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:

<u>Telecommunications and Value-added Services Revenue</u>

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

<u>*Notice to Readers*</u>

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)

	December 31, 2023		December 31, 2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 31)	$ 13,244,266	5	$ 14,934,740	8
Financial assets at fair value through profit or loss	11,283	-	-	-
Financial assets at fair value through other comprehensive income (Note 7)	261,445	-	249,824	-
Financial assets at amortized cost	151,144	-	-	-
Contract assets (Note 22)	6,100,164	3	5,092,822	3
Notes and accounts receivable, net (Note 8)	9,128,414	4	7,711,033	4
Notes and accounts receivable due from related parties (Note 31)	589,232	-	576,760	-
Other receivables (Note 31)	4,464,950	2	3,359,268	2
Inventories (Note 9)	8,193,068	4	8,101,340	4
Prepayments (Note 31)	1,030,527	-	572,104	-
Disposal groups held for sale	3,082	-	-	-
Other financial assets (Notes 31 and 32)	786,371	-	646,289	-
Other current assets	194,218	-	194,920	-
Total current assets	44,158,164	18	41,439,100	21
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss	1,821,715	1	1,181,015	-
Financial assets at fair value through other comprehensive income (Note 7)	5,530,350	2	4,786,843	3
Financial assets at amortized cost	236,697	-	-	-
Contract assets (Note 22)	5,811,221	2	5,397,742	3
Investments accounted for using equity method (Notes 10 and 31)	1,793,865	1	1,794,033	1
Property, plant and equipment (Notes 12 and 32)	50,676,171	21	44,247,993	23
Right-of-use assets (Notes 13 and 31)	13,746,288	6	9,784,277	5
Investment properties (Note 14)	2,182,504	1	2,734,429	2
Concessions (Notes 15 and 32)	72,238,167	30	56,178,122	29
Goodwill (Note 15)	33,228,022	14	15,819,108	8
Other intangible assets (Note 15)	5,947,084	2	4,874,135	3
Deferred tax assets (Note 24)	730,251	-	575,978	-
Incremental costs of obtaining a contract (Note 22)	2,492,742	1	1,913,755	1
Other financial assets (Notes 31 and 32)	427,014	-	373,125	-
Other non-current assets (Notes 16 and 31)	1,944,106	1	1,972,011	1
Total non-current assets	198,806,197	82	151,632,566	79
TOTAL	$ 242,964,361	100	$ 193,071,666	100

	December 31, 2023		December 31, 2022	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 18,460,000	8	$ 20,550,000	11
Short-term notes and bills payable (Note 17)	12,876,257	5	3,092,395	2
Contract liabilities (Note 22)	2,608,499	1	2,079,999	1
Notes payable	232,394	-	520,769	-
Accounts payable	13,245,827	5	13,326,938	7
Notes and accounts payable due to related parties (Note 31)	131,492	-	133,150	-
Other payables (Note 31)	11,943,612	5	10,373,509	5
Current tax liabilities	2,274,634	1	2,537,557	1
Provisions (Note 19)	461,400	-	80,467	-
Lease liabilities (Notes 13, 28 and 31)	5,785,690	2	3,693,801	2
Advance receipts	94,817	-	164,474	-
Long-term liabilities, current portion (Notes 17 and 18)	3,713,406	2	9,772,757	5
Other current liabilities (Note 31)	3,900,314	2	3,242,300	2
Total current liabilities	75,728,342	31	69,568,116	36
NON-CURRENT LIABILITIES				
Contract liabilities (Note 22)	409,315	-	97,845	-
Bonds payable (Note 18)	37,980,333	16	31,481,943	16
Long-term borrowings (Note 17)	20,118,833	8	6,282,531	3
Provisions (Note 19)	1,486,571	1	1,440,590	1
Deferred tax liabilities (Note 24)	1,393,052	-	1,278,223	1
Lease liabilities (Notes 13, 28 and 31)	7,978,053	3	6,155,641	3
Net defined benefit liabilities (Note 20)	58,013	-	108,631	-
Guarantee deposits	1,425,121	1	1,310,619	1
Other non-current liabilities	3,002,574	1	2,496,747	1
Total non-current liabilities	73,851,865	30	50,652,770	26
Total liabilities	149,580,207	61	120,220,886	62
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)				
Common stock	37,232,618	15	35,192,336	18
Capital surplus	31,302,785	13	15,326,778	8
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

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 Amount	2023 %	2022 Amount	2022 %
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											
				Retained Earnings			Other Equity Interests					
	Common Stock	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Total	Non-controlling Interests	Total Equity
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)

	2023	2022
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	29,057,509	29,576,551

(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 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	(7,072,937)	(11,631,753)

(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	(23,673,462)	(18,413,364)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,584)	1,281
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,690,474)	(467,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	14,934,740	15,402,025
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	$ 13,244,266	$ 14,934,740

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.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
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 December 31, 2023	Percentage of Ownership December 31, 2022	Note
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00%	100.00%	-
	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00%	100.00%	-
	TWM Venture Co., Ltd. (TVC)	Investment	100.00%	100.00%	-
	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90%	49.90%	-
	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 remeasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit liability (asset) represents the deficit (surplus) of defined benefit plans. IAS 19 requires 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	1,899,438	2,349,006
	$ 13,244,266	$ 14,934,740

