(1,911,815)
Transfer of financial assets at fair value through other comprehensive income	-	671,375
Disposal of financial assets at fair value through other comprehensive income	16,199	2,138
Acquisition of investments accounted for using equity method	(194,200)	(308,658)
Disposal of investments accounted for using equity method	-	667
Disposal of subsidiary	437,886	-
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	960,408	829,052
Increase in refundable deposits	(288,815)	(382,773)
Decrease in refundable deposits	402,140	278,347
Increase in other financial assets	(330,562)	(418,192)
Decrease in other financial assets	178,159	427,239
Increase in other non-current assets	(55)	-
Interest received	205,780	91,763
Dividends received from associate	1,673	125,493
Other dividends received	30,723	21,570
Net cash used in investing activities	<u>(7,072,937)</u>	<u>(11,631,753)</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	\$(20,538,575)	\$ 40,000
Increase (Decrease) in short-term notes and bills payable	7,725,167	(1,508,125)
Proceeds from issuance of bonds	6,492,645	-
Repayment of bonds	(6,000,000)	-
Proceeds from long-term borrowings	11,683,075	4,499,798
Repayment of long-term borrowings	(3,748,697)	(3,276,712)
Repayment of the principal portion of lease liabilities	(4,410,906)	(4,106,225)
Increase in guarantee deposits received	233,997	216,703
Decrease in guarantee deposits received	(174,860)	(149,954)
Cash dividends paid (including paid to non-controlling interests)	(13,966,853)	(13,429,860)
Interest paid	(960,370)	(693,109)
Decrease in non-controlling interests	(8,085)	(5,880)
Net cash used in financing activities	<u>(23,673,462)</u>	<u>(18,413,364)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(1,584)</u>	<u>1,281</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,690,474)	(467,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>14,934,740</u>	<u>15,402,025</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 13,244,266</u>	<u>\$ 14,934,740</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, 2023 AND 2022 (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 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 2024.

To expand the business scale and boost the operating performance and competitiveness, TWM merged with Taiwan Star Telecom Corporation Limited (TST). The merger was completed on December 1, 2023, and TST was the dissolved company. Since that date, TWM has acquired the licensed spectrum in the 900MHz, 2100MHz, 2600MHz, and 3500MHz frequency bands.

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 21, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024.

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IAS 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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

- a. 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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of Preparation

1) 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.

2) 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.

c. Basis of Consolidation

1) 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:

- a) 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
- b) 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.

2) The subsidiaries included in the consolidated financial statements were as follows:

Investor	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
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 Songsshan Cultural and Creative Park BOT project	49.90%	49.90%	-
	Fu Sheng Digital Co., Ltd. (FSD)	Information services	100.00%	100.00%	-
	TWM Power Co., Ltd. (TPC)	Information software services	100.00%	-	Note 1
	FullSynergy New Retail Co., Ltd. (FSNR)	Branding agency and retail sales	100.00%	-	Note 2
	TCC	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 3
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%	-
Tai-Fu Cloud Technology Co., Ltd. (TFC)		Cloud and information services	100.00%	100.00%	-
WMT		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%	-
	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00%	100.00%	-
	momo.com Inc. (momo)	Wholesale, retail, and retail sale no storefront	45.01%	45.01%	-
TVC	Taiwan Mobile Film Co., Ltd. (TWMFM)	Film production	100.00%	100.00%	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	Note 3
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Data communication application development	100.00%	100.00%	Note 4
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	Note 3

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
TWMFM	Taiwan Stampede Franchise Film Co., Ltd. (SFF)	Film production	100.00%	100.00%	-
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Digital music services	-	100.00%	Note 5
	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 6
	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%	Note 7
	Fuli Insurance Agent Co., Ltd. (FI)	Comprehensive insurance agent	100.00%	100.00%	Note 7 and 8
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	93.73%	88.68%	Note 9
	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%	-
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%	Note 10

(Concluded)

Note 1: Became a subsidiary in September 2023.

Note 2: Became a subsidiary in November 2023.

Note 3: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 18.77% of total outstanding shares as of December 31, 2022.

Note 4: The liquidation process was still in progress.

Note 5: Disposed of in December 2023.

Note 6: The other 70.47% of shares were held under trustee accounts.

Note 7: In November 2023, FI merged with FLI.

Note 8: Formerly known as Fuli Property Insurance Agent Co., Ltd. Renamed and changed its main business in February 2023.

Note 9: During 2022 and 2023, momo bought back minority interest of Bebe Poshe, resulting in the increase in its ownership.

Note 10: In October 2023, the Board of Directors resolved to liquidate the company, and the liquidation process was still in progress.

3) Subsidiaries excluded from the consolidated financial statements: None.

d. 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.

e. 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.

- 1) It holds the asset primarily for the purpose of trading;
- 2) It expects to realize the asset within twelve months after the reporting period; or
- 3) 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.

- 1) It holds the liability primarily for the purpose of trading;
- 2) The liability is due to be settled within twelve months after the reporting period; or
- 3) 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.

f. 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 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.

1) Financial assets

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

a) 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 fair value through other comprehensive income (FVTOCI).

i. 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.

ii. 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.

iii. 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.

b) 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):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. 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.

c) 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.

2) 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.

3) Financial liabilities

a) 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.

b) 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.

g. 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.

h. 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.

If the disposal leads to the loss of control over a subsidiary, the entire investment in that subsidiary is classified as held for sale. However, the equity method is still applied for accounting treatment. 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.

i. 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.

j. 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, with the effects of any changes in the estimates accounted for on a prospective basis.

k. Leases

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

1) 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.

2) 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. 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.

l. 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.

m. Intangible Assets

1) Goodwill

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

2) 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.

3) 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.

4) 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, with the effects of any changes in the estimates accounted for on a prospective basis.

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.

n. 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.

o. Impairment of Non-financial Assets

1) 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.

- 2) 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.

p. 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.

- 1) 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.

- 2) 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.

- 3) 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 at the best estimate.

q. 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.

r. 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.

s. 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.

t. 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1) 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.

2) 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.

u. 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.

v. Business Combinations

Business combinations are accounted for by the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

5. MATERIAL 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.

When developing material accounting estimates, the Group considers the possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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.u.

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, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 114,972	\$ 84,603
Cash in banks	5,950,870	5,783,016
Time deposits	5,278,986	6,718,115
Government bonds with repurchase rights	<u>1,899,438</u>	<u>2,349,006</u>
	<u>\$ 13,244,266</u>	<u>\$ 14,934,740</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2023	December 31, 2022
<u>Investments in equity instruments-current</u>		
Domestic investments		
Listed stocks	\$ 260,822	\$ 245,607
Foreign investments		
Listed stocks	623	-
Unlisted stocks	<u>-</u>	<u>4,217</u>
	<u>\$ 261,445</u>	<u>\$ 249,824</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Listed stocks	\$ 262,500	\$ 260,000
Unlisted stocks	1,342,512	1,224,455
Foreign investments		
Unlisted stocks	2,351,983	2,092,100
Limited partnerships	<u>1,573,355</u>	<u>1,210,288</u>
	<u>\$ 5,530,350</u>	<u>\$ 4,786,843</u>

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

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. In October 2023, the Intellectual Property and Commercial Court ruled the price to be \$7.95 per share. TWM has filed an interlocutory appeal, which is now progressing by the Supreme Court.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2023	December 31, 2022
Notes receivable	\$ 14,171	\$ 18,619
Accounts receivable	9,532,621	8,080,052
Less: Allowance for impairment loss	<u>(418,378)</u>	<u>(387,638)</u>
	<u>\$ 9,128,414</u>	<u>\$ 7,711,033</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, 2023

	<u>Not Past Due</u>	<u>Overdue</u>			<u>Total</u>
		<u>1 to 120 Days</u>	<u>121 to 365 Days</u>	<u>Over 365 Days</u>	
Gross carrying amount	\$ 8,587,417	\$ 741,403	\$ 216,760	\$ 1,212	\$ 9,546,792
Loss allowance (Lifetime ECLs)	(63,938)	(150,351)	(203,530)	(559)	(418,378)
Amortized cost	<u>\$ 8,523,479</u>	<u>\$ 591,052</u>	<u>\$ 13,230</u>	<u>\$ 653</u>	<u>\$ 9,128,414</u>

December 31, 2022

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

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

	<u>Not Past Due and Past Due within 120 Days</u>	<u>Past Due Over 120 Days</u>
Telecommunications services	0.02%~85.22%	65.5%~100%

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 387,638	\$ 334,941
Add: Provision	271,859	252,393
Recovery	45,483	44,014
Less: Write-off	(286,602)	(243,710)
Ending balance	<u>\$ 418,378</u>	<u>\$ 387,638</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:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Amount of accounts receivable sold	<u>\$ 415,427</u>	<u>\$ 608,335</u>
Proceeds from the sale of accounts receivable	<u>\$ 46,578</u>	<u>\$ 60,100</u>

9. INVENTORIES

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Merchandise	\$ 8,182,624	\$ 8,089,629
Materials for maintenance	<u>10,444</u>	<u>11,711</u>
	<u>\$ 8,193,068</u>	<u>\$ 8,101,340</u>

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to \$113,405,185 thousand and \$105,999,977 thousand, respectively, which included the reversal of inventory write-down totaling \$17,956 thousand, and the inventory write-down totaling \$37,436 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:

<u>Investee Company</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>% of</u> <u>Ownership</u>	<u>Amount</u>	<u>% of</u> <u>Ownership</u>
AppWorks Ventures Co., Ltd. (AppWorks)	\$ 244,983	51.00	\$ 244,745	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	565,991	20.14	600,765	20.14
Global Home Shopping Co., Ltd. (GHS)	391,900	20.00	486,008	20.00
AppWorks Fund IV L.P. (AppWorks Fund IV)	227,530	21.01	101,159	32.86
Uspace Tech Co., Ltd. (Uspace)	164,588	32.90	194,095	32.90
NADA Holdings Corp. (NADA)	108,088	31.90	55,558	37.93
kbro Media Co., Ltd. (kbro Media)	60,032	33.58	78,593	33.58
Mistake Entertainment Co., Ltd. (M.E.)	<u>30,753</u>	11.33	<u>33,110</u>	11.33
	<u>\$ 1,793,865</u>		<u>\$ 1,794,033</u>	

Aggregate information of associates that were not individually material:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group's share of:		
Profit (loss)	\$(51,417)	\$ 10,145
Other comprehensive income (loss)	<u>(51,844)</u>	<u>(18,200)</u>
Comprehensive income (loss)	<u>\$(103,261)</u>	<u>\$(8,055)</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 and 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 \$83,158 thousand and \$82,231 thousand for the year ended December 31, 2023 and 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

From December 2022 to May 2023, 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 were executed by general partner, TVC had no control over AppWorks Fund IV but retained significant influence. TVC's percentage of ownership interest in AppWorks Fund IV decreased to 21.01% due to non-proportionate subscription to AppWorks Fund IV's issuance of new capital stock in October 2023, and TVC was no longer the single largest limited partner.

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. NADA

In December 2021, TVC acquired 37.93% equity interest of NADA, and TVC's percentage of ownership interest in NADA decreased to 22.97% due to non-proportionate subscription to NADA's issuance of new capital stock during 2023. In October 2023, TWM acquired 8.93% equity interest of NADA by participating in NADA's capital increase. Along with TVC's percentage of ownership interest, the Group's ownership became 31.9%. Although the Group was the single largest stockholder of NADA, 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, the Group has no control over NADA but retains significant influence.

g. 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.

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. As a result of organizational restructuring, TKT transferred the shares of the M.E. to TFNM in September 2023.

i. TV Direct Public Company Limited (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 2022.

11. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

<u>Subsidiary</u>	Proportion of Non-controlling Interests' Ownership and Voting Rights	
	December 31, 2023	December 31, 2022
momo	54.99 %	54.99 %

For information on the principal place of business and the company's country of registration, see Table 8.

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, 2023	December 31, 2022
Current assets	\$ 14,652,939	\$ 15,649,166
Non-current assets	21,142,086	18,165,009
Current liabilities	(14,878,533)	(15,025,287)
Non-current liabilities	(3,263,057)	(1,411,826)
Equity	<u>\$ 17,653,435</u>	<u>\$ 17,377,062</u>
Equity attributable to:		
Non-controlling interests of momo	\$ 11,093,941	\$ 10,968,706
Non-controlling interests of momo's subsidiaries	6,473,107	6,320,135
	<u>86,387</u>	<u>88,221</u>
	<u>\$ 17,653,435</u>	<u>\$ 17,377,062</u>

	For the Year Ended December 31	
	2023	2022
Operating revenue	\$ 109,242,918	\$ 103,436,435
Profit	\$ 3,628,792	\$ 3,433,902
Other comprehensive income (loss)	4,977	(266)
Comprehensive income	<u>\$ 3,633,769</u>	<u>\$ 3,433,636</u>
Profit attributable to:		
Owners of the parent	\$ 1,633,172	\$ 1,546,094
Non-controlling interests of momo	1,994,897	1,888,532
Non-controlling interests of momo's subsidiaries	723	(724)
	<u>\$ 3,628,792</u>	<u>\$ 3,433,902</u>
Comprehensive income attributable to:		
Owners of the parent	\$ 1,635,419	\$ 1,545,951
Non-controlling interests of momo	1,997,643	1,888,360
Non-controlling interests of momo's subsidiaries	707	(675)
	<u>\$ 3,633,769</u>	<u>\$ 3,433,636</u>

	For the Year Ended December 31	
	2023	2022
Net cash generated from operating activities	\$ 3,663,281	\$ 5,332,034
Net cash used in investing activities	(1,356,597)	(3,084,933)
Net cash used in financing activities	(4,073,218)	(3,006,958)
Effect of exchange rate changes	(23)	170
Net decrease in cash	<u>\$(1,766,557)</u>	<u>\$(759,687)</u>
Dividends paid to non-controlling interests	<u>\$ 1,802,064</u>	<u>\$ 1,301,491</u>

12. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Buildings</u>	<u>Telecommuni- cations Equipment and Machinery</u>	<u>Others</u>	<u>Construction in Progress and Equipment to be Inspected</u>	<u>Total</u>
<u>Cost</u>						
Balance, January 1, 2023	\$ 10,290,697	\$ 5,667,344	\$ 107,475,035	\$ 9,410,610	\$ 3,880,214	\$ 136,723,900
Additions	-	-	285,724	427,393	8,037,343	8,750,460
Disposals and retirements	-	-	(1,929,258)	(411,794)	(59)	(2,341,111)
Acquisitions through business combinations	579,695	179,806	5,267,263	37,918	73,341	6,138,023
Reclassification	<u>434,225</u>	<u>306,589</u>	<u>6,471,080</u>	<u>316,787</u>	<u>(6,803,403)</u>	<u>725,278</u>
Balance, December 31, 2023	<u>\$ 11,304,617</u>	<u>\$ 6,153,739</u>	<u>\$ 117,569,844</u>	<u>\$ 9,780,914</u>	<u>\$ 5,187,436</u>	<u>\$ 149,996,550</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2023	\$ -	\$ 2,131,858	\$ 82,115,130	\$ 8,228,919	\$ -	\$ 92,475,907
Depreciation	-	136,017	8,046,280	680,404	-	8,862,701
Disposals and retirements	-	-	(1,767,554)	(406,501)	-	(2,174,055)
Reclassification	-	<u>207,614</u>	<u>(49,961)</u>	<u>(1,827)</u>	-	<u>155,826</u>
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 2,475,489</u>	<u>\$ 88,343,895</u>	<u>\$ 8,500,995</u>	<u>\$ -</u>	<u>\$ 99,320,379</u>
Carrying amount, December 31, 2023	<u>\$ 11,304,617</u>	<u>\$ 3,678,250</u>	<u>\$ 29,225,949</u>	<u>\$ 1,279,919</u>	<u>\$ 5,187,436</u>	<u>\$ 50,676,171</u>
<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>

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

Property, plant and equipment pledged as collateral are set out in Note 32.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2023	December 31, 2022
<u>Carrying amount</u>		
Land	\$ 740,287	\$ 616,943
Buildings	12,739,097	8,762,700
Telecommunications equipment and machinery	187,213	299,705
Others	<u>79,691</u>	<u>104,929</u>
	<u>\$ 13,746,288</u>	<u>\$ 9,784,277</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 6,590,507</u>	<u>\$ 5,147,472</u>
Depreciation charge for right-of-use assets		
Land	\$ 253,916	\$ 241,315
Buildings	3,986,437	3,704,004
Telecommunications equipment and machinery	146,137	149,824
Others	<u>55,835</u>	<u>58,033</u>
	<u>\$ 4,442,325</u>	<u>\$ 4,153,176</u>

Except for the aforementioned additions, recognized depreciation, and acquisitions through business combinations, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31, 2023	December 31, 2022
<u>Carrying amount</u>		
Current	<u>\$ 5,785,690</u>	<u>\$ 3,693,801</u>
Non-current	<u>\$ 7,978,053</u>	<u>\$ 6,155,641</u>

Range of discount rates for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land	0.61%~1.4%	0.61%~1%
Buildings	0.61%~1.4%	0.61%~1.2%
Telecommunications equipment and machinery	0.61%~4.38%	0.61%~4.38%
Others	0.61%~1.4%	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	
	2023	2022
Expenses related to short-term leases	\$ 47,756	\$ 36,697
Expenses related to low-value asset leases	\$ 96,113	\$ 105,056
Expenses related to variable lease payments and not included in the measurement of lease liabilities	\$ 30,945	\$ 29,587
Total cash outflow for leases	\$ 4,693,351	\$ 4,380,771

14. 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, 2023 and 2022, the fair values of investment properties were \$5,360,328 thousand and \$6,877,283 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were both ranging from 1.47%~5.23%.

The amounts of depreciation recognized for the years ended December 31, 2023 and 2022 were \$15,643 thousand and \$18,201 thousand, respectively.

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

	December 31, 2023	December 31, 2022
Year 1	\$ 78,165	\$ 91,600
Year 2	71,659	34,181
Year 3	67,498	29,722
Year 4	50,147	25,740
Year 5	36,876	9,321
Year 6 and thereafter	27,074	34,137
	\$ 331,419	\$ 224,701

15. INTANGIBLE ASSETS

	Concessions			Other Intangible Assets					Total
	Concession Licenses	Service Concessions	Goodwill	Customer Relationships	Operating Rights	Trademarks	Computer Software and Others		
<u>Cost</u>									
Balance, January 1, 2023	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 2,643,826	\$ 1,382,000	\$ 2,517,164	\$ 3,832,774	\$ 106,127,812	
Additions	-	-	-	-	-	20	260,336	260,356	
Disposals and retirements	-	-	(90,065)	-	-	(21,984)	(164,297)	(276,346)	
Acquisitions through business combinations	20,506,689	-	17,498,979	955,776	-	-	24,185	38,985,629	
Reclassification	-	-	-	-	-	-	331,625	331,625	
Balance, December 31, 2023	<u>\$ 92,206,064</u>	<u>\$ 8,180,078</u>	<u>\$ 33,281,509</u>	<u>\$ 3,599,602</u>	<u>\$ 1,382,000</u>	<u>\$ 2,495,200</u>	<u>\$ 4,284,623</u>	<u>\$ 145,429,076</u>	
<u>Accumulated amortization and impairment</u>									
Balance, January 1, 2023	\$ 21,955,149	\$ 1,746,182	\$ 53,487	\$ 2,046,000	\$ -	\$ 741	\$ 3,454,888	\$ 29,256,447	
Amortization	4,267,925	178,719	-	141,062	-	79	335,572	4,923,357	
Disposals and retirements	-	-	-	-	-	-	(163,816)	(163,816)	
Reclassification	-	-	-	-	-	-	(185)	(185)	
Balance, December 31, 2023	<u>\$ 26,223,074</u>	<u>\$ 1,924,901</u>	<u>\$ 53,487</u>	<u>\$ 2,187,062</u>	<u>\$ -</u>	<u>\$ 820</u>	<u>\$ 3,626,459</u>	<u>\$ 34,015,803</u>	
Carrying amount, December 31, 2023	<u>\$ 65,982,990</u>	<u>\$ 6,255,177</u>	<u>\$ 33,228,022</u>	<u>\$ 1,412,540</u>	<u>\$ 1,382,000</u>	<u>\$ 2,494,380</u>	<u>\$ 658,164</u>	<u>\$ 111,413,273</u>	
<u>Cost</u>									
Balance, January 1, 2022	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 2,654,089	\$ 1,382,000	\$ 2,518,355	\$ 3,576,950	\$ 105,883,442	
Additions	-	-	-	-	-	169	219,419	219,588	
Disposals and retirements	-	-	-	(10,263)	-	(1,360)	(63,715)	(75,338)	
Reclassification	-	-	-	-	-	-	99,944	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>\$ 2,643,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,164</u>	<u>\$ 3,832,774</u>	<u>\$ 106,127,812</u>	
<u>Accumulated amortization and impairment</u>									
Balance, January 1, 2022	\$ 17,818,565	\$ 1,567,463	\$ 53,487	\$ 1,919,863	\$ -	\$ 1,870	\$ 3,194,631	\$ 24,555,879	
Amortization	4,136,584	178,719	-	136,400	-	231	323,802	4,775,736	
Disposals and retirements	-	-	-	(10,263)	-	(1,360)	(63,715)	(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>\$ 2,046,000</u>	<u>\$ -</u>	<u>\$ 741</u>	<u>\$ 3,454,888</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>\$ 597,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,423</u>	<u>\$ 377,886</u>	<u>\$ 76,871,365</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
Customer relationships	17-20 years
Trademarks	10 years
Computer software	1-10 years
Other intangible assets	
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 were identified as major intangible assets.
- 2) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, acquired control over momo. In the assessment of momo's retail business, based on the analysis results, trademarks were identified as major intangible assets.
- 3) On December 1, 2023, TWM completed the absorption merger with TST. In the assessment of TST's mobile communication services, based on the analysis results, customer relationship was identified and separately disclosed.

c. Goodwill

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

	December 31, 2023	December 31, 2022
Mobile communication services	\$ 24,620,850	\$ 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>\$ 33,228,022</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, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset’s cash-generating unit were 6.06% and 5.79%, 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, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset’s cash-generating unit were 6.75% and 6.21%, 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, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 7.86% and 7.30%, 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, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit for each system operator were ranged from 6.76% to 7.53% and 7.91% to 8.68%, 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, 2023 and 2022, impairment losses on assets did not occur. Furthermore, there are no significant circumstances arising from the actual operational performance being lower than expected after the merger.

16. OTHER NON-CURRENT ASSETS

	December 31, 2023	December 31, 2022
Long-term accounts receivable	\$ 218,805	\$ 290,212
Refundable deposits	931,812	856,497
Other prepayments	329,709	359,249
Others	<u>463,780</u>	<u>466,053</u>
	<u>\$ 1,944,106</u>	<u>\$ 1,972,011</u>

17. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	<u>\$ 18,460,000</u>	<u>\$ 20,550,000</u>
Annual interest rates	1.55%~1.79%	1.53%~1.66%

For the information on endorsements and guarantees, see Note 33.b.

b. Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes and bills payable	\$ 12,900,000	\$ 3,100,000
Less: Discounts on short-term notes and bills payable	<u>(23,743)</u>	<u>(7,605)</u>
	<u>\$ 12,876,257</u>	<u>\$ 3,092,395</u>
Annual interest rates	1.548%~1.608%	1.658%

c. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	\$ 15,000,000	\$ -
Secured loans	1,851,000	2,060,000
Commercial papers payable	7,000,000	8,000,000
Less: Unamortized expenses on unsecured loans	<u>(11,851)</u>	<u>-</u>
Less: Unamortized expenses on secured loans	-	<u>(840)</u>
Less: Discounts on commercial papers payable	<u>(6,910)</u>	<u>(3,503)</u>
Less: Current portion	<u>(3,713,406)</u>	<u>(3,773,126)</u>
	<u>\$ 20,118,833</u>	<u>\$ 6,282,531</u>
Annual interest rates:		
Unsecured loans	1.7895%	-
Secured loans	2.095%~2.2211%	2.1895%
Commercial papers payable	1.535%~2.138%	0.688%~1.81%

1) Unsecured loans

To repay existing loans from financial institutions and enhance mid-term working capital, TWM entered into a syndicated loan with a joint credit agreement with six banks, including Bank of Taiwan and Mega International Commercial Bank on November 16, 2023. The credit limit was set at \$15,000,000 thousand, with a credit period of 5 years. From December 13, 2023, the first installment would be due after 12 months, followed by subsequent installments every 6 months, totaling 9 repayment periods. The agreement stipulates the specific financial covenants, such as maintaining a certain net debt ratio, interest coverage ratio, operating EBITDA etc. throughout the loan term.

2) Secured loans

TNH entered into a syndicated loan agreement, with respect to the investment under the aforementioned BOT contract. The credit agreement originally signed in 2010 had been terminated in advance. The credit agreement originally signed in 2017 had been terminated in advance. In 2023, TNH signed another credit agreement with Bank of Taiwan for a credit amount and a guarantee amount totaling \$2,558,000 thousand with interest payments made on a regular basis. The maturity date of the main agreement is in November, 2030. Certain loan agreements allow for revolving utilization within the financing limit, and the maturity date is disclosed based on the expiration date of the revolving utilization agreement. 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 loan term. For property under the BOT contract and its superficies that have been pledged as collateral, see Note 32.

3) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment date of the commercial papers payable is in December 2026.

18. BONDS PAYABLE

	December 31, 2023	December 31, 2022
5th domestic unsecured straight corporate bonds	\$ 8,998,281	\$ 14,996,589
6th domestic unsecured straight corporate bonds	19,990,793	19,987,778
7th domestic unsecured straight corporate bonds	2,497,712	2,497,207
1st domestic unsecured straight corporate bonds in 2023	6,493,547	-
Less: Current portion	<u>-</u>	<u>(5,999,631)</u>
	<u><u>\$ 37,980,333</u></u>	<u><u>\$ 31,481,943</u></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, 2023, the amount of unamortized bond issue cost was \$1,719 thousand. The trustee of bond holders is Bank of Taiwan.

The above-mentioned five-year bond was due and the repayment had been made in April 2023.

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

Year	Amount
2025	\$ <u>9,000,000</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, 2023, the amount of unamortized bond issue cost was \$9,207 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, 2023, the amount of unamortized bond issue cost was \$2,288 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. 1st domestic unsecured straight corporate bonds in 2023

On May 22, 2023, TWM issued the 1st domestic unsecured straight corporate bonds in 2023 and obtained Social Bond accreditation. The bond was five-year bond, with the principal amount of \$6,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 1.537% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of December 31, 2023, the amount of unamortized bond issue cost was \$6,453 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>6,500,000</u>

19. PROVISIONS

	December 31, 2023	December 31, 2022
Restoration	\$ 1,368,089	\$ 999,153
Replacement	562,791	505,570
Warranties	<u>17,091</u>	<u>16,334</u>
	<u>\$ 1,947,971</u>	<u>\$ 1,521,057</u>
Current	\$ 461,400	\$ 80,467
Non-current	<u>1,486,571</u>	<u>1,440,590</u>
	<u>\$ 1,947,971</u>	<u>\$ 1,521,057</u>

	Restoration	Replacement	Warranties	Total
Balance, January 1, 2023	\$ 999,153	\$ 505,570	\$ 16,334	\$ 1,521,057
Provision	40,674	55,665	26,474	122,813
Acquisitions through business combinations	351,354	-	-	351,354
Payment/Reversal	(25,632)	(12,550)	(25,717)	(63,899)
Unwinding of discount	<u>2,540</u>	<u>14,106</u>	<u>-</u>	<u>16,646</u>
Balance, December 31, 2023	<u>\$ 1,368,089</u>	<u>\$ 562,791</u>	<u>\$ 17,091</u>	<u>\$ 1,947,971</u>
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>

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 \$388,615 thousand and \$369,004 thousand for the years ended December 31, 2023 and 2022, 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, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 1,272,416	\$ 1,265,928
Fair value of plan assets	(1,214,403)	(1,157,297)
Net defined benefit liabilities	<u>\$ 58,013</u>	<u>\$ 108,631</u>

The movements in present value of defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, January 1	\$ 1,265,928	\$ 1,534,000
Current service costs	1,462	1,785
Interest costs	18,407	8,279
Actuarial gain - changes in demographic assumptions	(2,361)	(8,824)
Actuarial (gain) loss - changes in financial assumptions	704	(202,017)
Actuarial gain - experience adjustments	(12,503)	(29,016)
Benefits paid from plan assets	(17,640)	(36,287)
Paid from defined benefit obligations	(2,818)	(1,992)
Business combinations	<u>21,237</u>	<u>-</u>
Balance, December 31	<u>\$ 1,272,416</u>	<u>\$ 1,265,928</u>

The movements in the fair value of the plan assets for the years ended December 31, 2023 and 2022:

	For the Year Ended December 31	
	2023	2022
Balance, January 1	\$ 1,157,297	\$ 1,070,438
Net interest income	17,227	5,729
Return on plan assets (excluding amounts included in net interest)	7,710	84,348
Contributions from the employer	31,346	33,069
Benefits paid from plan assets	(17,640)	(36,287)
Business combinations	18,463	-
Balance, December 31	<u>\$ 1,214,403</u>	<u>\$ 1,157,297</u>

The expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Current service costs	\$ 1,462	\$ 1,785
Interest costs	18,407	8,279
Net interest income	(17,227)	(5,729)
	<u>\$ 2,642</u>	<u>\$ 4,335</u>

The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Return on plan assets (excluding amounts included in net interest)	\$(7,710)	\$(84,348)
Actuarial gain - changes in demographic assumptions	(2,361)	(8,824)
Actuarial (gain) loss - changes in financial assumptions	704	(202,017)
Actuarial gain - experience adjustments	(12,503)	(29,016)
	<u>\$(21,870)</u>	<u>\$(324,205)</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, 2023	December 31, 2022
Discount rate	1.2%~1.375%	1.3%~1.5%
Long-term average adjustment rate of salary	1.75%~3%	2%~3%

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, 2023	December 31, 2022
Discount rate		
0.25% increase	\$(<u>32,744</u>)	\$(<u>34,711</u>)
0.25% decrease	\$ <u>33,901</u>	\$ <u>36,004</u>
Long-term average adjustment rate of salary		
0.25% increase	\$ <u>33,149</u>	\$ <u>35,214</u>
0.25% decrease	\$(<u>32,183</u>)	\$(<u>34,126</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, 2023	December 31, 2022
The expected contributions to the Plans for the following year	\$ <u>32,996</u>	\$ <u>32,192</u>
The average duration of the defined benefit obligation	9-13.7 years	9-14.3 years

21. EQUITY

a. Share capital

As of December 31, 2023 and 2022, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$37,232,618 thousand and \$35,192,336 thousand, respectively, divided into 3,723,262 thousand shares and 3,519,234 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

On December 1, 2023, TWM issued 204,028 thousand shares of common stock to merge with TST. The issuance of new shares has been approved by the Securities and Futures Bureau on November 24, 2023, and the registration procedures have been completed.

TWM had completed the related corporate registration procedures and transferred the capital collected in advance of \$57,135 thousand to common stock in the first quarter of 2022.

b. Capital surplus

	December 31, 2023	December 31, 2022
From business combinations	\$ 18,190,446	\$ -
Additional paid-in capital from convertible corporate bonds	7,309,970	9,531,369
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	13,326	8,605
Expired share options	13,269	13,269
Others	28,890	26,651
	<u>\$ 31,302,785</u>	<u>\$ 15,326,778</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 business combinations or 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 2022 and 2021, which have been resolved in the AGM on June 13, 2023 and June 23, 2022, respectively, were as follows:

	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 895,382	\$ 1,102,873
Special reserve	(1,823,415)	(626,324)
Cash dividends	9,881,841	10,551,987
Cash dividends per share (NT\$)	3.5036	3.7412

In addition, cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,246,232 thousand and \$1,576,086 thousand and representing \$0.7964 and \$0.5588 per share, were also resolved in the AGM; thus, total distributions were \$4.3 per share, respectively, for 2022 and 2021.

The appropriation of earnings for 2023, which were proposed by TWM's Board of Directors on February 21, 2024, were as follows:

	For Fiscal Year 2023
Legal reserve	\$ 1,218,244
Cash dividends	10,964,152
Cash dividends per share (NT\$)	3.6251

Cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,041,242 thousand and representing \$0.6749 per share, were also proposed by TWM's Board of Directors; thus, total distributions were \$4.30 per share for 2023.

The appropriation of earnings and cash distributions arising from capital surplus for 2023 will be resolved by the AGM to be held on June 21, 2024.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2023	\$(27,862)	\$ 316,076	\$ 288,214
Exchange differences on translation	(6,395)	-	(6,395)
Changes in fair value of financial assets at FVTOCI	-	(21,258)	(21,258)
Changes in other comprehensive income (loss) of associates accounted for using equity method	(3,962)	(47,000)	(50,962)

(Continued)

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Valuation loss of equity instruments transferred to retained earnings due to disposal	-	35,770	35,770
Valuation loss of equity instruments transferred to retained earnings due to disposal by associates	-	70,492	70,492
Income tax effect	-	8,255	8,255
Balance, December 31, 2023	<u>\$(38,219)</u>	<u>\$ 362,335</u>	<u>\$ 324,116</u>
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>

(Concluded)

e. Treasury stock

As of December 31, 2023 and 2022, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$68,896,908 thousand and \$66,171,777 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	
	2023	2022
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 50,192,966	\$ 46,312,889
Sales revenue	126,194,519	118,931,066
Cable TV and broadband services	5,906,538	6,010,510
Others	920,555	794,028
Other operating revenue	<u>133,247</u>	<u>157,619</u>
	<u>\$ 183,347,825</u>	<u>\$ 172,206,112</u>

a. Contract information

Please refer to Notes 4.u and Note 38.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets			
Bundle sales	\$ 11,996,749	\$ 10,580,384	\$ 9,951,564
Less: Allowance for impairment loss	(85,364)	(89,820)	(84,514)
	<u>\$ 11,911,385</u>	<u>\$ 10,490,564</u>	<u>\$ 9,867,050</u>
Current	\$ 6,100,164	\$ 5,092,822	\$ 4,667,271
Non-current	<u>5,811,221</u>	<u>5,397,742</u>	<u>5,199,779</u>
	<u>\$ 11,911,385</u>	<u>\$ 10,490,564</u>	<u>\$ 9,867,050</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, 2023 and 2022, the expected credit loss rates were 0.02%~0.75% and 0.02%~0.85%.

Movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31	
	2023	2022
Beginning balance	\$ 89,820	\$ 84,514
Provision (reversal)	(4,456)	5,306
Ending balance	<u>\$ 85,364</u>	<u>\$ 89,820</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities			
Telecommunications and value-added services	\$ 2,018,224	\$ 1,289,461	\$ 1,195,258
Sales of goods	422,087	255,349	154,895
Cable TV and broadband services	573,442	628,941	624,065
Others	<u>4,061</u>	<u>4,093</u>	<u>10,090</u>
	<u>\$ 3,017,814</u>	<u>\$ 2,177,844</u>	<u>\$ 1,984,308</u>
Current	\$ 2,608,499	\$ 2,079,999	\$ 1,894,828
Non-current	<u>409,315</u>	<u>97,845</u>	<u>89,480</u>
	<u>\$ 3,017,814</u>	<u>\$ 2,177,844</u>	<u>\$ 1,984,308</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>	
	<u>2023</u>	<u>2022</u>
Contract assets		
Transfers of beginning balance to receivables	\$ 4,990,509	\$ 4,555,995

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>	
	<u>2023</u>	<u>2022</u>
Contract liabilities		
Telecommunications and value-added services	\$ 1,127,218	\$ 1,078,588
Sales of goods	242,611	147,844
Cable TV and broadband services	618,997	614,249
Others	<u>3,653</u>	<u>9,593</u>
	<u>\$ 1,992,479</u>	<u>\$ 1,850,274</u>

c. Partially completed contracts

As of December 31, 2023, the transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	<u>Telecommuni- cations and Value-added Services</u>	<u>Cable TV and Broadband Services</u>	<u>Others</u>	<u>Total</u>
- in 2024	\$ 30,437,166	\$ 1,335,647	\$ 364,181	\$ 32,136,994
- in 2025	15,465,445	768,421	314,332	16,548,198
- after 2026	<u>5,590,911</u>	<u>112,022</u>	<u>1,783,724</u>	<u>7,486,657</u>
	<u>\$ 51,493,522</u>	<u>\$ 2,216,090</u>	<u>\$ 2,462,237</u>	<u>\$ 56,171,849</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, 2023	December 31, 2022
Incremental costs of obtaining a contract - non-current	<u>\$ 2,492,742</u>	<u>\$ 1,913,755</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, 2023 and 2022 were \$1,415,345 thousand and \$1,322,091 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Year Ended December 31	
	2023	2022
Loss on disposal and retirement of property, plant and equipment, net	\$(89,201)	\$(214,387)
Gain on disposal of property, plant and equipment held for sale	-	1,014
Gain on disposal of subsidiary	707,953	-
Gain on disposal of investments accounted for using equity method held for sale	-	109,805
Loss on disposal of investments accounted for using equity method	(312)	-
Net gain on financial assets at fair value through profit and loss (FVTPL)	215,886	2,377
Impairment loss on non-financial assets	(83,158)	(82,231)
Gain (loss) on foreign exchange, net	(8,799)	43,124
Others	<u>512</u>	<u>(147)</u>
	<u>\$ 742,881</u>	<u>\$(140,445)</u>

b. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense		
Corporate bonds	\$ 319,369	\$ 294,207
Bank loans	378,394	258,662
Commercial papers payable	212,767	85,049
Lease liabilities	91,521	72,723
Others	<u>27,196</u>	<u>26,493</u>
	<u>\$ 1,029,247</u>	<u>\$ 737,134</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
Current period	\$ 3,207,937	\$ 3,139,040
Prior years' adjustments	<u>3,178</u>	<u>(4,777)</u>
	<u>3,211,115</u>	<u>3,134,263</u>
Deferred income tax expense (income)		
Temporary differences	<u>(74,755)</u>	<u>85,567</u>
Income tax expense	<u>\$ 3,136,360</u>	<u>\$ 3,219,830</u>

The reconciliation of profit before tax to income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 17,471,364</u>	<u>\$ 16,191,242</u>
Income tax expense at domestic statutory tax rate	\$ 3,494,272	\$ 3,238,248
Effect of different tax rates on the group entities	(1,703)	(4,284)
Adjustment items in determining taxable profit	(275,017)	(94,994)
Temporary differences	(74,755)	85,567
Land value increment tax	-	70
Investment tax credits	(9,615)	-
Prior years' adjustments	<u>3,178</u>	<u>(4,777)</u>
	<u>\$ 3,136,360</u>	<u>\$ 3,219,830</u>

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

	For the Year Ended December 31	
	2023	2022
Current income tax income		
Unrealized gain/loss on financial assets at FVTOCI	\$(14,997)	\$ -
Deferred income tax expense (income)		
Unrealized gain/loss on financial assets at FVTOCI	(8,285)	57,320
Remeasurements from defined benefit plans	<u>4,374</u>	<u>64,841</u>
Income tax expense (income)	<u>\$(18,908)</u>	<u>\$ 122,161</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, 2023 and 2022 were as follows:

	For the Year Ended December 31, 2023				
	Opening Balance	Recognized in			Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	Others	
<u>Deferred tax assets</u>					
Property, plant and equipment	\$ 227,173	\$(8,315)	\$ -	\$ -	\$ 218,858
Defined benefit plans	26,725	(5,749)	(4,374)	-	16,602
Financial assets at FVTOCI	-	-	42,675	-	42,675
Provisions - replacement	101,114	11,444	-	-	112,558
Others	<u>220,966</u>	<u>118,592</u>	<u>-</u>	<u>-</u>	<u>339,558</u>
	<u>\$ 575,978</u>	<u>\$ 115,972</u>	<u>\$ 38,301</u>	<u>\$ -</u>	<u>\$ 730,251</u>
<u>Deferred tax liabilities</u>					
Intangible assets	\$ 1,132,090	\$ 17,812	\$ -	\$ -	\$ 1,149,902
Financial assets at FVTOCI	118,423	(3,774)	34,390	-	149,039
Others	<u>27,710</u>	<u>27,179</u>	<u>-</u>	<u>39,222</u>	<u>94,111</u>
	<u>\$ 1,278,223</u>	<u>\$ 41,217</u>	<u>\$ 34,390</u>	<u>\$ 39,222</u>	<u>\$ 1,393,052</u>
For the Year Ended December 31, 2022					
	Opening Balance	Recognized in			Closing Balance
		Profit or Loss	Other Comprehensive Income (Loss)	Others	
<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)	-	-
Provisions - replacement	89,456	11,658	-	-	101,114
Others	<u>255,356</u>	<u>(34,390)</u>	<u>-</u>	<u>-</u>	<u>220,966</u>
	<u>\$ 709,744</u>	<u>\$ 709,744</u>	<u>\$(44,551)</u>	<u>\$ -</u>	<u>\$ 575,978</u>
<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>-</u>	<u>27,710</u>
	<u>\$ 1,204,261</u>	<u>\$ 41,016</u>	<u>\$ 32,946</u>	<u>\$ -</u>	<u>\$ 1,278,223</u>

(Continued)

2) Unrecognized deferred tax assets items

	December 31, 2023	December 31, 2022
Loss carryforwards	<u>\$ 272,121</u>	<u>\$ 112,480</u>

As of December 31, 2023, the Group had not recognized the prior years' loss carryforwards, totaling \$272,121 thousand, as deferred tax assets. The expiry years are from 2024 to 2033.