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2023	December 31, 2022
Investments in equity instruments-current		
Domestic investments		
Listed stocks	$ 260,822	$ 245,607
Foreign investments		
Listed stocks	623	-
Unlisted stocks	-	4,217
	$ 261,445	$ 249,824
Investments in equity instruments - non-current		
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	1,573,355	1,210,288
	$ 5,530,350	$ 4,786,843

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	(418,378)	(387,638)
	$ 9,128,414	$ 7,711,033

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

	Not Past Due	Overdue 1 to 120 Days	Overdue 121 to 365 Days	Overdue Over 365 Days	Total
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	$ 8,523,479	$ 591,052	$ 13,230	$ 653	$ 9,128,414

December 31, 2022

	Not Past Due	Overdue 1 to 120 Days	Overdue 121 to 365 Days	Overdue Over 365 Days	Total
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	$ 7,257,604	$ 443,409	$ 10,020	$ -	$ 7,711,033

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

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

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

	For the Year Ended December 31 2023	2022
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	$ 418,378	$ 387,638

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

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

9. INVENTORIES

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

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:

	December 31, 2023		December 31, 2022	
Investee Company	Amount	% of Ownership	Amount	% of Ownership
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.)	30,753	11.33	33,110	11.33
	$ 1,793,865		$ 1,794,033	

Aggregate information of associates that were not individually material:

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit (loss)	$(51,417)	$ 10,145
Other comprehensive income (loss)	(51,844)	(18,200)
Comprehensive income (loss)	$(103,261)	$(8,055)

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

	Proportion of Non-controlling Interests' Ownership and Voting Rights	
Subsidiary	**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	$ 17,653,435	$ 17,377,062
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
	86,387	88,221
	$ 17,653,435	$ 17,377,062

	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	$ 3,633,769	$ 3,433,636
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)
	$ 3,628,792	$ 3,433,902
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)
	$ 3,633,769	$ 3,433,636

	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	$(1,766,557)	$(759,687)
Dividends paid to non-controlling interests	$ 1,802,064	$ 1,301,491

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommunications Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
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	434,225	306,589	6,471,080	316,787	(6,803,403)	725,278
Balance, December 31, 2023	$ 11,304,617	$ 6,153,739	$ 117,569,844	$ 9,780,914	$ 5,187,436	$ 149,996,550
Accumulated depreciation and impairment						
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	-	207,614	(49,961)	(1,827)	-	155,826
Balance, December 31, 2023	$ -	$ 2,475,489	$ 88,343,895	$ 8,500,995	$ -	$ 99,320,379
Carrying amount, December 31, 2023	$ 11,304,617	$ 3,678,250	$ 29,225,949	$ 1,279,919	$ 5,187,436	$ 50,676,171
Cost						
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	$ 10,290,697	$ 5,667,344	$ 107,475,035	$ 9,410,610	$ 3,880,214	$ 136,723,900
Accumulated depreciation and impairment						
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	$ -	$ 2,131,858	$ 82,115,130	$ 8,228,919	$ -	$ 92,475,907
Carrying amount, December 31, 2022	$ 10,290,697	$ 3,535,486	$ 25,359,905	$ 1,181,691	$ 3,880,214	$ 44,247,993

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
Carrying amount		
Land	$ 740,287	$ 616,943
Buildings	12,739,097	8,762,700
Telecommunications equipment and machinery	187,213	299,705
Others	79,691	104,929
	$ 13,746,288	$ 9,784,277

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 6,590,507	$ 5,147,472
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	55,835	58,033
	$ 4,442,325	$ 4,153,176

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
Carrying amount		
Current	$ 5,785,690	$ 3,693,801
Non-current	$ 7,978,053	$ 6,155,641

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: Concession Licenses	Concessions: Service Concessions	Goodwill	Other Intangible Assets: Customer Relationships	Other Intangible Assets: Operating Rights	Other Intangible Assets: Trademarks	Other Intangible Assets: Computer Software and Others	Total
Cost								
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	$ 92,206,064	$ 8,180,078	$ 33,281,509	$ 3,599,602	$ 1,382,000	$ 2,495,200	$ 4,284,623	$ 145,429,076
Accumulated amortization and impairment								
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	$ 26,223,074	$ 1,924,901	$ 53,487	$ 2,187,062	$ -	$ 820	$ 3,626,459	$ 34,015,803
Carrying amount, December 31, 2023	$ 65,982,990	$ 6,255,177	$ 33,228,022	$ 1,412,540	$ 1,382,000	$ 2,494,380	$ 658,164	$ 111,413,273
Cost								
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	$ 71,699,375	$ 8,180,078	$ 15,872,595	$ 2,643,826	$ 1,382,000	$ 2,517,164	$ 3,832,774	$ 106,127,812
Accumulated amortization and impairment								
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	$ 21,955,149	$ 1,746,182	$ 53,487	$ 2,046,000	$ -	$ 741	$ 3,454,888	$ 29,256,447
Carrying amount, December 31, 2022	$ 49,744,226	$ 6,433,896	$ 15,819,108	$ 597,826	$ 1,382,000	$ 2,516,423	$ 377,886	$ 76,871,365