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	2021
TST (Dissolved)	2020
TCC	2021
WMT	2021
TVC	2021
TNH	2021
TFN	2020
TT&T	2021
TCCI	2021
TDS	2021
TPIA	2021
TFC	2021
TWMFM	2021
TUI	2021
TID	2021
TFNM	2021
GFMT	2021
GWMT	2021
WTVB	2021
YJCTV	2021
MCTV	2021
PCTV	2021
UCTV	2021
GCTV	2021
momo	2021
FLI (Dissolved)	2021
FI	2021
FST	2021
Bebe Poshe	2021
FSL	2021
MFS	2021
Prosperous Living	2021

25. EARNINGS PER SHARE

	For the Year Ended December 31, 2023		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 12,274,109	2,837,810	\$ <u>4.33</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>4,581</u>	
Diluted EPS			
Profit attributable to owners of the parent (adj. for potential effect of common stock)	<u>\$ 12,274,109</u>	<u>2,842,391</u>	<u>\$ 4.32</u>

	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 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 (adj. for potential effect of common stock)	<u>\$ 11,025,551</u>	<u>2,824,199</u>	<u>\$ 3.90</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. BUSINESS COMBINATIONS

a. Acquisition and Consideration transferred

In order to expand the business scale and boost the operating performance and competitiveness, TWM acquired TST, engaged in the mobile communication service industry, on December 1, 2023. To facilitate the acquisition of TST, TWM issued 204,028 thousand shares of common stock. The fair value of these common shares, determined based on the closing price on the acquisition date, amounted to \$20,239,598 thousand.

b. Assets acquired and liabilities assumed at the date of acquisition

	<u>TST</u>
Current assets	
Cash and cash equivalents	\$ 1,742,723
Receivables	1,330,506
Contract assets	424,076
Others	152,843
Non-current assets	
Property, plant and equipment	6,138,023
Right-of-use assets	2,118,996
Intangible assets - concessions	20,506,689
Intangible assets - customer relationships	955,776
Intangible assets - others	24,185
Incremental cost of obtaining a contract	480,604
Others	707,279
Current liabilities	
Short-term borrowings	(23,787,575)
Contract liabilities	(813,399)
Payables	(1,705,716)
Provisions	(346,565)
Lease liabilities	(2,019,467)
Others	(286,563)
Non-current liabilities	
Long-term borrowings	(2,547,500)
Others	(334,296)
	<u>\$ 2,740,619</u>

The fair value of accounts receivable acquired through business combination transactions was \$1,156,823 thousand, with a gross contractual amount of \$1,258,130 thousand. The best estimate of the expected irrecoverable contract cash flows on the acquisition date was \$101,307 thousand.

c. Goodwill recognized on acquisitions

	<u>TST</u>
Consideration transferred	\$ 20,239,598
Less: Fair value of identifiable net assets acquired	(2,740,619)
Goodwill recognized on acquisitions	<u>\$ 17,498,979</u>

The goodwill recognized in the acquisitions mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

d. Impact of acquisitions on the results of the Group

	<u>TST</u>
Operating revenues	\$ <u>998,596</u>
Net loss	\$(<u>129,586</u>)

Had TWM concluded the acquisition at the beginning of 2023, the Group's revenue would have been \$192,606,937 thousand, and the profit would have been \$11,330,084 thousand for the year ended December 31, 2023. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

27. DISPOSAL OF SUBSIDIARY

In September, 2023, TFNM's director resolved to dispose of 100% of the shares in TKT to KKCompany Technologies Inc. The transaction was completed on December 29, 2023, and control of TKT was passed to the acquirer.

a. Consideration received from disposal

Cash and cash equivalents	\$ 457,812
Receivables	<u>387,841</u>
Total consideration received	\$ <u><u>845,653</u></u>

b. Analysis of assets and liabilities on the date control was lost

Cash and cash equivalents	\$ 19,926
Property, plant and equipment	2,246
Intangible assets	112,525
Other assets	<u>13,555</u>
	148,252
Other liabilities	<u>10,552</u>
Net assets disposed of	\$ <u><u>137,700</u></u>

c. Gain on disposal of subsidiary

Consideration received	\$ 845,653
Net assets disposed of	<u>137,700</u>
Gain on disposal	\$ <u><u>707,953</u></u>

d. Net cash inflow on disposal of subsidiary

Consideration received in cash and cash equivalents	\$ 457,812
Less: Cash and cash equivalent balance disposed of	<u>19,926</u>
	\$ <u><u>437,886</u></u>

28. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2023

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>			<u>Ending Balance</u>
			<u>New Leases</u>	<u>Acquisitions Through Business Combinations</u>	<u>Others</u>	
Lease liabilities (including current and non-current portions)	\$ <u>9,849,442</u>	\$ <u>(4,501,730)</u>	\$ <u>6,576,339</u>	\$ <u>2,050,227</u>	\$ <u>(210,535)</u>	\$ <u>13,763,743</u>

For the year ended December 31, 2022

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Ending Balance</u>
			<u>New Leases</u>	<u>Others</u>	
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>

29. 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.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL (including current and non-current portions) (Note 1)	\$ 1,832,998	\$ 1,181,015
Financial assets at FVTOCI (including current and non-current portions)	5,791,795	5,036,667
Financial assets measured at amortized cost (including current and non-current portions) (Note 2)	<u>30,178,705</u>	<u>28,747,924</u>
	<u>\$ 37,803,498</u>	<u>\$ 34,965,606</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 3)	<u>\$ 121,357,242</u>	<u>\$ 97,744,967</u>

Note 1: Financial assets mandatorily measured at FVTPL

Note 2: The balances comprised cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, other financial assets and refundable deposits, which were financial assets measured at amortized cost.

Note 3: The balances comprised 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.

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>				
Bonds payable (including current portion)	\$ 37,980,333	\$ 37,627,421	\$ 37,481,574	\$ 36,972,577

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:

- a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.
- b) 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).
- c) Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ 287,500	\$ 287,500
Domestic limited partnerships	-	-	38,134	38,134
Foreign listed stocks	11,283	-	-	11,283
Foreign unlisted stocks	-	-	131,018	131,018
Foreign limited partnerships	-	-	736,788	736,788
Foreign convertible notes	-	-	624,694	624,694
Embedded rights	-	-	3,581	3,581
	<u>\$ 11,283</u>	<u>\$ -</u>	<u>\$ 1,821,715</u>	<u>\$ 1,832,998</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 523,322	\$ -	\$ -	\$ 523,322
Domestic unlisted stocks	-	-	1,342,512	1,342,512
Foreign listed stocks	623	-	-	623
Foreign unlisted stocks	-	-	2,351,983	2,351,983
Foreign limited partnerships	-	-	<u>1,573,355</u>	<u>1,573,355</u>
	<u>\$ 523,945</u>	<u>\$ -</u>	<u>\$ 5,267,850</u>	<u>\$ 5,791,795</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTPL</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ 237,546	\$ 237,546
Domestic limited partnerships	-	-	19,119	19,119
Foreign unlisted stocks	-	-	169,507	169,507
Foreign limited partnerships	-	-	628,563	628,563
Foreign convertible notes	-	-	<u>126,280</u>	<u>126,280</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181,015</u>	<u>\$ 1,181,015</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
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	-	-	<u>1,210,288</u>	<u>1,210,288</u>
	<u>\$ 505,607</u>	<u>\$ -</u>	<u>\$ 4,531,060</u>	<u>\$ 5,036,667</u>

There were no transfers between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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 11.7%~32.7% and 12.5%~38% as of December 31, 2023 and 2022, respectively. The stock price volatility were ranged from 25.42%~98.8% and 38.91%~100.7% as of December 31, 2023 and 2022, 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 23.4% and 26.2% as of December 31, 2023 and 2022, respectively.

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

For the year ended December 31, 2023

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2023	\$ 1,181,015	\$ 4,531,060
Additions	434,517	799,701
Decrease	(23,106)	(17,164)
Recognized in profit or loss (gain on financial assets at FVTPL)	229,289	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(45,747)
Balance at December 31, 2023	<u>\$ 1,821,715</u>	<u>\$ 5,267,850</u>

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
Decrease	-	(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)	-	362,314
Balance at December 31, 2022	<u>\$ 1,181,015</u>	<u>\$ 4,531,060</u>

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, 2023 and 2022, the Group had unused bank facilities of \$61,155,846 thousand and \$57,999,357 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:

	<u>Contractual Cash Flows</u>	<u>Within 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
<u>December 31, 2023</u>				
Unsecured loans	\$ 34,625,679	\$ 19,385,090	\$ 15,240,589	\$ -
Secured loans	2,074,109	156,913	613,434	1,303,762
Commercial papers payable	20,093,546	16,016,630	4,076,916	-
Bonds payable	39,325,775	337,155	33,916,620	5,072,000
Lease liabilities	14,004,859	5,885,768	7,223,670	895,421
Other non-current liabilities	365,625	73,125	292,500	-
	<u>\$ 110,489,593</u>	<u>\$ 41,854,681</u>	<u>\$ 61,363,729</u>	<u>\$ 7,271,183</u>
<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	438,750	73,125	292,500	73,125
	<u>\$ 83,101,022</u>	<u>\$ 37,782,242</u>	<u>\$ 37,484,907</u>	<u>\$ 7,833,873</u>

5) Market risk

Market risk is the risk that arises 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.

Refer to Note 36 for the information of the Group's foreign currency assets and liabilities exposed to significant exchange rate risk.

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 \$54,305 thousand and \$80,197 thousand for the years ended December 31, 2023 and 2022, respectively.

b) Interest rate risk

The entities within the Group were funded using both fixed and floating interest rates, resulting in exposure to interest rate risk. To mitigate the impact of interest rate fluctuations, the Group maintains a balanced mix of fixed and floating interest rates borrowings.

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	\$ 9,270,060	\$ 8,626,386
Financial liabilities	79,685,007	67,289,430
Cash flow interest rate risk		
Financial assets	6,531,680	8,275,250
Financial liabilities	27,883,607	14,408,584

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 \$106,760 thousand and \$30,667 thousand for the years ended December 31, 2023 and 2022, 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 \$91,650 thousand and \$59,051 thousand since the fair value of financial assets at FVTPL decreased for the years ended December 31, 2023 and 2022, respectively. Other comprehensive income would have decreased by \$289,590 thousand and \$251,833 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2023 and 2022, respectively.

31. 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
Uspace	Associate
AppWorks Fund IV	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)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Brilliant Creative Co., Ltd.	Associate (subsidiary of kbro Media)
Tropics Entertainment Co., Ltd.	Associate (subsidiary of NADA)
More Sounds Film Production Co., Ltd.	Associate (subsidiary of M.E.)
Mepay Co., Ltd.	Associate (subsidiary of M.E.)
Fansta Co., Ltd.	Associate (subsidiary of M.E.)
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 (not a related party since the third quarter of 2023)
Fubon Insurance Agency Co., Ltd.	Other related party (Formerly known as Fu-sheng Insurance Agency Co., Ltd.)
Fubon Insurance Agency Co., Ltd.	Other related party (not a related party since the third quarter of 2023)
Fubon Financial Venture Capital Co., Ltd.	Other related party

(Continued)

Related Party	Nature of Relationship
Fubon Gymnasium Co., Ltd.	Other related party
Fubon Asset Management Co., Ltd.	Other related party
One Production Film Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
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
Jih Sun Financial Holding Co., Ltd.	Other related party (not a related party since the first quarter of 2023)
Jih Sun Securities Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Bank, Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Life Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Futures Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Securities Investment Consulting Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd.	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Fubon Xinji Investment Co., Ltd.	Other related party
Hung Fu Investment Co., Ltd.	Other related party
Immanuel Investment Ltd.	Other related party
Dai-Ka Ltd. (Dai-Ka)	Other related party
AppWorks Fund II Co., Ltd.	Other related party
AppWorks Fund III Co., Ltd.	Other related party
Chen Feng Investment Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party

(Continued)

<u>Related Party</u>	<u>Nature of Relationship</u>
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
Fubon Life Art Museum Foundation	Other related party
Taipei Fubon Bank Charity Foundation	Other related party
Taipei New Horizon Management Agency	Other related party
Key management	Chairman, director, president, vice president, etc.

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 9,625	\$ 3,265
Other related parties	<u>1,712,289</u>	<u>1,596,555</u>
	<u>\$ 1,721,914</u>	<u>\$ 1,599,820</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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 2,141	\$ 811
Other related parties	<u>994,417</u>	<u>944,748</u>
	<u>\$ 996,558</u>	<u>\$ 945,559</u>

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

3) Receivables due from related parties

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivable	Associates	\$ 1,274	\$ 9
Notes and accounts receivable	Other related parties	<u>587,958</u>	<u>576,751</u>
		<u>\$ 589,232</u>	<u>\$ 576,760</u>
Other receivables	Other related parties		
	TFCB	\$ 480,025	\$ 281,257
	Others	<u>80,225</u>	<u>28,916</u>
		<u>\$ 560,250</u>	<u>\$ 310,173</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

<u>Account</u>	<u>Related Party Categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payable	Associates	\$ 72	\$ -
Notes and accounts payable	Other related parties	<u>131,420</u>	<u>133,150</u>
		<u>\$ 131,492</u>	<u>\$ 133,150</u>
Other payables	Other related parties	<u>\$ 67,443</u>	<u>\$ 66,226</u>

5) Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	<u>\$ 14,819</u>	<u>\$ 14,058</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties		
TFCB	<u>\$ 5,651,090</u>	<u>\$ 2,295,866</u>

7) Acquisition of investments accounted for using equity method

<u>Related Party Transaction</u>	<u>Transaction Period</u>	<u>Shares (In Thousands)</u>	<u>Purchase Price</u>
Participation in AppWorks Fund IV's capital increase	2023	-	\$ 144,200
Contributions to NADA's capital increase	2023	1,667	<u>50,000</u>
			<u>\$ 194,200</u>
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>

8) Others

a) Refundable deposits

	<u>December 31, 2022</u>	<u>December 31, 2022</u>
Other related parties	<u>\$ 80,479</u>	<u>\$ 66,147</u>

b) Other current liabilities - receipts under custody

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	<u>\$ 178,790</u>	<u>\$ 167,264</u>

c) Operating expenses

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties		
TMF	\$ 15,000	\$ 16,100
TNHF	5,000	5,000
TFCB	1,043,423	849,233
Others	<u>244,955</u>	<u>252,457</u>
	<u>\$ 1,308,378</u>	<u>\$ 1,122,790</u>

d) Other income

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 3,794	\$ 15,056
Other related parties	<u>60,861</u>	<u>60,590</u>
	<u>\$ 64,655</u>	<u>\$ 75,646</u>

e) Interest income

For the Year Ended December 31	
2023	2022
Other related parties	
TFCB	\$ 8,825
<u>\$ 30,457</u>	<u>\$ 8,825</u>

9) Lease arrangements

Acquisition of right-of-use assets

For the Year Ended December 31	
2023	2022
Other related parties	
Fubon Life	\$ 89,446
Others	-
<u>\$ 794,133</u>	<u>\$ 89,446</u>

Lease liabilities (including current and non-current portions)

	December 31, 2023	December 31, 2022
Other related parties	<u>\$ 926,286</u>	<u>\$ 407,183</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	
2023	2022
Short-term employee benefits	\$ 385,035
Termination and post-employment benefits	13,187
<u>\$ 434,866</u>	<u>\$ 398,222</u>

32. ASSETS PLEDGED

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

	December 31, 2023	December 31, 2022
Other current financial assets	\$ 147,415	\$ 161,837
Property, plant and equipment (Note)	686,482	-
Service concessions	6,255,177	6,433,896
Other non-current financial assets	427,014	373,125
<u>\$ 7,516,088</u>	<u>\$ 6,968,858</u>	

Note: The secured loans of TST, which were consolidated through the merger, were fully repaid, and the financing facilities were canceled. However, as of December 31, 2023, the cancellation of the pledged collateral rights had not been completed.

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	December 31, 2023	December 31, 2022
Purchases of property, plant and equipment	<u>\$ 9,424,213</u>	<u>\$ 8,392,457</u>
Purchases of inventories and sales commitments	<u>\$ 6,032,088</u>	<u>\$ 9,775,862</u>

As of December 31, 2023 and 2022, the amounts of lease commitments commencing after the balance sheet dates were \$640,307 thousand and \$2,285,339 thousand, respectively.

- b. As of December 31, 2023 and 2022, the amounts of endorsements and guarantees provided to entities in the Group were \$24,700,000 and \$24,750,000 thousand, respectively.
- 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, 2023, \$967,281 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of December 31, 2023, 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 the 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. In June 2023, the Supreme Court dismissed the first retrial of the High Court and remanded the case to the High Court. The case is now in process at the second retrial of the High Court.

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. In February 2024, the Board of Directors resolved that TWM would purchase mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. The total amount of the contract would not exceed \$5,590,000 thousand.
- b. In February 2024, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$9,500,000 thousand.
- c. In January 2024, Momo's Board of Directors resolved to participate in the capital increase of Fubon Green Power Co., Ltd., with a total investment amount capped at \$550,000 thousand.

35. OTHERS

Employee benefits, depreciation, and amortization are summarized as follows:

	For the Year Ended December 31					
	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 3,019,266	\$ 5,852,968	\$ 8,872,234	\$ 2,834,911	\$ 5,513,508	\$ 8,348,419
Insurance expenses	284,271	535,048	819,319	265,424	501,325	766,749
Pension	137,118	254,134	391,252	130,630	242,709	373,339
Others	148,690	294,856	443,546	142,222	274,557	416,779
Depreciation	12,395,098	925,571	13,320,669	11,753,441	958,480	12,711,921
Amortization	4,785,607	1,553,095	6,338,702	4,634,956	1,462,871	6,097,827

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. Estimations for employees' compensation and remuneration to directors were calculated by applying the aforementioned rates.

The employees' compensation and remuneration of directors of 2023 and 2022 shown below were approved by the Board of Directors on February 21, 2024 and February 24, 2023, respectively. There was no difference between the approved amounts and the amounts recognized.

	For the Year Ended December 31			
	2023		2022	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	\$ <u>405,977</u>	\$ <u>40,598</u>	\$ <u>305,936</u>	\$ <u>30,594</u>
Amounts recognized in the consolidated financial statements	\$ <u>405,977</u>	\$ <u>40,598</u>	\$ <u>305,936</u>	\$ <u>30,594</u>

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.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 89,410	30.705	\$ 2,745,333
EUR	330	34.14	11,251
RMB	20,934	4.319	90,412
Non-monetary items			
USD	176,448	30.705	5,417,838
RMB	90,739	4.319	391,900
SGD	484	23.33	11,283
HKD	159	3.929	623
<u>Foreign currency liabilities</u>			
Monetary items			
USD	57,174	30.705	1,755,517
EUR	34	34.14	1,169
HKD	660	3.929	2,593
JPY	7,397	0.218	1,614

	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

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, 2023 and 2022. 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.

37. 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: Table 5 (attached)
- 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 6 (attached)
- 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
- 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 8 (attached)

- 10) Trading in derivative instruments: None
- 11) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 9 (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 10 (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 11 (attached)

38. 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, fixed-line services, etc.

Retail: providing E-commerce shopping, multimedia shopping, catalog shopping services, etc.

Cable television and broadband: providing pay TV, cable broadband services, etc.

Others: business other than telecommunications, retail, cable television, broadband, etc.

For the Year Ended December 31, 2023	Telecommuni- cations	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 71,489,040	\$ 109,242,918	\$ 6,263,449	\$ 610,895	\$(4,258,477)	\$ 183,347,825
Operating costs and expenses	61,528,463	105,020,990	4,084,087	384,869	(4,346,425)	166,671,984
Operating income	10,710,625	4,384,662	2,187,578	227,111	34,728	17,544,704

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

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:

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan, ROC	\$ 180,725,197	\$ 169,558,040
Overseas	<u>2,622,628</u>	<u>2,648,072</u>
	<u>\$ 183,347,825</u>	<u>\$ 172,206,112</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, 2023

(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	Other receivables	Yes	\$ 500,000	\$ 500,000	\$ 252,000	1.12000%~1.83433%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 32,779,707	\$ 32,779,707	Note 2
		TFC	Other receivables	Yes	700,000	300,000	121,000	1.82000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	32,779,707	32,779,707	Note 2
2	WMT	TWM	Other receivables	Yes	4,200,000	4,200,000	3,920,000	0.87000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
		TKT	Other receivables	Yes	100,000	-	-	-	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
		TFNM	Other receivables	Yes	2,000,000	2,000,000	380,000	1.12000%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
		WTVB	Other receivables	Yes	1,000,000	1,000,000	380,000	1.11978%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
3	TFN	TWM	Other receivables	Yes	11,000,000	11,000,000	10,233,000	1.12000%~1.83378%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
		TCC	Other receivables	Yes	700,000	-	-	1.52000%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
4	PCTV	TFNM	Other receivables	Yes	520,000	450,000	450,000	1.49733%~1.83500%	Transactions	475,831	-	-	-	-	475,831	475,831	Note 3 and 4
5	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	1.49733%~1.83500%	Short-term financing	-	Repayment of financing	-	-	-	279,000	279,000	Note 3
6	YJCTV	TFNM	Other receivables	Yes	100,000	100,000	100,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	125,376	125,376	Note 3
7	UCTV	UCTV	Other receivables	Yes	400,000	400,000	300,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	740,798	740,798	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, 2023

(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	\$ -	25.35	\$ 84,823,548	Y	N	N	Note 3
		TVC	Note 2	9,950,000	3,200,000	3,200,000	1,921,150	-	3.77	84,823,548	Y	N	N	Note 3
		TKT	Note 2	-	50,000	-	-	-	-	84,823,548	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, 2023

(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	\$ 260,822	0.028	\$ 260,822	
	<u>Unlisted Stocks</u>							
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	616,983	5	616,983	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	29,614	10	29,614	
	KKCompany Technologies Inc.	-	Non-current financial assets at FVTOCI	4,547	460,575	2.77	460,575	
	Taiwan Mobile Communication Inc.	-	Non-current financial assets at FVTOCI	400	2,326	0.99	2,326	
	<u>Limited Partnerships</u>							
Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	1,518,823	21.67	1,518,823	Note 1	
Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	54,532	21.67	54,532	Note 1	
TCC	<u>Unlisted Stocks</u>							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	109,521	5.21	109,521	
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	262,500	2.12	262,500	
	17LIVE Group Limited	-	Current financial assets at FVTPL	312	11,283	0.18	11,283	Note 2
	<u>Unlisted Stocks</u>							
	Jayawijaya Finance Limited	-	Non-current financial assets at FVTPL	5	131,018	6.24	131,018	
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	269	4,200	0.11	4,200	
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,664	549,343	9.43	549,343	
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	180,453	2.39	180,453	
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	27,420	0.36	27,420	
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	723,809	18.2	723,809	
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	29,722	0.11	29,722	

(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	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	\$ 266,857	0.94	\$ 266,857	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	21,521	0.3	21,521	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	36,586	0.5	36,586	
	Partipost Pte. Ltd.	-	Non-current financial assets at FVTOCI	899	21,883	2.53	21,883	
	Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	7,905	4.48	7,905	
	SoundOn Inc.	-	Non-current financial assets at FVTOCI	2,623	164,054	12.79	164,054	Note 3
	<u>Limited Partnerships</u>							
	AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	19,231	16.38	19,231	Note 1
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	85,811	0.89	85,811	Note 1
	LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	91,858	2.67	91,858	Note 1
	Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	238,246	1.72	238,246	Note 1
	Northstar Ventures I, L.P.	-	Non-current financial assets at FVTPL	-	24,763	4.28	24,763	Note 1
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	89,128	0.32	89,128	Note 1
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	115,579	13.58	115,579	Note 1
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	72,172	1.21	72,172	Note 1
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	38,134	16	38,134	Note 1
	<u>Convertible Notes</u>							
	CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	123,189	-	123,189	
	Manuscript Inc.	-	Non-current financial assets at FVTPL	-	501,505	-	501,505	
TCCI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,768,981	5.38	19,768,981	
	<u>Unlisted Stocks</u>							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	36,417	6.67	36,417	
TUI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,491,597	11.03	40,491,597	
TID	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,636,330	2.36	8,636,330	
momo	<u>Listed Stocks</u>							
	eSun Holdings Limited	-	Current financial assets at FVTOCI	728	623	0.04	623	Note 2
	<u>Unlisted Stocks</u>							
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	287,500	7.61	287,500	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,073	96,815	7.68	96,815	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	308,491	2.5	308,491	

(Continued)

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

Note 2: Foreign listed stock.

Note 3: The investment agreement included a guarantee clause, accounting for financial assets at FVTPL amounted to \$3,581 thousand.

Note 4: For the information on investments in subsidiaries and associates, see Table 8 and Table 10 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, 2023

(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	Unlisted Stocks TVC	Investment accounted for using equity method	-	Subsidiary	433,051	\$ 4,604,998	70,000	\$ 700,000	-	\$ -	\$ -	\$ -	512,260 (Note 2)	\$ 5,122,412
	KKCompany Technologies Inc.	Non-current financial assets at FVTOCI	-	-	-	-	4,547	479,162	-	-	-	-	4,547	460,575
TFNM	Unlisted Stocks TKT	Investment accounted for using equity method	KKCompany Technologies Inc.	-	14,700	334,369	-	-	2,862 (Note 3)	845,653	137,700	707,953	-	-

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 received in 2023.

Note 3: The disposal of shares pertained to TKT's shares after its capital reduction in 2023.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Warehousing logistics construction	October 31, 2023	\$ 5,302,857	momo has paid \$265,143 thousand. The remaining amounts will be settled in accordance with the contract.	Li Jin Engineering Co., Ltd.	-	-	-	\$ -	Budget commitments had been approved by the Board of Directors, and determined by price comparison and price negotiation	Business development needs	None	

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 148,335	-	Based on contract terms	-	-	\$ 23,241	-	Note 3
			Purchase	5,065,314	10	Based on contract terms	-	-	(490,954)	Note 2	Note 3
	TPIA	Subsidiary	Sale	208,807	-	Based on contract terms	-	-	85,905	1	
	TFNM	Subsidiary	Purchase	209,159	-	Based on contract terms	-	-	(46,757)	Note 2	
	TKT	Subsidiary	Purchase	134,193	-	Based on contract terms	-	-	-	-	Note 4
	momo	Subsidiary	Sale	3,249,636	5	Based on contract terms	-	-	301,257	4	
			Purchase	236,791	-	Based on contract terms	-	-	(20,645)	1	
	TWM&TDS	Fubon Insurance	Other related party	Sale	337,792	1	Based on contract terms	-	-	61,380	1
TNH	TWM	Parent	Sale	130,000	21	Based on contract terms	-	-	1,734	32	
TFN	TFC	Fellow subsidiary	Sale	145,939	1	Based on contract terms	-	-	24,554	2	
	TFNM	Fellow subsidiary	Sale	212,161	2	Based on contract terms	-	-	36,359	3	
	kbro	Other related party	Sale	400,496	4	Based on contract terms	-	-	66,052	6	
TT&T	TWM	Ultimate parent	Sale	944,022	90	Based on contract terms	-	-	84,101	91	
TPIA	Fubon Insurance	Other related party	Sale	356,807	98	Based on contract terms	-	-	113,469	97	
TFNM	YJCTV	Subsidiary	Channel leasing fee	364,108	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	475,831	13	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	215,058	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	172,561	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	146,906	48	Based on contract terms	Note 1	Note 1	(24,484)	66	
WTVB	kbro	Other related party	Sale	194,132	20	Based on contract terms	-	-	50,960	9	
momo	FSL	Subsidiary	Purchase	1,163,435	1	Based on contract terms	-	-	(280,121)	3	
	MFS	Subsidiary	Purchase	174,322	-	Based on contract terms	-	-	(14,687)	-	
	kbro	Other related party	Purchase	130,124	-	Based on contract terms	-	-	(68)	-	

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

Note 2: Including accounts payable and other payables.

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

Note 4: TKT was no longer a subsidiary since December 29, 2023.

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, 2023

(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	Notes and accounts receivable	\$ 301,257	9.79	\$ -	-	\$ 298,004	\$ -
			Other receivables	79,268		-	-	15,725	-
TCC	TWM	Parent	Other receivables	252,772		-	-	-	-
	TFC	Subsidiary	Other receivables	121,359		-	-	50,148	-
WMT	TWM	Parent	Other receivables	3,928,647		-	-	-	-
	TFNM	Subsidiary	Other receivables	380,799		-	-	180,045	-
	WTVB	Subsidiary	Other receivables	381,432		-	-	80,301	-
TFN	TWM	Ultimate parent	Notes and accounts receivable	498,421	10.27	-	-	439,002	-
			Other receivables	10,316,301		-	-	17,715	-
TPIA	Fubon Insurance	Other related party	Notes and accounts receivable	113,469	3.29	-	-	30,010	-
YJCTV	TFNM	Parent	Notes and accounts receivable	5,764	7.32	-	-	3,837	-
			Other receivables	100,120		-	-	-	-
PCTV	TFNM	Parent	Notes and accounts receivable	6,286	7.34	-	-	4,127	-
			Other receivables	450,035		-	-	34	-
UCTV	TFNM	Parent	Notes and accounts receivable	4,123	7.25	-	-	2,608	-
			Other receivables	301,012		-	-	-	-
GCTV	TFNM	Parent	Notes and accounts receivable	2,661	7.06	-	-	1,716	-
			Other receivables	250,001		-	-	-	-
momo	TWM	Ultimate parent	Notes and accounts receivable	146,572	11.44	-	-	146,361	-
			Other receivables	52,680		-	-	51,504	-
	TFCB	Other related party	Notes and accounts receivable	239,796	Note 1	-	-	239,677	-
			Other receivables	450,321		-	-	450,321	-
FSL	momo	Parent	Notes and accounts receivable	280,726	4.37	-	-	267,254	-

Note 1: 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, 2023

(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, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 20,235,322	\$ 3,913,779	\$ 3,914,204	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	23,694,220	4,072,839	4,071,985	Note 1
	TVC	Taiwan	Investment	4,975,000	4,275,000	512,260	100	5,122,412	93,637	93,637	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,987,891	129,900	62,541	Note 1
	FSD	Taiwan	Information services	30,000	30,000	3,000	100	5,154	(11,220)	(18,267)	Note 1
	TPC	Taiwan	Information software service	100,000	-	10,000	100	99,104	(896)	(896)	
	FSNR	Taiwan	Branding agency and retail sales	100,000	-	10,000	100	99,853	(147)	(147)	
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	2,168	51	244,983	9,159	3,810	Note 1
	NADA	Taiwan	Animation production	50,000	-	1,667	8.93	23,071	16,948	1,924	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	53,443,090	3,593,440	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	112,724	48,158	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	247,354	7,019	-	Note 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	27,043,577	3,003	-	Note 2
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	106,437	12,044	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	115,614	105,614	-	Note 2
	TFC	Taiwan	Cloud and information services	200,000	200,000	24,000	100	265,074	20,414	-	Note 2
	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	7,465,601	2,470,719	-	Note 2
WMT	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,360	71	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	97,084	1,510	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100.00	321,962	40,006	-	Note 2
	momo	Taiwan	Wholesale, retail, and retail sale no storefront	8,129,394	8,129,394	108,189	45.01	11,093,941	3,628,069	-	Note 2 and 4
TVC	TWMFM	Taiwan	Film production	11,300	11,300	1,130	100	11,483	428	-	Note 2
	AppWorks Fund III	Taiwan	Venture capital	583,292	583,292	57,877	20.14	565,991	7,481	-	Note 2
	NADA	Taiwan	Animation production	60,000	60,000	4,286	22.97	85,017	16,948	-	Note 2
	AppWorks Fund IV	Taiwan	Venture capital	249,200	105,000	-	21.01	227,530	(119,557)	-	Note 2 and 5
	Uspace	Taiwan	Information software service	200,030	200,030	5,969	32.9	164,588	(78,445)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	35,248,692	(72)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,523,071	(110)	-	Note 2
TWMFM	SFF	Taiwan	Film production	300	300	30	100	568	314	-	Note 2
TFNM	TKT	Taiwan	Digital music services	Note 6	156,900	Note 6	Note 6	Note 6	Note 6	-	Note 2 and 6
	YJCTV	Taiwan	Cable TV service provider	2,355,998	2,061,522	33,940	100.00	1,717,807	(26,710)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	625,644	23,000	-	Note 2 and 7

(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, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TFNM	PCTV	Taiwan	Cable TV service provider	\$ 3,261,073	\$ 3,261,073	68,090	100	\$ 3,454,055	\$ 106,894	\$ -	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,040,814	25,535	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,266,876	24,276	-	Note 2
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	14,103	33.58	60,032	(29,384)	-	Note 2
	M.E.	Taiwan	Livestreaming artists management services and digital media production	30,628	-	537	11.33	30,753	(20,968)	-	Note 2 and 8
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	Note 8	30,628	Note 8	Note 8	Note 8	Note 8	-	Note 8
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,689	25,535	-	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	95,654	24,276	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	12,929	(5,520)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	465,798	(82,414)	-	Note 2
	FLI	Taiwan	Life insurance agent	Note 9	3,000	Note 9	Note 9	Note 9	Note 9	-	Note 2 and 9
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	100	9,894	288	-	Note 2 and 10
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	53,008	11,415	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	98,965	90,880	9,373	93.73	29,579	35	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	362,637	94,815	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	107,287	8,888	-	Note 2
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	227,058	8,028	-	Note 2
	Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	465,798	(82,414)	-	Note 2

Note 1: Downstream transactions, upstream transactions, and consolidated unrealized gain or loss, etc., 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: Disposed of in December 2023.

Note 7: 70.47% of stocks are held under trustee accounts.

Note 8: Due to organizational restructuring.

Note 9: Merged with FI in November 2023.

Note 10: Formerly known as Fuli Property Insurance Agent Co., Ltd. Renamed and changed its main business in February 2023.

Note 11: For information on investments in mainland China, see Table 10 for the details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Account	Amount	Transaction Terms (Note 2)	Percentage of Consolidated Total Operating Revenue or Total Assets
0	TWM	TFN	1	Notes and accounts receivable, net	\$ 23,691	-	-
		TPIA	1	Notes and accounts receivable, net	85,905	-	-
		momo	1	Notes and accounts receivable, net	301,257	-	-
		TFN	1	Other receivables	40,658	-	-
		TFNM	1	Other receivables	50,500	-	-
		momo	1	Other receivables	79,268	-	-
		TNH	1	Other non-current assets	19,939	-	-
		TFNM	1	Other non-current assets	23,687	-	-
		TCC	1	Short-term borrowings	252,000	-	-
		WMT	1	Short-term borrowings	3,920,000	-	2%
		TFN	1	Short-term borrowings	10,233,000	-	4%
		TFN	1	Notes and accounts payable	89,799	-	-
		TFNM	1	Notes and accounts payable	46,570	-	-
		momo	1	Notes and accounts payable	20,645	-	-
		TFN	1	Other payables	465,469	-	-
		TT&T	1	Other payables	85,951	-	-
		TDS	1	Other payables	20,155	-	-
		momo	1	Other payables	145,903	-	-
		TNH	1	Lease liabilities (current and non-current)	33,291	-	-
		TFN	1	Lease liabilities (current and non-current)	67,328	-	-
		YJCTV	1	Lease liabilities (current and non-current)	17,487	-	-
		GCTV	1	Lease liabilities (current and non-current)	11,343	-	-
		TFN	1	Other current liabilities	25,942	-	-
		momo	1	Other current liabilities	45,375	-	-
		momo	1	Transferring of business	71,400	-	-
		TFN	1	Operating revenue	148,335	-	-
		TPIA	1	Operating revenue	208,807	-	-
TFNM	1	Operating revenue	18,512	-	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Account	Amount	Transaction Terms (Note 2)	Percentage of Consolidated Total Operating Revenue or Total Assets
0	TWM	momo	1	Operating revenue	\$ 3,249,636	-	2%
		TFN	1	Operating costs	5,065,314	-	3%
		TDS	1	Operating costs	60,846	-	-
		TKT	1	Operating costs	134,193	-	-
		TFNM	1	Operating costs	209,159	-	-
		YJCTV	1	Operating costs	14,178	-	-
		PCTV	1	Operating costs	11,480	-	-
		momo	1	Operating costs	236,791	-	-
		TFN	1	Operating expenses	29,123	-	-
		TT&T	1	Operating expenses	942,397	-	1%
		TFN	1	Other income and expenses, net	44,637	-	-
		WMT	1	Finance costs	55,683	-	-
		TFN	1	Finance costs	164,427	-	-
		1	TCC	TFC	1	Other receivables	121,359
2	WMT	TFNM	1	Other receivables	380,799	-	-
		WTVB	1	Other receivables	381,432	-	-
		TFNM	1	Interest revenue	13,174	-	-
3	TNH	TWM	2	Operating revenue	130,000	-	-
4	FSD	TWM	2	Other non-current assets	10,380	-	-
5	TFN	TFC	3	Notes and accounts receivable, net	24,860	-	-
		TFNM	3	Notes and accounts receivable, net	36,359	-	-
		TWM	2	Lease liabilities (current and non-current)	33,508	-	-
		TWM	2	Lease revenue	38,591	-	-
		TFC	3	Operating revenue	145,939	-	-
		TFNM	3	Operating revenue	212,161	-	-
		momo	3	Operating revenue	42,517	-	-
		TT&T	3	Operating expenses	99,264	-	-
6	TFNM	YJCTV	1	Other receivables	44,811	-	-
		MCTV	1	Other receivables	20,340	-	-
		PCTV	1	Other receivables	59,932	-	-
		UCTV	1	Other receivables	35,229	-	-
		GCTV	1	Other receivables	22,550	-	-
		TKT	1	Acquisition of investments accounted for using equity method	33,379	-	-
		YJCTV	1	Short-term borrowings	100,000	-	-
		PCTV	1	Short-term borrowings	450,000	-	-
		UCTV	1	Short-term borrowings	300,000	-	-
		GCTV	1	Short-term borrowings	250,000	-	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Account	Amount	Transaction Terms (Note 2)	Percentage of Consolidated Total Operating Revenue or Total Assets
	TFNM	WTVB	3	Notes and accounts payable	\$ 20,299	-	-
		TFN	3	Lease liabilities (current and non-current)	76,964	-	-
		YJCTV	1	Operating revenue	398,016	-	-
		PCTV	1	Operating revenue	515,546	-	-
		UCTV	1	Operating revenue	215,058	-	-
		GCTV	1	Operating revenue	187,670	-	-
		momo	3	Operating revenue	43,235	-	-
		WTVB	3	Operating costs	75,899	-	-
		YJCTV	1	Operating costs	35,923	-	-
		MCTV	1	Operating costs	10,636	-	-
		PCTV	1	Operating costs	40,821	-	-
		UCTV	1	Operating costs	25,249	-	-
		GCTV	1	Operating costs	16,479	-	-
7	WTVB	TFN	3	Lease liabilities (current and non-current)	29,995	-	-
8	UCTV	TFN	3	Operating revenue	17,448	-	-
9	GCTV	TWM	2	Operating revenue	11,134	-	-
10	momo	FSL	1	Notes and accounts payable	280,121	-	-
		MFS	1	Notes and accounts payable	14,687	-	-
		Bebe Poshe	1	Operating costs	21,283	-	-
		FSL	1	Operating costs	1,163,435	-	1%
		MFS	1	Operating costs	174,322	-	-
		Prosperous Living	1	Operating costs	38,861	-	-

Note 1: 1. Parent to subsidiary.

2. Subsidiary to parent.

3. Between subsidiaries.

4. TKT was no longer a subsidiary since December 29, 2023.

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 adjusted and eliminated in full upon consolidation.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 92,115 (USD 3,000)	b	\$ 149,592 (USD 4,872)	\$ -	\$ -	\$ 149,592 (USD 4,872)	\$ 468	100	\$ 468	\$ 82,308	\$ -	Note 2
FGE	Wholesaling	334,722 (RMB 77,500)	b	815,413 (USD 14,000) (RMB 89,267)	-	-	815,413 (USD 14,000) (RMB 89,267)	(6,043)	76.7	(4,635)	2,290	-	Note 3
Haobo	Investment	47,509 (RMB 11,000)	b	-	-	-	-	(82,110)	100	(82,110)	437,479	-	
GHS	Wholesaling	215,950 (RMB 50,000)	b	-	-	-	-	37,667	20	1,340	391,900	-	

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 4)
TWM and subsidiaries	\$ 1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$ 1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$ 56,030,492

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 liquidation process was still in progress.

Note 3: In October 2023, the Board of Directors resolved to liquidate the company, and the liquidation process was still in progress.

Note 4: The upper limit on investment in mainland China is calculated by 60% of the consolidated net worth.

TABLE 11

TAIWAN MOBILE CO., LTD.
INFORMATION OF MAJOR STOCKHOLDERS
December 31, 2023

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.03
TCCI	200,496,761	5.38
Shin Kong Life Insurance Co., Ltd.	194,128,000	5.21

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 (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, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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 2023 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.

The Identification and Valuation of Intangible Assets from Merger with Taiwan Star Telecom Corporation Limited (TST)

The description of key audit matter:

TWM has completed the acquisition of TST through the issuance of new shares on December 1, 2023. The intangible assets arising from the acquisition, primarily consisting of concessions of \$20,506,689 thousand, goodwill of \$17,498,979 thousand, and customer relationships of \$955,776 thousand, were significant to the accompanying financial statements. In accordance with International Financial Reporting Standards (IFRS), the management has recognized the acquisition cost and fair value of identifiable net assets. Due to the management's involvement in making significant judgments related to consideration received during the transaction, determining the fair value of net assets and purchase price allocation, these assessments are deemed significant for 2023, leading the identification and valuation of intangible assets to be considered as one of the key audit matters.

Corresponding audit procedures:

1. We evaluated the professional competency and objectivity of the external appraisers engaged by the management in the process of identifying and valuing of intangible assets.
2. We assessed the reasonableness of the management's assumptions in the process of identification and valuation of intangible assets, including the valuation model used, the factors applied, the categories of intangible assets identified, and the related economic benefit lives estimated in the valuation report.
3. We tested the accuracy of the amortization expenses recognized for those identified intangible assets and confirmed the disclosures regarding the acquisition in accordance with IFRS in the financial statements.

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, 2023 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 21, 2024

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, 2023		December 31, 2022		LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 6 and 29)	\$ 2,392,460	1	\$ 2,177,458	1	Short-term borrowings (Notes 16 and 29)	\$ 31,615,000	14	\$ 32,305,000	19
Financial assets at fair value through other comprehensive income (Note 7)	260,822	-	245,607	-	Short-term notes and bills payable (Note 16)	12,876,257	6	3,092,395	2
Contract assets (Note 21)	6,093,453	3	5,086,808	3	Contract liabilities (Note 21)	1,756,620	1	1,118,225	1
Notes and accounts receivable, net (Note 8)	7,804,418	4	6,073,211	4	Notes payable	205,839	-	670	-
Accounts receivable due from related parties (Note 29)	470,036	-	527,294	-	Accounts payable	2,242,231	1	1,922,613	1
Other receivables (Note 29)	1,992,893	1	1,357,557	1	Accounts payable due to related parties (Note 29)	271,858	-	287,947	-
Inventories (Note 9)	3,566,107	1	3,616,363	2	Other payables (Note 29)	9,299,703	5	7,595,865	4
Prepayments	268,764	-	281,205	-	Current tax liabilities	638,894	-	904,881	1
Other financial assets (Notes 29 and 30)	34,272	-	31,351	-	Provisions (Note 18)	370,881	-	30,473	-
Other current assets	<u>3,218</u>	-	<u>393</u>	-	Lease liabilities (Notes 12, 26 and 29)	4,848,332	2	3,018,613	2
Total current assets	<u>22,886,443</u>	<u>10</u>	<u>19,397,247</u>	<u>11</u>	Long-term liabilities, current portion (Notes 16 and 17)	3,596,411	2	9,499,226	5
					Other current liabilities (Note 29)	<u>2,707,128</u>	<u>1</u>	<u>2,361,186</u>	<u>1</u>
					Total current liabilities	<u>70,429,154</u>	<u>32</u>	<u>62,137,094</u>	<u>36</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income (Note 7)	2,682,853	1	1,915,424	1	Contract liabilities (Note 21)	91,966	-	60,255	-
Contract assets (Note 21)	5,802,669	3	5,390,182	3	Bonds payable (Note 17)	37,980,333	17	31,481,943	18
Investments accounted for using equity method (Notes 10 and 29)	51,512,010	23	49,249,451	29	Long-term borrowings (Note 16)	18,384,828	9	4,496,902	3
Property, plant and equipment (Notes 11 and 30)	30,780,719	14	24,806,240	15	Provisions (Note 18)	536,109	-	511,229	-
Right-of-use assets (Notes 12 and 29)	9,817,974	5	7,968,994	5	Deferred tax liabilities (Note 23)	902,672	1	783,982	1
Investment properties (Note 13)	2,350,233	1	2,922,844	2	Lease liabilities (Notes 12, 26 and 29)	4,955,726	2	4,977,758	3
Concessions (Note 14)	65,982,990	30	49,744,226	29	Net defined benefit liabilities (Note 19)	52,053	-	76,985	-
Goodwill (Note 14)	24,620,850	11	7,121,871	4	Guarantee deposits	503,070	-	431,651	-
Other intangible assets (Note 14)	1,430,006	1	248,785	-	Other non-current liabilities	<u>2,715,491</u>	<u>1</u>	<u>2,146,910</u>	<u>1</u>
Deferred tax assets (Note 23)	354,761	-	346,131	-	Total non-current liabilities	<u>66,122,248</u>	<u>30</u>	<u>44,967,615</u>	<u>26</u>
Incremental costs of obtaining a contract (Note 21)	2,388,239	1	1,793,461	1	Total liabilities	<u>136,551,402</u>	<u>62</u>	<u>107,104,709</u>	<u>62</u>
Other non-current assets (Notes 15, 29 and 30)	<u>765,203</u>	-	<u>670,609</u>	-	EQUITY (Note 20)				
Total non-current assets	<u>198,488,507</u>	<u>90</u>	<u>152,178,218</u>	<u>89</u>	Common stock	37,232,618	17	35,192,336	21
					Capital surplus	31,302,785	14	15,326,778	9
					Retained earnings				
					Legal reserve	33,498,727	15	32,603,345	19
					Special reserve	-	-	1,823,415	1
					Unappropriated earnings	12,182,646	6	8,954,012	5
					Other equity interests	324,116	-	288,214	-
					Treasury stock	<u>(29,717,344)</u>	<u>(14)</u>	<u>(29,717,344)</u>	<u>(17)</u>
					Total equity	<u>84,823,548</u>	<u>38</u>	<u>64,470,756</u>	<u>38</u>
TOTAL	<u>\$ 221,374,950</u>	<u>100</u>	<u>\$ 171,575,465</u>	<u>100</u>	TOTAL	<u>\$ 221,374,950</u>	<u>100</u>	<u>\$ 171,575,465</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, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 29)	\$ 66,412,642	100	\$ 61,027,806	100
OPERATING COSTS (Notes 9, 29 and 33)	<u>50,388,426</u>	<u>76</u>	<u>46,231,648</u>	<u>76</u>
GROSS PROFIT FROM OPERATIONS, NET	<u>16,024,216</u>	<u>24</u>	<u>14,796,158</u>	<u>24</u>
OPERATING EXPENSES (Notes 29 and 33)				
Marketing	7,156,021	11	6,568,252	11
Administrative	2,915,984	5	2,798,333	5
Research and development	211,268	-	149,108	-
Expected credit loss	<u>269,865</u>	<u>-</u>	<u>255,814</u>	<u>-</u>
Total operating expenses	<u>10,553,138</u>	<u>16</u>	<u>9,771,507</u>	<u>16</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>708,210</u>	<u>1</u>	<u>612,089</u>	<u>1</u>
OPERATING INCOME	<u>6,179,288</u>	<u>9</u>	<u>5,636,740</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	70,487	-	22,032	-
Other income	18,007	-	36,864	-
Other gains and losses, net (Note 22)	(104,012)	-	(246,898)	-
Finance costs (Notes 22 and 29)	(1,115,094)	(2)	(755,256)	(1)
Share of profit of subsidiaries and associates accounted for using equity method (Note 10)	<u>8,128,791</u>	<u>13</u>	<u>7,239,387</u>	<u>12</u>
Total non-operating income and expenses	<u>6,998,179</u>	<u>11</u>	<u>6,296,129</u>	<u>11</u>
PROFIT BEFORE TAX	13,177,467	20	11,932,869	20
INCOME TAX EXPENSE (Note 23)	<u>903,358</u>	<u>2</u>	<u>907,318</u>	<u>2</u>
NET PROFIT	<u>12,274,109</u>	<u>18</u>	<u>11,025,551</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	8,405	-	162,294	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	234,690	-	175,367	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(285,575)	-	(311,300)	-
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>(10,357)</u>	<u>-</u>	<u>16,432</u>	<u>-</u>
Other comprehensive income (after tax)	<u>(52,837)</u>	<u>-</u>	<u>42,793</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,221,272</u>	<u>18</u>	<u>\$ 11,068,344</u>	<u>18</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 4.33</u>		<u>\$ 3.91</u>	
Diluted earnings per share	<u>\$ 4.32</u>		<u>\$ 3.90</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, 2023 AND 2022
(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, 2022	\$ 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
Distribution of 2022 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	895,382	-	(895,382)	-	-	-	-
Special reserve	-	-	-	-	(1,823,415)	1,823,415	-	-	-	-
Cash dividends	-	-	-	-	-	(9,881,841)	-	-	-	(9,881,841)
Total distribution of earnings	-	-	-	895,382	(1,823,415)	(8,953,808)	-	-	-	(9,881,841)
Cash dividends from capital surplus	-	-	(2,246,232)	-	-	-	-	-	-	(2,246,232)
Profit for the year ended December 31, 2023	-	-	-	-	-	12,274,109	-	-	-	12,274,109
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	17,523	(10,357)	(60,003)	-	(52,837)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	12,291,632	(10,357)	(60,003)	-	12,221,272
Shares issued for pursuant to acquisitions	2,040,282	-	18,190,446	-	-	-	-	-	-	20,230,728
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(106,262)	-	106,262	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,928)	-	-	-	(2,928)
Changes in equity of associates accounted for using equity method	-	-	4,721	-	-	-	-	-	-	4,721
Reorganization	-	-	24,832	-	-	-	-	-	-	24,832
Other changes in capital surplus	-	-	2,240	-	-	-	-	-	-	2,240
BALANCE, DECEMBER 31, 2023	\$ 37,232,618	\$ -	\$ 31,302,785	\$ 33,498,727	\$ -	\$ 12,182,646	\$ (38,219)	\$ 362,335	\$(29,717,344)	\$ 84,823,548

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 13,177,467	\$ 11,932,869
Adjustments for:		
Share of profit of subsidiaries and associates accounted for using equity method	(8,128,791)	(7,239,387)
Depreciation expense	9,862,904	9,382,810
Amortization expense	4,510,446	4,348,013
Amortization of incremental costs of obtaining a contract	1,296,816	1,200,756
Loss on disposal and retirement of property, plant and equipment, net	92,026	222,543
Gain on disposal of property, plant and equipment held for sale	-	(1,014)
Expected credit loss	269,865	255,814
Other income and expenses	(574,820)	(462,936)
Finance costs	1,115,094	755,256
Interest income	(70,487)	(22,032)
Dividend income	(10,220)	(10,016)
Others	(2,397)	(3,320)
Changes in operating assets and liabilities		
Contract assets	(814,820)	(624,185)
Notes and accounts receivable	(805,087)	(696,114)
Accounts receivable due from related parties	57,258	(56,985)
Other receivables	(449,308)	(209,506)
Inventories	100,525	(911,738)
Prepayments	51,612	(55,569)
Other current assets	(536)	(284)
Other financial assets	(2,921)	(3,246)
Incremental costs of obtaining a contract	(1,410,990)	(1,284,110)
Contract liabilities	(143,294)	50,786
Notes payable	(39,302)	145
Accounts payable	60,207	28,181
Accounts payable due to related parties	(16,089)	(6,079)
Other payables	105,624	(92,297)
Provisions	(1,790)	(30,706)
Other current liabilities	59,599	228,310
Net defined benefit liabilities	(17,200)	(16,815)
Cash inflows generated from operating activities	18,271,391	16,679,144
Interest received	6,320	2,542
Interest paid	(433)	(275)
Income taxes paid	(891,402)	(909,884)
Net cash generated from operating activities	<u>17,385,876</u>	<u>15,771,527</u>

(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (5,401,133)	\$ (5,517,350)
Acquisition of right-of-use assets	(22,313)	(25,108)
Acquisition of intangible assets	(187,748)	(145,231)
Increase in prepayments for equipment	(117,517)	(75,539)
Proceeds from disposal of property, plant and equipment	68,617	295
Proceeds from disposal of property, plant and equipment held for sale	-	2,715
Proceeds from disposal of intangible assets	-	10,000
Net cash inflows from business combination	1,742,723	-
Cash outflow on acquisition of subsidiaries	(900,000)	(2,130,000)
Acquisition of financial assets at fair value through other comprehensive income	(479,162)	(375,000)
Transfer of financial assets at fair value through other comprehensive income	-	671,375
Acquisition of investments accounted for using equity method	(50,000)	-
Disposal of investments accounted for using equity method	-	667
Other investing activities	948,413	822,538
Proceeds from transferring of business	43,000	-
Increase in refundable deposits	(123,041)	(148,123)
Decrease in refundable deposits	202,348	133,128
Increase in other financial assets	(432)	-
Decrease in other financial assets	40,946	-
Interest received	59,850	16,713
Dividends received from subsidiaries	6,490,141	5,770,361
Other dividends received	<u>10,220</u>	<u>10,016</u>
Net cash generated from (used in) investing activities	<u>2,324,912</u>	<u>(978,543)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in short-term borrowings	(20,538,575)	500,000
Borrowings from related parties	20,586,000	15,791,000
Repayments of borrowings from related parties	(19,186,000)	(14,317,000)
Increase (Decrease) in short-term notes and bills payable	7,725,167	(1,508,125)
Proceeds from issue of bonds	6,492,645	-
Repayments of bonds	(6,000,000)	-
Proceeds from long-term borrowings	11,648,075	4,499,798
Repayment of long-term borrowings	(3,504,697)	(3,002,712)
Repayment of the principal portion of lease liabilities	(3,551,870)	(3,386,907)
Increase in guarantee deposits received	94,930	93,587
Decrease in guarantee deposits received	(80,560)	(66,229)
Cash dividends paid	(12,128,005)	(12,128,013)
Interest paid	<u>(1,052,896)</u>	<u>(717,121)</u>
Net cash used in financing activities	<u>(19,495,786)</u>	<u>(14,241,722)</u>

(Continued)

TAIWAN MOBILE CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 215,002	\$ 551,262
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,177,458</u>	<u>1,626,196</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 2,392,460</u>	<u>\$ 2,177,458</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, 2023 AND 2022

(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 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.

To expand the business scale and boost the operating performance and competitiveness, TWM merged with Taiwan Star Telecom Corporation Limited (TST). The merger was completed on December 1, 2023, and TST was the dissolved company. Since that date, TWM has acquired the licensed spectrum in the 900MHz, 2100MHz, 2600MHz, and 3500MHz frequency bands.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on February 21, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on TWM's accounting policies.

- b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IAS 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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

- a. Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

1) 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.

2) 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.

c. 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.

d. 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.

1) It holds the asset primarily for the purpose of trading;

2) It expects to realize the asset within twelve months after the reporting period; or

- 3) 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.

- 1) It holds the liability primarily for the purpose of trading;
- 2) The liability is due to be settled within twelve months after the reporting period; or
- 3) 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.

e. 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.

1) Financial assets

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

a) 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).

i. 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.

ii. 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.

b) 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):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. 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.

c) 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.

2) 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.

3) Financial liabilities

a) 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.

b) 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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, with the effects of any changes in the estimates accounted for on a prospective basis.

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.

k. Leases

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

1) 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.

2) 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. 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.

l. 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.

m. Intangible Assets

1) Goodwill

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

2) 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.

3) 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, with the effects of any changes in the estimates accounted for on a prospective basis.

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.

n. 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.

o. Impairment of Non-financial Assets

1) 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 TWM's cash-generating units, or groups of cash-generating units, that are expected to benefit. 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.

2) 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.

p. 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.

1) 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.

2) 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 at the best estimate.

q. 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.

r. 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.

s. 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 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.

t. 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.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1) 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.

2) 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 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.

u. 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.

v. Business Combinations

Business combinations are accounted for by the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

5. MATERIAL 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.

When developing material accounting estimates, TWM considers the possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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.u.

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>2023</u>	<u>2022</u>
Cash on hand and revolving funds	\$ 110,978	\$ 80,905
Cash in banks	<u>2,281,482</u>	<u>2,096,553</u>
	<u>\$ 2,392,460</u>	<u>\$ 2,177,458</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed stocks	<u>\$ 260,822</u>	<u>\$ 245,607</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Unlisted stocks	\$ 619,309	\$ 674,999
Foreign investments		
Unlisted stocks	490,189	30,137
Limited partnerships	<u>1,573,355</u>	<u>1,210,288</u>
	<u>\$ 2,682,853</u>	<u>\$ 1,915,424</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. In October 2023, the Intellectual Property and Commercial Court ruled the price to be \$7.95 per share. TWM has filed an interlocutory appeal, which is now progressing by the Supreme Court.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable	\$ 702	\$ 226
Accounts receivable	8,218,462	6,452,753
Less: Allowance for impairment loss	<u>(414,746)</u>	<u>(379,768)</u>
	<u>\$ 7,804,418</u>	<u>\$ 6,073,211</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, 2023

	<u>Not Past Due</u>	<u>Overdue</u>			<u>Total</u>
		<u>1 to 120 Days</u>	<u>121 to 365 Days</u>	<u>Over 365 Days</u>	
Gross carrying amount	\$ 7,305,932	\$ 697,931	\$ 215,301	\$ -	\$ 8,219,164
Loss allowance (Lifetime ECLs)	<u>(62,906)</u>	<u>(149,408)</u>	<u>(202,432)</u>	<u>-</u>	<u>(414,746)</u>
Amortized cost	<u>\$ 7,243,026</u>	<u>\$ 548,523</u>	<u>\$ 12,869</u>	<u>\$ -</u>	<u>\$ 7,804,418</u>

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>

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	0.75%~85.22%	89.65%~100%

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Beginning balance	\$ 379,768	\$ 324,049
Add: Provision	274,037	250,505
Recovery	45,420	43,969
Less: Write-off	<u>(284,479)</u>	<u>(238,755)</u>
Ending balance	<u>\$ 414,746</u>	<u>\$ 379,768</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>	
	2023	2022
Amount of accounts receivable sold	<u>\$ 415,213</u>	<u>\$ 608,099</u>
Proceeds from the sale of accounts receivable	<u>\$ 46,554</u>	<u>\$ 60,077</u>

9. INVENTORIES

	<u>December 31</u>	
	2023	2022
Merchandise	\$ 3,556,002	\$ 3,605,049
Materials for maintenance	<u>10,105</u>	<u>11,314</u>
	<u>\$ 3,566,107</u>	<u>\$ 3,616,363</u>

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to \$22,743,645 thousand and \$20,472,303 thousand, respectively, which included the reversal of inventory write-down totaling \$15,471 thousand, and the inventory write-down totaling \$38,672 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 51,243,956	\$ 49,004,706
Associates		
AppWorks Ventures Co., Ltd. (AppWorks)	244,983	244,745
NADA Holdings Corp. (NADA)	<u>23,071</u>	<u>-</u>
	<u>\$ 51,512,010</u>	<u>\$ 49,249,451</u>

a. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

b. Associates

Aggregate information of associates that were not individually material:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
TWM's share of:		
Profit (loss)	\$ 5,734	\$ (10,213)
Other comprehensive income (loss)	<u>(3,586)</u>	<u>(16,039)</u>
Comprehensive income (loss)	<u>\$ 2,148</u>	<u>\$ (26,252)</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) NADA

In October 2023, TWM acquired 8.93% equity interest of NADA. Along with subsidiary's 22.97% of ownership interest, the comprehensive shareholding ratio became 31.9%. Thus, NADA was accounted for using equity method.

11. 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, 2023	\$ 3,257,114	\$ 2,014,261	\$ 83,547,790	\$ 4,224,964	\$ 1,605,467	\$ 94,649,596
Additions	-	-	13,899	310,783	5,370,747	5,695,429
Disposals and retirements	-	-	(1,443,694)	(146,740)	(53)	(1,590,487)
Acquisitions through business combinations	579,695	179,806	5,267,263	37,918	73,341	6,138,023
Reclassification	<u>450,856</u>	<u>316,233</u>	<u>4,936,854</u>	<u>1,817</u>	<u>(4,938,671)</u>	<u>767,089</u>
Balance, December 31, 2023	<u>\$ 4,287,665</u>	<u>\$ 2,510,300</u>	<u>\$ 92,322,112</u>	<u>\$ 4,428,742</u>	<u>\$ 2,110,831</u>	<u>\$ 105,659,650</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2023	\$ -	\$ 1,016,196	\$ 65,161,09	\$ 3,666,070	\$ -	\$ 69,843,356
Depreciation	-	41,181	5,969,307	242,497	-	6,252,985
Disposals and retirements	-	-	(1,284,126)	(145,298)	-	(1,429,424)
Reclassification	<u>-</u>	<u>212,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,014</u>
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 1,269,391</u>	<u>\$ 69,846,271</u>	<u>\$ 3,763,269</u>	<u>\$ -</u>	<u>\$ 74,878,931</u>
Carrying amount, December 31, 2023	<u>\$ 4,287,665</u>	<u>\$ 1,240,909</u>	<u>\$ 22,475,841</u>	<u>\$ 665,473</u>	<u>\$ 2,110,831</u>	<u>\$ 30,780,719</u>
<u>Cost</u>						
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	<u>(123,643)</u>	<u>(52,241)</u>	<u>3,957,760</u>	<u>45,396</u>	<u>(4,003,156)</u>	<u>(175,884)</u>
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>
<u>Accumulated depreciation and impairment</u>						
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	<u>-</u>	<u>(21,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,022)</u>
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>

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

Property, plant and equipment pledged as collateral are set out in Note 30.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 730,566	\$ 609,210
Buildings	8,903,286	7,079,502
Telecommunications equipment and machinery	139,688	210,044
Others	<u>44,434</u>	<u>70,238</u>
	<u>\$ 9,817,974</u>	<u>\$ 7,968,994</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 3,595,856</u>	<u>\$ 4,304,657</u>
Depreciation charge for right-of-use assets		
Land	\$ 247,381	\$ 235,148
Buildings	3,216,820	3,065,596
Telecommunications equipment and machinery	89,458	87,059
Others	<u>38,724</u>	<u>38,068</u>
	<u>\$ 3,592,383</u>	<u>\$ 3,425,871</u>

Except for the aforementioned additions, recognized depreciation, and acquisitions through business combinations, TWI did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 4,848,332</u>	<u>\$ 3,018,613</u>
Non-current	<u>\$ 4,955,726</u>	<u>\$ 4,977,758</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	0.61%~1.4%	0.61%~1%
Buildings	0.61%~1.4%	0.61%~1%
Telecommunications equipment and machinery	0.79%~1%	0.79%~1%
Others	0.62%~1.4%	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	
	2023	2022
Expenses related to short-term leases	<u>\$ 23,412</u>	<u>\$ 10,341</u>
Expenses related to low-value asset leases	<u>\$ 61,153</u>	<u>\$ 71,076</u>
Expenses related to variable lease payments and not included in the measurement of lease liabilities	<u>\$ 2,384</u>	<u>\$ 3,217</u>
Total cash outflow for leases	<u>\$ 3,724,421</u>	<u>\$ 3,555,516</u>

13. 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, 2023 and 2022, the fair values of investment properties were \$5,857,060 thousand and \$7,390,645 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.43%~5.11%.

The amounts of depreciation recognized for the years ended December 31, 2023 and 2022 were \$17,536 thousand and \$20,163 thousand, respectively.

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

	December 31	
	2023	2022
Year 1	\$ 91,834	\$ 107,172
Year 2	83,363	45,865
Year 3	69,676	38,677
Year 4	52,707	25,168
Year 5	39,016	9,131
Year 6 and thereafter	<u>27,074</u>	<u>34,137</u>
	<u>\$ 363,670</u>	<u>\$ 260,150</u>

14. INTANGIBLE ASSETS

	Concession Licenses	Goodwill	Other Intangible Assets		Total
			Customer Relationships	Computer Software and Others	
<u>Cost</u>					
Balance, January 1, 2023	\$ 71,699,375	\$ 7,121,871	\$ -	\$ 2,846,317	\$ 81,667,563
Additions	-	-	-	203,666	203,666
Disposals and retirements	-	-	-	(100,385)	(100,385)
Acquisitions through business combinations	20,506,689	17,498,979	955,776	24,185	38,985,629
Reclassification	-	-	-	240,115	240,115
Balance, December 31, 2023	<u>\$ 92,206,064</u>	<u>\$ 24,620,850</u>	<u>\$ 955,776</u>	<u>\$ 3,213,898</u>	<u>\$ 120,996,588</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2023	\$ 21,955,149	\$ -	\$ -	\$ 2,597,532	\$ 24,552,681
Amortization	4,267,925	-	4,662	237,859	4,510,446
Disposals and retirements	-	-	-	(100,385)	(100,385)
Balance, December 31, 2023	<u>\$ 26,223,074</u>	<u>\$ -</u>	<u>\$ 4,662</u>	<u>\$ 2,735,006</u>	<u>\$ 28,962,742</u>
Carrying amount, December 31, 2023	<u>\$ 65,982,990</u>	<u>\$ 24,620,850</u>	<u>\$ 951,114</u>	<u>\$ 478,892</u>	<u>\$ 92,033,846</u>
<u>Cost</u>					
Balance, January 1, 2022	\$ 71,699,375	\$ 7,121,871	\$ -	\$ 2,678,534	\$ 81,499,780
Additions	-	-	-	146,057	146,057
Disposals and retirements	-	-	-	(60,383)	(60,383)
Reclassification	-	-	-	82,109	82,109
Balance, December 31, 2022	<u>\$ 71,699,375</u>	<u>\$ 7,121,871</u>	<u>\$ -</u>	<u>\$ 2,846,317</u>	<u>\$ 81,667,563</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2022	\$ 17,818,565	\$ -	\$ -	\$ 2,446,486	\$ 20,265,051
Amortization	4,136,584	-	-	211,429	4,348,013
Disposals and retirements	-	-	-	(60,383)	(60,383)
Balance, December 31, 2022	<u>\$ 21,955,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,597,532</u>	<u>\$ 24,552,681</u>
Carrying amount, December 31, 2022	<u>\$ 49,744,226</u>	<u>\$ 7,121,871</u>	<u>\$ -</u>	<u>\$ 248,785</u>	<u>\$ 57,114,882</u>

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

Concession licenses	14-21 years
Customer relationships	17 years and 1 month
Computer software	1-6 years
Other intangible assets	
Copyrights	Amortized over the broadcast period

a. Customer relationships

On December 1, 2023, TWM completed the absorption merger with TST. In the assessment of TST's mobile communication services, based on the analysis results, customer relationships were identified and separately disclosed.

b. Goodwill

The goodwill resulted from the merger of TransAsian Telecommunications Inc. and TST in September 2008 and December 2023, respectively.

c. Impairment of assets

In conformity with IAS 36 "Impairment of Assets", TWM 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, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 6.06% and 5.79%, 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, 2023 and 2022, impairment losses on assets did not occur. Furthermore, there are no significant circumstances arising from the actual operational performance being lower than expected after the merger.

15. OTHER NON-CURRENT ASSETS

	<u>December 31</u>	
	2023	2022
Long-term accounts receivable	\$ 44,707	\$ 11,848
Refundable deposits	562,648	444,080
Other prepayments	157,085	211,542
Others	<u>763</u>	<u>3,139</u>
	<u>\$ 765,203</u>	<u>\$ 670,609</u>

16. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2023	2022
Unsecured loans - financing institution	\$ 17,210,000	\$ 19,300,000
Unsecured loans - related parties	<u>14,405,000</u>	<u>13,005,000</u>
	<u>\$ 31,615,000</u>	<u>\$ 32,305,000</u>
Annual interest rates - financing institution	1.55%~1.79%	1.53%~1.65%
Annual interest rates - related parties	1.83378%~ 1.835%	0.87%~ 1.70378%

For the information on related party loans, see Note 29.

b. Short-term notes and bills payable

	<u>December 31</u>	
	2023	2022
Short-term notes and bills payable	\$ 12,900,000	\$ 3,100,000
Less: Discounts on short-term notes and bills payable	<u>(23,743)</u>	<u>(7,605)</u>
	<u>\$ 12,876,257</u>	<u>\$ 3,092,395</u>
Annual interest rates	1.548%~1.608%	1.658%

c. Long-term borrowings

	December 31	
	2023	2022
Unsecured loans	\$ 15,000,000	\$ -
Commercial papers payable	7,000,000	8,000,000
Less: Unamortized expenses on unsecured loans	(11,851)	-
Less: Discounts on commercial papers payable	(6,910)	(3,503)
Less: Current portion	<u>(3,596,411)</u>	<u>(3,499,595)</u>
	<u>\$ 18,384,828</u>	<u>\$ 4,496,902</u>
Annual interest rates:		
Unsecured loans	1.7895%	-
Commercial papers payable	1.535%~2.138%	0.688%~1.81%

1) Unsecured loans

To repay existing loans from financial institutions and enhance mid-term working capital, TWM entered into a syndicated loan with a joint credit agreement with six banks, including Bank of Taiwan and Mega International Commercial Bank on November 16, 2023. The credit limit was set at \$15,000,000 thousand, with a credit period of 5 years. From December 13, 2023, the first installment would be due after 12 months, followed by subsequent installments every 6 months, totaling 9 repayment periods. The agreement stipulates the specific financial covenants, such as maintaining a certain net debt ratio, interest coverage ratio, operating EBITDA etc. throughout the loan term.

2) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment date of the commercial papers payable is in December 2026.

17. BONDS PAYABLE

	December 31	
	2023	2022
5th domestic unsecured straight corporate bonds	\$ 8,998,281	\$ 14,996,589
6th domestic unsecured straight corporate bonds	19,990,793	19,987,778
7th domestic unsecured straight corporate bonds	2,497,712	2,497,207
1st domestic unsecured straight corporate bonds in 2023	6,493,547	-
Less: Current portion	<u>-</u>	<u>(5,999,631)</u>
	<u>\$ 37,980,333</u>	<u>\$ 31,481,943</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, 2023, the amount of unamortized bond issue cost was \$1,719 thousand. The trustee of bond holders is Bank of Taiwan.

The above-mentioned five-year bond was due and the repayment had been made in April 2023.

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

Year	<u>Amount</u>
2025	<u>\$ 9,000,000</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, 2023, the amount of unamortized bond issue cost was \$9,207 thousand. The trustee of bond holders is Bank of Taiwan.

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

Year	<u>Amount</u>
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, 2023, the amount of unamortized bond issue cost was \$2,288 thousand. The trustee of bond holders is Bank of Taiwan.

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

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

d. 1st domestic unsecured straight corporate bonds in 2023

On May 22, 2023, TWM issued the 1st domestic unsecured straight corporate bonds in 2023 and obtained Social Bond accreditation. The bond was five-year bond, with the principal amount of \$6,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 1.537% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of December 31, 2023, the amount of unamortized bond issue cost was \$6,453 thousand. The trustee of bond holders is Bank of Taiwan.

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

Year	<u>Amount</u>
2028	<u>\$ 6,500,000</u>

18. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Restoration	\$ 889,899	\$ 525,368
Warranties	<u>17,091</u>	<u>16,334</u>
	<u>\$ 906,990</u>	<u>\$ 541,702</u>
Current	\$ 370,881	\$ 30,473
Non-current	<u>536,109</u>	<u>511,229</u>
	<u>\$ 906,990</u>	<u>\$ 541,702</u>

	<u>Restoration</u>	<u>Warranties</u>	<u>Total</u>
Balance, January 1, 2023	\$ 525,368	\$ 16,334	\$ 541,702
Provision	15,185	26,474	41,659
Acquisitions through business combinations	351,354	-	351,354
Payment/Reversal	(2,573)	(25,717)	(28,290)
Unwinding of discount	<u>565</u>	<u>-</u>	<u>565</u>
Balance, December 31, 2023	<u>\$ 889,899</u>	<u>\$ 17,091</u>	<u>\$ 906,990</u>
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>

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 \$173,795 thousand and \$164,292 thousand for the years ended December 31, 2023 and 2022, 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	
	2023	2022
Present value of defined benefit obligations	\$ 797,725	\$ 780,116
Fair value of plan assets	<u>(745,672)</u>	<u>(703,131)</u>
Net defined benefit liabilities	<u>\$ 52,053</u>	<u>\$ 76,985</u>

The movements in present value of defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, January 1	\$ 780,116	\$ 943,090
Current service costs	1,310	1,491
Interest costs	11,695	4,716
Actuarial loss (gain) - changes in demographic assumptions	11	(258)
Actuarial loss (gain) - changes in financial assumptions	402	(141,078)
Actuarial gain - experience adjustments	(6,397)	(10,344)
Benefits paid from plan assets	(10,649)	(17,501)
Business combinations	<u>21,237</u>	<u>-</u>
Balance, December 31	<u>\$ 797,725</u>	<u>\$ 780,116</u>

The movements in the fair value of the plan assets for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, January 1	\$ 703,131	\$ 646,423
Net interest income	10,690	3,283
Return on plan assets (excluding amounts included in net interest)	4,522	51,187
Contributions from the employer	19,515	19,739
Benefits paid from plan assets	(10,649)	(17,501)
Business combinations	<u>18,463</u>	<u>-</u>
Balance, December 31	<u>\$ 745,672</u>	<u>\$ 703,131</u>

The expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Current service costs	\$ 1,310	\$ 1,491
Interest costs	11,695	4,716
Net interest income	<u>(10,690)</u>	<u>(3,283)</u>
	<u>\$ 2,315</u>	<u>\$ 2,924</u>

The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Return on plan assets (excluding amounts included in net interest)	\$ (4,522)	\$ (51,187)
Actuarial loss (gain) - changes in demographic assumptions	11	(258)
Actuarial loss (gain) - changes in financial assumptions	402	(141,078)
Actuarial gain - experience adjustments	<u>(6,397)</u>	<u>(10,344)</u>
	<u>\$ (10,506)</u>	<u>\$ (202,867)</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	
	2023	2022
Discount rate	1.25%	1.5%
Long-term average adjustment rate of salary	1.75%	2%

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	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (20,097)</u>	<u>\$ (20,939)</u>
0.25% decrease	<u>\$ 20,793</u>	<u>\$ 21,701</u>
Long-term average adjustment rate of salary		
0.25% increase	<u>\$ 20,324</u>	<u>\$ 21,212</u>
0.25% decrease	<u>\$ (19,743)</u>	<u>\$ (20,572)</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	
	2023	2022
The expected contributions to the Plans for the following year	<u>\$ 19,895</u>	<u>\$ 19,988</u>
The average duration of the defined benefit obligation	10.4 years	10.9 years

20. EQUITY

a. Share capital

As of December 31, 2023 and 2022, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$37,232,618 thousand and \$35,192,336 thousand, respectively, divided into 3,723,262 thousand shares and 3,519,234 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

On December 1, 2023, TWM issued 204,028 thousand shares of common stock to merge with TST. The issuance of new shares has been approved by the Securities and Futures Bureau on November 24, 2023, and the registration procedures have been completed.

TWM had completed the related corporate registration procedures and transferred the capital collected in advance of \$57,135 thousand to common stock in the first quarter of 2022.

b. Capital surplus

	December 31	
	2023	2022
From business combinations	\$ 18,190,446	\$ -
Additional paid-in capital from convertible corporate bonds	7,309,970	9,531,369
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	13,326	8,605
Expired share options	13,269	13,269
Others	<u>28,890</u>	<u>26,651</u>
	<u>\$ 31,302,785</u>	<u>\$ 15,326,778</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 business combinations or 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 2022 and 2021, which have been resolved in the AGM on June 13, 2023 and June 23, 2022, respectively, were as follows:

	For Fiscal Year 2022	For Fiscal Year 2021
Legal reserve	\$ 895,382	\$ 1,102,873
Special reserve	(1,823,415)	(626,324)
Cash dividends	9,881,841	10,551,987
Cash dividends per share (NT\$)	3.5036	3.7412

In addition, cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,246,232 thousand and \$1,576,086 thousand and representing \$0.7964 and \$0.5588 per share, were also resolved in the AGM; thus, total distributions were \$4.3 per share for 2022 and 2021.

The appropriation of earnings for 2023, which were proposed by TWM's Board of Directors on February 21, 2024, were as follows:

	For Fiscal Year 2023
Legal reserve	\$ 1,218,244
Cash dividends	10,964,152
Cash dividends per share (NT\$)	3.6251

Cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,041,242 thousand and representing \$0.6749 per share, were also proposed by TWM's Board of Directors; thus, total distributions were \$4.3 per share for 2023.

The appropriation of earnings and cash distributions arising from capital surplus for 2023 will be resolved in the AGM to be held on June 21, 2024.

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2023	\$ (27,862)	\$ 316,076	\$ 288,214
Changes in fair value of financial assets at FVTOCI	-	303,482	303,482
Changes in other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(10,357)	(294,693)	(305,050)
Valuation loss of equity instruments transferred to retained earnings due to disposal by subsidiaries and associates	-	106,262	106,262
Income tax effect	-	(68,792)	(68,792)
Balance, December 31, 2023	<u>\$ (38,219)</u>	<u>\$ 362,335</u>	<u>\$ 324,116</u>
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	-	(104,622)	(104,622)
Balance, December 31, 2022	<u>\$ (27,862)</u>	<u>\$ 316,076</u>	<u>\$ 288,214</u>

e. Treasury stock

As of December 31, 2023 and 2022, 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 \$68,896,908 thousand and \$66,171,777 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	
	2023	2022
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 45,630,250	\$ 42,144,071
Sales revenue	20,633,336	18,710,201
Other operating revenue	<u>149,056</u>	<u>173,534</u>
	<u>\$ 66,412,642</u>	<u>\$ 61,027,806</u>

a. Contract information

Please refer to Note 4.u.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets			
Bundle sales	\$ 11,981,484	\$ 10,566,808	\$ 9,942,623
Less: Allowance for impairment loss	<u>(85,362)</u>	<u>(89,818)</u>	<u>(84,512)</u>
	<u>\$ 11,896,122</u>	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</u>
Current	\$ 6,093,453	\$ 5,086,808	\$ 4,661,996
Non-current	<u>5,802,669</u>	<u>5,390,182</u>	<u>5,196,115</u>
	<u>\$ 11,896,122</u>	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</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, 2023 and 2022, the expected credit loss rates were 0.75% and 0.85%, respectively.

Movements of the loss allowance of contract assets were as follows:

	For the Year Ended December 31		
	2023	2022	
Beginning balance	\$ 89,818	\$ 84,512	
Provision (reversal)	<u>(4,456)</u>	<u>5,306</u>	
Ending balance	<u>\$ 85,362</u>	<u>\$ 89,818</u>	
	December 31,	December 31,	January 1,
	2023	2022	2022
Contract liabilities			
Telecommunications and value-added services	\$ 1,838,193	\$ 1,171,071	\$ 1,115,029
Sales of goods	<u>10,393</u>	<u>7,409</u>	<u>12,665</u>
	<u>\$ 1,848,586</u>	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</u>
Current	\$ 1,756,620	\$ 1,118,225	\$ 1,066,995
Non-current	<u>91,966</u>	<u>60,255</u>	<u>60,699</u>
	<u>\$ 1,848,586</u>	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</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	
	2023	2022
Contract assets		
Transfers of beginning balance to receivables	\$ 4,985,040	\$ 4,551,949

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	
	2023	2022
Contract liabilities		
Telecommunications and value-added services	\$ 1,096,722	\$ 1,033,703
Sales of goods	<u>5,639</u>	<u>10,741</u>
	<u>\$ 1,102,361</u>	<u>\$ 1,044,444</u>

c. Partially completed contracts

As of December 31, 2023, 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 2024	In 2025	After 2026	Total
Telecommunications and value-added services	<u>\$ 28,947,468</u>	<u>\$ 13,846,106</u>	<u>\$ 4,990,332</u>	<u>\$ 47,783,906</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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Incremental costs of obtaining a contract - non-current	<u>\$ 2,388,239</u>	<u>\$ 1,793,461</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, 2023 and 2022 were \$1,296,816 thousand and \$1,200,756 thousand, respectively.

22. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss on disposal and retirement of property, plant and equipment, net	\$ (92,026)	\$ (222,543)
Gain on disposal of property, plant and equipment held for sale	-	1,014
Loss on foreign exchange, net	(11,173)	(25,952)
Others	<u>(813)</u>	<u>583</u>
	<u>\$ (104,012)</u>	<u>\$ (246,898)</u>

b. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest expense		
Corporate bonds	\$ 319,369	\$ 294,207
Bank loans	288,762	201,547
Related parties	225,184	117,538
Commercial papers payable	212,767	85,049
Lease liabilities	68,012	56,049
Others	<u>1,000</u>	<u>866</u>
	<u>\$ 1,115,094</u>	<u>\$ 755,256</u>

23. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current income tax expense		
Current period	\$ 892,096	\$ 872,180
Prior years' adjustments	<u>11,317</u>	<u>11,029</u>
	<u>903,413</u>	<u>883,209</u>
Deferred income tax expense (income)		
Temporary differences	<u>(55)</u>	<u>24,109</u>
Income tax expense	<u>\$ 903,358</u>	<u>\$ 907,318</u>

The reconciliation of profit before tax to income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 13,177,467</u>	<u>\$ 11,932,869</u>
Income tax expense at domestic statutory tax rate	\$ 2,635,493	\$ 2,386,574
Adjustment items in determining taxable profit	(1,743,397)	(1,514,464)
Temporary differences	(55)	24,109
Land value increment tax	-	70
Prior years' adjustments	<u>11,317</u>	<u>11,029</u>
	<u>\$ 903,358</u>	<u>\$ 907,318</u>

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

	For the Year Ended December 31	
	2023	2022
Deferred income tax expense		
Unrealized gain/loss on financial assets at FVTOCI	\$ 68,792	\$ 104,622
Remeasurements from defined benefit plans	<u>2,101</u>	<u>40,573</u>
Income tax expense	<u>\$ 70,893</u>	<u>\$ 145,195</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, 2023 and 2022 were as follows:

	For the Year Ended December 31, 2023				Closing Balance
	Opening Balance	Recognized in			
		Profit or Loss	Other Comprehensive Income (Loss)	Others	
<u>Deferred tax assets</u>					
Property, plant and equipment	\$ 144,847	\$ (13,632)	\$ -	\$ -	\$ 131,215
Defined benefit plans	15,397	(2,885)	(2,101)	-	10,411
Loss allowance	3,452	27,963	-	-	31,415
Others	<u>182,435</u>	<u>(715)</u>	<u>-</u>	<u>-</u>	<u>181,720</u>
	<u>\$ 346,131</u>	<u>\$ 10,731</u>	<u>\$ (2,101)</u>	<u>\$ -</u>	<u>\$ 354,761</u>
<u>Deferred tax liabilities</u>					
Intangible assets	\$ 703,734	\$ 10,052	\$ -	\$ -	\$ 713,786
Financial assets at FVTOCI	80,248	-	68,792	-	149,040
Others	<u>-</u>	<u>624</u>	<u>-</u>	<u>39,222</u>	<u>39,846</u>
	<u>\$ 783,982</u>	<u>\$ 10,676</u>	<u>\$ 68,792</u>	<u>\$ 39,222</u>	<u>\$ 902,672</u>
	For the Year Ended December 31, 2022				Closing Balance
	Opening Balance	Recognized in			
		Profit or Loss	Other Comprehensive Income (Loss)	Others	
<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)	-
Loss allowance		2,472	980	-	3,452
Others		<u>183,304</u>	<u>(869)</u>	<u>-</u>	<u>182,435</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>

2) Unrecognized deferred tax assets items

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss carryforwards	\$ <u>194,250</u>	\$ <u>-</u>

As of December 31, 2023, TWM had not recognized the prior years' loss carryforwards, totaling \$194,250 thousand, as deferred tax assets. The expiry year is 2033.

d. Income tax examinations

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

Company	Year
TWM	2021
TST (Dissolved)	2020

24. EARNINGS PER SHARE

	<u>For the Year Ended December 31, 2023</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 stockholders	\$ 12,274,109	2,837,810	\$ <u>4.33</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>4,581</u>	
Diluted EPS			
Profit attributable to stockholders (adjusted for potential effect of common stock)	<u>\$ 12,274,109</u>	<u>2,842,391</u>	<u>\$ 4.32</u>
	<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 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 (adjusted for potential effect of common stock)	<u>\$ 11,025,551</u>	<u>2,824,199</u>	<u>\$ 3.90</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 BUSINESS COMBINATIONS

a. Acquisition and Consideration transferred

In order to expand the business scale and boost the operating performance and competitiveness, TWM acquired TST, engaged in the mobile communication service industry, on December 1, 2023. To facilitate the acquisition of TST, TWM issued 204,028 thousand shares of common stock. The fair value of these common shares, determined based on the closing price on the acquisition date, amounted to \$20,239,598 thousand.

b. Assets acquired and liabilities assumed at the date of acquisition

	<u>TST</u>
Current assets	
Cash and cash equivalents	\$ 1,742,723
Receivables	1,330,506
Contract assets	424,076
Others	152,843
Non-current assets	
Property, plant and equipment	6,138,023
Right-of-use assets	2,118,996
Intangible assets - concessions	20,506,689
Intangible assets - customer relationships	955,776
Intangible assets - others	24,185
Incremental cost of obtaining a contract	480,604
Others	707,279
Current liabilities	
Short-term borrowings	(23,787,575)
Contract liabilities	(813,399)
Payables	(1,705,716)
Provisions	(346,565)
Lease liabilities	(2,019,467)
Others	(286,563)
Non-current liabilities	
Long-term borrowings	(2,547,500)
Others	(334,296)
	<u>\$ 2,740,619</u>

The fair value of accounts receivable acquired through business combination transactions was \$1,156,823 thousand, with a gross contractual amount of \$1,258,130 thousand. The best estimate of the expected irrecoverable contract cash flows on the acquisition date was \$101,307 thousand.

c. Goodwill recognized on acquisitions

	<u>TST</u>
Consideration transferred	\$ 20,239,598
Less: Fair value of identifiable net assets acquired	<u>(2,740,619)</u>
Goodwill recognized on acquisitions	<u>\$ 17,498,979</u>

The goodwill recognized in the acquisitions mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

d. Impact of acquisitions on the results of TWM

The operational results from the acquiree since the acquisition date were as follows:

	<u>TST</u>
Operating revenues	\$ 1,046,708
Net loss	<u>\$ (129,586)</u>

Had TWM concluded the acquisition at the beginning of 2023, TWM's revenue would have been \$76,133,005 thousand, and the profit would have been \$9,269,189 thousand for the year ended December 31, 2023. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of TWM that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Year Ended December 31, 2023

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Ending Balance</u>	
			<u>New Leases</u>	<u>Acquisitions Through Business Combinations</u>		<u>Others</u>
Lease liabilities (including current and non-current portions)	<u>\$ 7,996,371</u>	<u>\$ (3,619,882)</u>	<u>\$ 3,592,194</u>	<u>\$ 2,050,227</u>	<u>\$ (214,852)</u>	<u>\$ 9,804,058</u>

For the Year Ended December 31, 2022

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Ending Balance</u>
			<u>New Leases</u>	<u>Others</u>	
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>

27. 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.

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTOCI (including current and non-current portions)	\$ 2,943,675	\$ 2,161,031
Financial assets measured at amortized cost (including current and non-current portions) (Note 1)	<u>13,301,866</u>	<u>10,623,279</u>
	<u>\$ 16,245,541</u>	<u>\$ 12,784,310</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 2)	<u>\$ 117,160,601</u>	<u>\$ 91,192,320</u>

Note 1: The balances comprised 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 comprised 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			
	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bonds payable (including current portion)	\$ 37,980,333	\$ 37,627,421	\$ 37,481,574	\$ 36,972,577

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:

- a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.
- b) 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).
- c) Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
<u>Equity instruments</u>				
Domestic listed stocks	\$ 260,822	\$ -	\$ -	\$ 260,822
Domestic unlisted stocks	-	-	619,309	619,309
Foreign unlisted stocks	-	-	490,189	490,189
Foreign limited partnerships	-	-	1,573,355	1,573,355
	<u>\$ 260,822</u>	<u>\$ -</u>	<u>\$ 2,682,853</u>	<u>\$ 2,943,675</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<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
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>1,210,288</u>	<u>1,210,288</u>
	<u>\$ 245,607</u>	<u>\$ -</u>	<u>\$ 1,915,424</u>	<u>\$ 2,161,031</u>

There were no transfers between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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 23.4% and 26.2% as of December 31, 2023 and 2022, respectively.

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

For the year ended December 31, 2023

	<u>Financial Assets at FVTOCI - Equity Instruments</u>
Balance at January 1, 2023	\$ 1,915,424
Additions	479,162
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>288,267</u>
Balance at December 31, 2023	<u>\$ 2,682,853</u>

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>

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, 2023 and 2022, TWM had unused bank facilities of \$52,721,196 thousand and \$50,745,557 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:

	<u>Contractual Cash Flows</u>	<u>Within 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>
<u>December 31, 2023</u>				
Unsecured loans	\$ 33,374,064	\$ 18,133,474	\$ 15,240,590	\$ -
Unsecured loans - related parties	14,573,769	14,573,769	-	-
Commercial papers payable	20,093,546	16,016,630	4,076,916	-
Bonds payable	39,325,775	337,155	33,916,620	5,072,000
Lease liabilities	<u>9,933,447</u>	<u>4,915,085</u>	<u>4,995,827</u>	<u>22,535</u>
	<u>\$ 117,300,601</u>	<u>\$ 53,976,113</u>	<u>\$ 58,229,953</u>	<u>\$ 5,094,535</u>

	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>

5) Market risk

Market risk is the risk that arises 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.

Refer to Note 34 for the information of TWM's foreign currency assets and liabilities exposed to significant exchange rate risk.

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 \$18,556 thousand and \$36,260 thousand for the years ended December 31, 2023 and 2022, respectively.

b) Interest rate risk

TWM was funded using both fixed and floating interest rates, resulting in exposure to interest rate risk. To mitigate the impact of interest rate fluctuations, TWM maintains a balanced mix of fixed and floating interest rates borrowings.

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 672,998	\$ 345,107
Financial liabilities	88,870,931	78,057,059
Cash flow interest rate risk		
Financial assets	2,174,967	2,122,911
Financial liabilities	25,732,607	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 \$117,788 thousand and \$44,883 thousand for the years ended December 31, 2023 and 2022, 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 \$147,184 thousand and \$108,052 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2023 and 2022, respectively.

29. 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
TWM Power Co., Ltd. (TPC)	Subsidiary
FullSynergy New Retail Co., Ltd. (FSNR)	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary

(Continued)

Related Party	Nature of Relationship
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
momo.com Inc. (momo)	Subsidiary
Taiwan Kuro Times Co., Ltd. (TKT)	Subsidiary (not a subsidiary since December 29, 2023)
Taiwan Digital Service Co., Ltd. (TDS)	Subsidiary
TVI	Subsidiary
TCCI	Subsidiary
TID	Subsidiary
Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Subsidiary
Tai-Fu Cloud Technology Co., Ltd. (TFC)	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
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
Taiwan Mobile Film Co., Ltd. (TWMFM)	Subsidiary
Taiwan Stampede Franchise Film Co., Ltd. (SFF)	Subsidiary
kbro Media Co., Ltd. (kbro Media)	Associate
NADA	Associate
Mistake Entertainment Co., Ltd. (M.E.)	Associate
Uspace Tech Co., Ltd. (Uspace)	Associate
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Mepay Co., Ltd.	Associate (subsidiary of M.E.)
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 (not a related party since the third quarter of 2023)
Fubon Insurance Agency Co., Ltd.	Other related party (Formerly known as Fu-sheng Insurance Agency Co., Ltd.)
Fubon Insurance Agency Co., Ltd.	Other related party (not a related party since the third quarter of 2023)
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 (not a related party since the second quarter of 2023)
Fubon Land Development Co., Ltd.	Other related party

(Continued)

Related Party	Nature of Relationship
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 (not a related party since the first quarter of 2023)
Jih Sun Securities Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Bank, Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Life Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Futures Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Securities Investment Consulting Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd.	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Chen Feng Investment 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
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
Key management	Chairman, director, president, vice president, etc.

(Concluded)

b. Significant transactions with related parties

1) Operating revenue

	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 3,625,290	\$ 3,419,342
Associates	6,509	507
Other related parties	<u>320,964</u>	<u>282,938</u>
	<u>\$ 3,952,763</u>	<u>\$ 3,702,787</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

	For the Year Ended December 31	
	2023	2022
Subsidiaries		
TFN	\$ 5,065,314	\$ 5,043,666
Others	666,647	742,423
Associates	2,141	811
Other related parties	<u>541,994</u>	<u>491,212</u>
	<u>\$ 6,276,096</u>	<u>\$ 6,278,112</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	
		2023	2022
Accounts receivable	Subsidiaries	\$ 417,166	\$ 473,910
Accounts receivable	Associates	960	-
Accounts receivable	Other related parties	<u>51,910</u>	<u>53,384</u>
		<u>\$ 470,036</u>	<u>\$ 527,294</u>
Other receivables	Subsidiaries	\$ 170,426	\$ 188,368
Other receivables	Other related parties	<u>134,901</u>	<u>55,667</u>
		<u>\$ 305,327</u>	<u>\$ 244,035</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	
		2023	2022
Accounts payable	Subsidiaries	\$ 165,585	\$ 191,356
Accounts payable	Associates	72	-
Accounts payable	Other related parties	<u>106,201</u>	<u>96,591</u>
		<u>\$ 271,858</u>	<u>\$ 287,947</u>
Other payables	Subsidiaries	\$ 726,125	\$ 643,516
Other payables	Other related parties	<u>41,031</u>	<u>55,893</u>
		<u>\$ 767,156</u>	<u>\$ 699,409</u>

5) Borrowings from related parties

	December 31	
	2023	2022
Subsidiaries		
TFN	\$ 10,233,000	\$ 9,413,000
WMT	3,920,000	3,179,000
Others	<u>252,000</u>	<u>413,000</u>
	<u>\$ 14,405,000</u>	<u>\$ 13,005,000</u>

The rate on borrowings from related parties was equivalent to the rate in the market.

6) Bank deposits and other financial assets

	December 31	
	2023	2022
Other related parties		
TFCB	<u>\$ 586,950</u>	<u>\$ 602,370</u>

7) Acquisition of subsidiary

Related Party Transaction	Transaction Period	Shares (In Thousands)	Purchase Price
Contributions to TVC's capital increase	2023	70,000	<u>\$ 700,000</u>
	2022	210,000	<u>\$ 2,100,000</u>

8) Acquisition of investments accounted for using equity method

Related Party Transaction	Transaction Period	Shares (In Thousands)	Purchase Price
Contributions to NADA's capital increase	2023	1,667	<u>\$ 50,000</u>

9) Others

a) Refundable deposits

	December 31	
	2023	2022
Subsidiaries	\$ <u>42,430</u>	\$ <u>38,905</u>

b) Other current liabilities - receipts under custody

	December 31	
	2023	2022
Subsidiaries	\$ 71,317	\$ 98,955
Other related parties	<u>178,790</u>	<u>167,264</u>
	<u>\$ 250,107</u>	<u>\$ 266,219</u>

c) Operating expenses

	For the Year Ended December 31	
	2023	2022
Subsidiaries		
TFN	\$ 29,033	\$ 33,259
TT&T	942,397	955,450
Other related parties		
TMF	15,000	16,100
TFCB	164,204	139,353
FSE	32,324	52,451
Others	<u>94,592</u>	<u>92,585</u>
	<u>\$ 1,277,550</u>	<u>\$ 1,289,198</u>

d) Service charges

For the years ended December 31, 2023 and 2022, TWM's service charges received (recognized as deduction of other income and expenses) were as follows:

	For the Year Ended December 31	
	2023	2022
Subsidiaries		
TFN	\$ 416,612	\$ 393,468
Others	<u>42,805</u>	<u>32,733</u>
	<u>\$ 459,417</u>	<u>\$ 426,201</u>

For the years ended December 31, 2023 and 2022, TW M's service charges paid were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Subsidiaries		
TFN	\$ <u>45,600</u>	\$ <u>43,016</u>

e) Finance costs - interest expenses of financing from other parties

	<u>For the Year Ended December 31</u>	
	2023	2022
Subsidiaries		
TFN	\$ 163,872	\$ 84,485
Others	<u>61,312</u>	<u>33,053</u>
	<u>\$ 225,184</u>	<u>\$ 117,538</u>

f) Transferring of business

Proceeds from transferring of business to momo in 2023 were \$71,400 thousand.

10) Lease arrangements

Acquisition of right-of-use assets

	<u>For the Year Ended December 31</u>	
	2023	2022
Subsidiaries	\$ <u>18,853</u>	\$ <u>-</u>

Lease liabilities (including current and non-current portions)

	<u>December 31</u>	
	2023	2022
Subsidiaries	\$ 129,449	\$ 280,740
Other related parties	<u>92,250</u>	<u>129,088</u>
	<u>\$ 221,699</u>	<u>\$ 409,828</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	
	2023	2022
Short-term employee benefits	\$ 314,334	\$ 288,121
Termination and post-employment benefits	<u>7,068</u>	<u>11,385</u>
	<u>\$ 321,401</u>	<u>\$ 299,506</u>

30. ASSETS PLEDGED

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

	December 31	
	2023	2022
Other current financial assets	\$ 34,272	\$ 31,351
Property, plant and equipment (Note)	686,482	-
Other non-current financial assets	<u>432</u>	<u>480</u>
	<u>\$ 721,186</u>	<u>\$ 31,831</u>

Note: The secured loans of TST, which were consolidated through the merger, were fully repaid, and the financing facilities were canceled. However, as of December 31, 2023, the cancellation of the pledged collateral rights had not been completed.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	December 31	
	2023	2022
Purchases of property, plant and equipment	<u>\$ 3,672,708</u>	<u>\$ 7,117,937</u>
Purchases of inventories and sales commitments	<u>\$ 6,029,165</u>	<u>\$ 9,577,839</u>

As of December 31, 2023 and 2022, the amounts of lease commitments commencing after the balance sheet dates were \$304,342 thousand and \$187,601 thousand, respectively.

b. As of December 31, 2023 and 2022, the amounts of endorsements and guarantees provided to TFN, TVC and TKT were \$24,700,000 thousand and \$24,750,000 thousand, respectively.

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 the 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. In June 2023, the Supreme Court dismissed the first retrial of the High Court and remanded the case to the High Court. The case is now in process at the second retrial of the High Court.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. In February 2024, the Board of Directors resolved that TWM would purchase mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. The total amount of the contract would not exceed \$5,590,000 thousand.
- b. In February 2024, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$9,500,000 thousand.

33. OTHERS

Employee benefits, depreciation, and amortization are summarized as follows:

	For the Year Ended December 31, 2023			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Operating Costs or Expense Deduction	Total
Employee benefits				
Salary	\$ 1,142,367	\$ 2,823,331	\$ 332,069	\$ 4,297,767
Insurance expenses	86,122	245,892	21,535	353,549
Pension	45,391	119,604	11,115	176,110
Compensation of directors	-	108,135	-	108,135
Others	50,607	138,973	-	189,580
Depreciation	9,140,991	721,913	-	9,862,904
Amortization	4,362,198	1,445,064	-	5,807,262

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

- a. For the years ended December 31, 2023 and 2022, the average numbers of TWM employees were 3,908 and 3,755, respectively, and the numbers of directors who were not employees were both 8.
- b. For the years ended December 31, 2023 and 2022, TWM's average employee benefits were \$1,286 thousand and \$1,251 thousand, respectively, and TWM's average salaries were \$1,102 thousand and \$1,070 thousand, respectively. The percentage change in the average salary expenses was 3%.
- 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 manager compensation, the variable component of executive compensation is tied to established criteria such as ESG performance, with a correlation ratio of 30%.

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. Estimations for employees' compensation and remuneration to directors were calculated by applying the aforementioned rates.

The employees' compensation and remuneration of directors of 2023 and 2022 shown below were approved by the Board of Directors on February 21 2024 and February 24, 2023, respectively. There was no difference between the approved amounts and the amounts recognized.

	For the Year Ended December 31			
	2023		2022	
	Employees' Compensation Paid in Cash	Remuneration of Directors	Employees' Compensation Paid in Cash	Remuneration of Directors
Amounts approved by the Board of Directors	<u>\$ 405,977</u>	<u>\$ 40,598</u>	<u>\$ 305,936</u>	<u>\$ 30,594</u>
Amounts recognized in the financial statements	<u>\$ 405,977</u>	<u>\$ 40,598</u>	<u>\$ 305,936</u>	<u>\$ 30,594</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.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

TWM's significant assets and liabilities denominated in foreign currencies were as follows:

	December 31, 2023		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 42,305	30.705	\$ 1,298,988
EUR	330	34.14	11,251
Non-monetary items			
USD	67,205	30.705	2,063,544
<u>Foreign currency liabilities</u>			
Monetary items			
USD	54,720	30.705	1,680,188
EUR	34	34.14	1,169

	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

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, 2023 and 2022.

35. 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: Table 5 (attached)
 - 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 6 (attached)
 - 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
 - 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 8 (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 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)

36. SEGMENT INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2023.

TAIWAN MOBILE CO., LTD.

FINANCING EXTENDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 252,000	1.12000%~1.83433%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 32,779,707	\$ 32,779,707	Note 2
			Other receivables	Yes	700,000	300,000	121,000	1.82000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	32,779,707	32,779,707	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	4,200,000	4,200,000	3,920,000	0.87000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	100,000	-	-	-	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	2,000,000	2,000,000	380,000	1.12000%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	1,000,000	1,000,000	380,000	1.11978%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	10,233,000	1.12000%~1.83378%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
			Other receivables	Yes	700,000	-	-	1.52000%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
4	PCTV	TFNM	Other receivables	Yes	520,000	450,000	450,000	1.49733%~1.83500%	Transactions	475,831	-	-	-	-	475,831	475,831	Note 3 and 4
5	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	1.49733%~1.83500%	Short-term financing	-	Repayment of financing	-	-	-	279,000	279,000	Note 3
6	YJCTV	TFNM	Other receivables	Yes	100,000	100,000	100,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	125,376	125,376	Note 3
7	UCTV	UCTV	Other receivables	Yes	400,000	400,000	300,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	740,798	740,798	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, 2023**

(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	\$ -	25.35	\$ 84,823,548	Y	N	N	Note 3
		TVC	Note 2	9,950,000	3,200,000	3,200,000	1,921,150	-	3.77	84,823,548	Y	N	N	Note 3
		TKT	Note 2	-	50,000	-	-	-	-	84,823,548	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, 2023

(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	\$ 260,822	0.028	\$ 260,822		
	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	616,983	5	616,983		
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	29,614	10	29,614		
	KKCompany Technologies Inc.	-	Non-current financial assets at FVTOCI	4,547	460,575	2.77	460,575		
	Taiwan Mobile Communication Inc.	-	Non-current financial assets at FVTOCI	400	2,326	0.99	2,326		
	<u>Limited Partnerships</u> Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	1,518,823	21.67	1,518,823	Note 1	
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	54,532	21.67	54,532	Note 1	
	TCC	<u>Unlisted Stocks</u> Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	109,521	5.21	109,521	
		WMT	<u>Limited Partnerships</u> The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-
TVC	<u>Listed Stocks</u> 91APP, Inc.		-	Non-current financial assets at FVTOCI	2,500	262,500	2.12	262,500	
	17LIVE Group Limited	-	Current financial assets at FVTPL	312	11,283	0.18	11,283	Note 2	
	<u>Unlisted Stocks</u> Jayawijaya Finance Limited	-	Non-current financial assets at FVTPL	5	131,018	6.24	131,018		
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	269	4,200	0.11	4,200		
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,664	549,343	9.43	549,343		
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	180,453	2.39	180,453		
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	27,420	0.36	27,420		
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	723,809	18.2	723,809		
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	29,722	0.11	29,722		
	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	266,857	0.94	266,857		
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	21,521	0.3	21,521		
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	36,586	0.5	36,586		
	Partipost Pte. Ltd.	-	Non-current financial assets at FVTOCI	899	21,883	2.53	21,883		
	Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	7,905	4.48	7,905		
SoundOn Inc.	-	Non-current financial assets at FVTOCI	2,623	164,054	12.79	164,054	Note 3		

(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	-	\$ 19,231	16.38	\$ 19,231	Note 1
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	85,811	0.89	85,811	Note 1
	LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	91,858	2.67	91,858	Note 1
	Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	238,246	1.72	238,246	Note 1
	Northstar Ventures I, L.P.	-	Non-current financial assets at FVTPL	-	24,763	4.28	24,763	Note 1
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	89,128	0.32	89,128	Note 1
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	115,579	13.58	115,579	Note 1
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	72,172	1.21	72,172	Note 1
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	38,134	16	38,134	Note 1
	<u>Convertible Notes</u>							
	CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	123,189	-	123,189	
	Manuscript Inc.	-	Non-current financial assets at FVTPL	-	501,505	-	501,505	
TCCI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,768,981	5.38	19,768,981	
	<u>Unlisted Stocks</u>							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	36,417	6.67	36,417	
TUI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,491,597	11.03	40,491,597	
TID	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,636,330	2.36	8,636,330	
momo	<u>Listed Stocks</u>							
	eSun Holdings Limited	-	Current financial assets at FVTOCI	728	623	0.04	623	Note 2
	<u>Unlisted Stocks</u>							
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	287,500	7.61	287,500	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,073	96,815	7.68	96,815	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	308,491	2.5	308,491	

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

Note 2: Foreign listed stock.

Note 3: The investment agreement included a guarantee clause, accounting for financial assets at FVTPL amounted to \$3,581 thousand.

Note 4: For the information on investments in subsidiaries and associates, see Table 8 and Table 9 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, 2023

(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	433,051	\$ 4,604,998	70,000	\$ 700,000	-	\$ -	\$ -	\$ -	512,260 (Note 2)	\$ 5,122,412
	KKCompany Technologies Inc.	Non-current financial assets at FVTOCI	-	-	-	-	4,547	479,162	-	-	-	-	4,547	460,575
TVC	<u>Unlisted Stocks</u> TKT	Investment accounted for using equity method	KKCompany Technologies Inc.	-	14,700	334,369	-	-	2,862 (Note 3)	845,653	137,700	707,953	-	-

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 received in 2023.

Note 3: The disposal of shares pertained to TKT's shares after its capital reduction in 2023.

TAIWAN MOBILE CO., LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST \$300 MILLION OR 20% OF THE PAID IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Warehousing logistics construction	October 31, 2023	\$ 5,302,857	momo has paid \$265,143 thousand. The remaining amounts will be settled in accordance with the contract.	Li Jin Engineering Co., Ltd.	-	-	-	\$ -	Budget commitments had been approved by the Board of Directors, and determined by price comparison and price negotiation	Business development needs	None	

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, 2023

(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	\$ 148,335	-	Based on contract terms	-	-	\$ 23,241	-	Note 3
			Purchase	5,065,314	10	Based on contract terms	-	-	(490,954)	Note 2	Note 3
	TPIA	Subsidiary	Sale	208,807	-	Based on contract terms	-	-	85,905	1	
	TFNM	Subsidiary	Purchase	209,159	-	Based on contract terms	-	-	(46,757)	Note 2	
	TKT	Subsidiary	Purchase	134,193	-	Based on contract terms	-	-	-	-	Note 4
	momo	Subsidiary	Sale	3,249,636	5	Based on contract terms	-	-	301,257	4	
			Purchase	236,791	-	Based on contract terms	-	-	(20,645)	1	
TWM&TDS	Fubon Insurance	Other related party	Sale	337,792	1	Based on contract terms	-	-	61,380	1	
TNH	TWM	Parent	Sale	130,000	21	Based on contract terms	-	-	1,734	32	
TFN	TFC	Fellow subsidiary	Sale	145,939	1	Based on contract terms	-	-	24,554	2	
			Sale	212,161	2	Based on contract terms	-	-	36,359	3	
			Sale	400,496	4	Based on contract terms	-	-	66,052	6	
kbro	Other related party	Sale									
TT&T	TWM	Ultimate parent	Sale	944,022	90	Based on contract terms	-	-	84,101	91	
TPIA	Fubon Insurance	Other related party	Sale	356,807	98	Based on contract terms	-	-	113,469	97	
TFNM	YJCTV	Subsidiary	Channel leasing fee	364,108	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	475,831	13	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	215,058	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	172,561	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	146,906	48	Based on contract terms	Note 1	Note 1	(24,484)	66	
WTVB	kbro	Other related party	Sale	194,132	20	Based on contract terms	-	-	50,960	9	
momo	FSL	Subsidiary	Purchase	1,163,435	1	Based on contract terms	-	-	(280,121)	3	
			Purchase	174,322	-	Based on contract terms	-	-	(14,687)	-	
			Purchase	130,124	-	Based on contract terms	-	-	(68)	-	

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

Note 2: Including accounts payable and other payables.

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

Note 4: TKT was no longer a subsidiary since December 29, 2023.

TAIWAN MOBILE CO., LTD.

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023

(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	Notes and accounts receivable	\$ 301,257	9.79	\$ -	-	\$ 298,004	\$ -
			Other receivables	79,268		-	-	15,725	-
TCC	TWM	Parent	Other receivables	252,772		-	-	-	-
	TFC	Subsidiary	Other receivables	121,359		-	-	50,148	-
WMT	TWM	Parent	Other receivables	3,928,647		-	-	-	-
	TFNM	Subsidiary	Other receivables	380,799		-	-	180,045	-
	WTVB	Subsidiary	Other receivables	381,432		-	-	80,301	-
TFN	TWM	Ultimate parent	Notes and accounts receivable	498,421	10.27	-	-	439,002	-
			Other receivables	10,316,301		-	-	17,715	-
TPIA	Fubon Insurance	Other related party	Notes and accounts receivable	113,469	3.29	-	-	30,010	-
YJCTV	TFNM	Parent	Notes and accounts receivable	5,764	7.32	-	-	3,837	-
			Other receivables	100,120		-	-	-	-
PCTV	TFNM	Parent	Notes and accounts receivable	6,286	7.34	-	-	4,127	-
			Other receivables	450,035		-	-	34	-
UCTV	TFNM	Parent	Notes and accounts receivable	4,123	7.25	-	-	2,608	-
			Other receivables	301,012		-	-	-	-
GCTV	TFNM	Parent	Notes and accounts receivable	2,661	7.06	-	-	1,716	-
			Other receivables	250,001		-	-	-	-
momo	TWM	Ultimate parent	Notes and accounts receivable	146,572	11.44	-	-	146,361	-
			Other receivables	52,680		-	-	51,504	-
momo	TFCB	Other related party	Notes and accounts receivable	239,796	Note 1	-	-	239,677	-
			Other receivables	450,321		-	-	450,321	-
FSL	momo	Parent	Notes and accounts receivable	280,726	4.37	-	-	267,254	-

Note 1: Not applicable due to the transaction partners and the nature of transactions.

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, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TFNM	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	\$ 341,250	\$ 341,250	14,103	33.58	\$ 60,032	\$ (29,384)	\$ -	Note 2
	M.E.	Taiwan	Livestreaming artists management services and digital media production	30,628	-	537	11.33	30,753	(20,968)	-	Note 2 and 8
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	Note 8	\$ 30,628	Note 8	Note 8	Note 8	Note 8	-	Note 8
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,689	25,535	-	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	95,654	24,276	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	12,929	(5,520)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	465,798	(82,414)	-	Note 2
	FLI	Taiwan	Life insurance agent	Note 9	3,000	Note 9	Note 9	Note 9	Note 9	-	Note 2 and 9
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	100	9,894	288	-	Note 2 and 10
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	53,008	11,415	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	98,965	90,880	9,373	93.73	29,579	35	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	362,637	94,815	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	107,287	8,888	-	Note 2
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	227,058	8,028	-	Note 2
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	465,798	(82,414)	-	Note 2

Note 1: Downstream transactions, upstream transactions, and consolidated unrealized gain or loss, etc., 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: Disposed of in December 2023.

Note 7: 70.47% of stocks are held under trustee accounts.

Note 8: Due to organizational restructuring.

Note 9: Merged with FI in November 2023.

Note 10: Formerly known as Fuli Property Insurance Agent Co., Ltd. Renamed and changed its main business in February 2023.

Note 11: For information on investments in mainland China, see Table 9 for the details.

(Concluded)

TAIWAN MOBILE CO., LTD.
INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 92,115 (USD 3,000)	b	\$ 149,592 (USD 4,872)	\$ -	\$ -	\$ 149,592 (USD 4,872)	\$ 468	100	\$ 468	\$ 82,308	\$ -	Note 2
FGE	Wholesaling	334,722 (RMB 77,500)	b	815,413 (USD 14,000) (RMB 89,267)	-	-	815,413 (USD 14,000) (RMB 89,267)	(6,043)	76.7	(4,635)	2,290	-	Note 3
Haobo	Investment	47,509 (RMB 11,000)	b	-	-	-	-	(82,110)	100	(82,110)	437,479	-	
GHS	Wholesaling	215,950 (RMB 50,000)	b	-	-	-	-	37,667	20	1,340	391,900	-	

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	\$1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$56,030,492

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 liquidation process was still in progress.

Note 3: In October 2023, the Board of Directors resolved to liquidate the company, and the liquidation process was still in progress.

Note 4: 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, 2023

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.03
TCCI	200,496,761	5.38
Shin Kong Life Insurance Co., Ltd.	194,128,000	5.21

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 (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter.

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TAIWAN MOBILE CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Summary	Amount
Cash on hand and revolving funds		<u>\$ 110,978</u>
Cash in banks		
Demand deposits		1,032,743
Foreign currency deposits		
	(US\$35,735 thousand at an exchange rate of \$30.705)	1,097,245
	(EUR301 thousand at an exchange rate of \$34.14)	10,275
	(GBP0.03 thousand at an exchange rate of \$39.37)	1
Checking account deposits		<u>141,218</u>
		<u>2,281,482</u>
		<u>\$ 2,392,460</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Others (Note)	\$ 8,219,164
Less: Allowance for impairment loss	<u>(414,746)</u>
	<u>\$ 7,804,418</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, 2023
(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	502,970	\$ 19,869,765	-	\$ -	-	\$ (3,571,618)	\$ 3,937,175	502,970	100	\$ 20,235,322	\$ 81,949,268
WMT	42,065	22,545,770	-	-	-	(2,883,059)	4,031,509	42,065	100	23,694,220	23,695,875
TVC	433,051	4,604,998	79,209	700,000	-	(62)	(182,524)	512,260	100	5,122,412	5,122,412
TNH	191,866	1,960,752	-	-	-	(35,402)	62,541	191,866	49.9	1,987,891	1,987,409
FSD	3,000	23,421	-	-	-	-	(18,267)	3,000	100	5,154	15,534
TPC	-	-	10,000	100,000	-	-	(896)	10,000	100	99,104	99,104
FSNR	-	-	10,000	100,000	-	-	(147)	10,000	100	99,853	99,853
AppWorks	2,168	244,745	-	-	-	-	238	2,168	51	244,983	10,764
NADA	-	-	1,667	50,000	-	-	(26,929)	1,667	8.93	23,071	23,071
		<u>\$ 49,249,451</u>		<u>\$ 950,000</u>		<u>\$ (6,490,141)</u>	<u>\$ 7,802,700</u>			<u>\$ 51,512,010</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, 2023
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Total
<u>Cost</u>					
Balance, January 1, 2023	\$ 1,101,407	\$ 13,709,953	\$ 522,395	\$ 169,340	\$ 15,503,095
Additions	269,073	3,282,709	30,248	13,826	3,595,856
Acquisitions through business combinations	124,245	1,993,835	-	916	2,118,996
Remeasurement of lease liabilities	(15)	(1,199)	1,994	-	780
Deductions	(228,081)	(3,041,921)	(37,000)	(12,637)	(3,319,639)
Others	<u>(5,751)</u>	<u>(15,396)</u>	<u>-</u>	<u>-</u>	<u>(21,147)</u>
Balance, December 31, 2023	<u>\$ 1,260,878</u>	<u>\$ 15,927,981</u>	<u>\$ 517,637</u>	<u>\$ 171,445</u>	<u>\$ 17,877,941</u>
<u>Accumulated depreciation</u>					
Balance, January 1, 2023	\$ 492,197	\$ 6,630,451	\$ 312,351	\$ 99,102	\$ 7,534,101
Depreciation	247,381	3,216,820	89,458	38,724	3,592,383
Deductions	(207,414)	(2,825,392)	(23,860)	(10,815)	(3,067,481)
Others	<u>(1,852)</u>	<u>2,816</u>	<u>-</u>	<u>-</u>	<u>964</u>
Balance, December 31, 2023	<u>\$ 530,312</u>	<u>\$ 7,024,695</u>	<u>\$ 377,949</u>	<u>\$ 127,011</u>	<u>\$ 8,059,967</u>
Carrying amount, December 31, 2023	<u>\$ 730,566</u>	<u>\$ 8,903,286</u>	<u>\$ 139,688</u>	<u>\$ 44,434</u>	<u>\$ 9,817,974</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Loan Type	Amount	Contract Period	Interest Rates	Loan Commitments (Note)	Collateral
Unsecured - bank	<u>\$ 17,210,000</u>	2023.10.31~2024.02.29	1.55%~1.79%	<u>\$ 71,570,500</u>	None
Unsecured - related parties					
TFN	10,233,000	2023.05.05~2024.05.04		11,000,000	None
WMT	3,920,000	2023.11.15~2024.11.14	1.83378%~1.835%	4,200,000	None
TCC	<u>252,000</u>	2023.05.05~2024.05.04		<u>500,000</u>	None
	<u>14,405,000</u>			<u>15,700,000</u>	
	<u>\$ 31,615,000</u>			<u>\$ 87,270,500</u>	

Note: Certain loan commitments are available for both short-term and long-term borrowings.

TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE
DECEMBER 31, 2023
(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	2023.10.31~2024.02.29		\$ 5,500,000	\$ (9,221)	\$ 5,490,779
	Yuanta Commercial Bank	2023.10.31~2024.02.29	1.548%~1.608%	5,000,000	(8,292)	4,991,708
	Taishin International Bank	2023.11.30~2024.02.29		1,500,000	(3,891)	1,496,109
	Mega Bills Finance Corporation	2023.11.30~2024.02.29		<u>900,000</u>	<u>(2,339)</u>	<u>897,661</u>
				<u>\$ 12,900,000</u>	<u>\$ (23,743)</u>	<u>\$ 12,876,257</u>

TAIWAN MOBILE CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Company A	\$ 627,203
Company B	422,842
Company C	173,909
Company D	116,401
Company E	113,572
Others (Note)	<u>788,304</u>
	<u>\$ 2,242,231</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, 2023****(In Thousands of New Taiwan Dollars)**

Item	Amount
Equipment and construction	\$ 2,364,621
Salaries and pension	1,601,918
Rents and utilities expense	932,908
Repair and maintenance expense	883,494
Estimated loss from lawsuits	765,779
Others (Note)	<u>2,750,983</u>
	<u>\$ 9,299,703</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, 2023
(In Thousands of New Taiwan Dollars)

Institution Providing Guarantee or Acceptance	Amount	Contract Period	Interest Rates	Collateral
Unsecured loans	\$15,000,000	2023.12.13~2028.12.13	1.7895%	None
Commercial papers payable				
China Bills Finance Corporation	4,500,000	2022.06.02~2025.06.01		None
Mega Bill Finance Corporation	2,000,000	2023.12.29~2026.12.28	1.535%~2.138%	None
Union Bank of Taiwan	500,000	2023.02.24~2025.02.23		None
Less: Unamortized expenses on unsecured loans	(11,851)			
Less: Discounts on commercial papers payable	(6,910)			
Less: Current portion	<u>(3,596,411)</u>			
	<u>\$18,384,828</u>			

TAIWAN MOBILE CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Item (Target)	Lease Terms	Discount Rates	Amount
Land	1-19 years	0.61%~1.4%	\$ 734,397
Buildings	1-10 years	0.61%~1.4%	8,875,260
Telecommunications equipment and machinery	6 years	0.79%~1%	148,895
Others	1-5 years	0.62%~1.4%	<u>45,506</u>
			<u>\$ 9,804,058</u>

TAIWAN MOBILE CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Cost of goods sold	\$ 22,743,645
Depreciation	9,140,991
Interconnecting cost (Note 1)	7,366,349
Government fees (Note 2)	4,872,006
Others (Note 3)	<u>6,265,435</u>
	<u>\$ 50,388,426</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, 2023
(In Thousands of New Taiwan Dollars)**

Item	Marketing	Administrative	Total
Salaries and pension	\$ 1,705,512	\$ 1,158,499	\$ 2,864,011
Amortization	1,303,529	139,984	1,443,513
Professional service fees	1,166,584	274,164	1,440,748
Commissions and mobile phone subsidies	778,451	-	778,451
Service charges	414,178	340,926	755,104
Depreciation	494,434	222,989	717,423
Others (Note)	<u>1,293,333</u>	<u>779,422</u>	<u>2,072,755</u>
	<u>\$ 7,156,021</u>	<u>\$ 2,915,984</u>	<u>\$ 10,072,005</u>

Note: The amount of each item was less than 5% of the total account balance.