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	3,269,636	3,269,636
	$ 33,228,022	$ 15,819,108

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	463,780	466,053
	$ 1,944,106	$ 1,972,011

17. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	$ 18,460,000	$ 20,550,000
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	(23,743)	(7,605)
	$ 12,876,257	$ 3,092,395
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	(11,851)	-
Less: Unamortized expenses on secured loans	-	(840)
Less: Discounts on commercial papers payable	(6,910)	(3,503)
Less: Current portion	(3,713,406)	(3,773,126)
	$ 20,118,833	$ 6,282,531
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	-	(5,999,631)
	$ 37,980,333	$ 31,481,943

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	$ 9,000,000

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	5,000,000
	$ 20,000,000

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	$ 2,500,000

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	$ 6,500,000

19. PROVISIONS

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

	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	2,540	14,106	-	16,646
Balance, December 31, 2023	$ 1,368,089	$ 562,791	$ 17,091	$ 1,947,971
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	2,746	12,374	-	15,120
Balance, December 31, 2022	$ 999,153	$ 505,570	$ 16,334	$ 1,521,057

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	$ 58,013	$ 108,631

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	21,237	-
Balance, December 31	$ 1,272,416	$ 1,265,928

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	$ 1,214,403	$ 1,157,297

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)
	$ 2,642	$ 4,335

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)
	$(21,870)	$(324,205)

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	$(32,744)	$(34,711)
0.25% decrease	$ 33,901	$ 36,004
Long-term average adjustment rate of salary		
0.25% increase	$ 33,149	$ 35,214
0.25% decrease	$(32,183)	$(34,126)

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	$ 32,996	$ 32,192
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
	$ 31,302,785	$ 15,326,778

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	$(38,219)	$ 362,335	$ 324,116
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	$(27,862)	$ 316,076	$ 288,214

(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	133,247	157,619
	$ 183,347,825	$ 172,206,112

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)
	$ 11,911,385	$ 10,490,564	$ 9,867,050
Current	$ 6,100,164	$ 5,092,822	$ 4,667,271
Non-current	5,811,221	5,397,742	5,199,779
	$ 11,911,385	$ 10,490,564	$ 9,867,050

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	$ 85,364	$ 89,820

	December 31, 2023	December 31, 2022	January 1, 2022
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	4,061	4,093	10,090
	$ 3,017,814	$ 2,177,844	$ 1,984,308
Current	$ 2,608,499	$ 2,079,999	$ 1,894,828
Non-current	409,315	97,845	89,480
	$ 3,017,814	$ 2,177,844	$ 1,984,308

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	$ 4,990,509	$ 4,555,995

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	$ 1,127,218	$ 1,078,588
Sales of goods	242,611	147,844
Cable TV and broadband services	618,997	614,249
Others	3,653	9,593
	$ 1,992,479	$ 1,850,274

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:

	Telecommunications and Value-added Services	Cable TV and Broadband Services	Others	Total
- 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	5,590,911	112,022	1,783,724	7,486,657
	$ 51,493,522	$ 2,216,090	$ 2,462,237	$ 56,171,849

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	$ 2,492,742	$ 1,913,755

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	512	(147)
	$ 742,881	$(140,445)

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	27,196	26,493
	$ 1,029,247	$ 737,134

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	3,178	(4,777)
	3,211,115	3,134,263
Deferred income tax expense (income)		
Temporary differences	(74,755)	85,567
Income tax expense	$ 3,136,360	$ 3,219,830

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	$ 17,471,364	$ 16,191,242
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	3,178	(4,777)
	$ 3,136,360	$ 3,219,830

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	4,374	64,841
Income tax expense (income)	$(18,908)	$ 122,161

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				
		Recognized in			
	Opening Balance	Profit or Loss	Other Comprehensive Income (Loss)	Others	Closing Balance
Deferred tax assets					
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	220,966	118,592	-	-	339,558
	$ 575,978	$ 115,972	$ 38,301	$ -	$ 730,251
Deferred tax liabilities					
Intangible assets	$ 1,132,090	$ 17,812	$ -	$ -	$ 1,149,902
Financial assets at FVTOCI	118,423	(3,774)	34,390	-	149,039
Others	27,710	27,179	-	39,222	94,111
	$ 1,278,223	$ 41,217	$ 34,390	$ 39,222	$ 1,393,052

	For the Year Ended December 31, 2022			
		Recognized in		
	Opening Balance	Profit or Loss	Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
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	255,356	(34,390)	-	220,966
	$ 709,744	$ 709,744	$(44,551)	$ 575,978
Deferred tax liabilities				
Intangible assets	$ 1,105,489	$ 26,601	$ -	$ 1,132,090
Financial assets at FVTOCI	85,477	-	32,946	118,423
Others	13,295	14,415	-	27,710
	$ 1,204,261	$ 41,016	$ 32,946	$ 1,278,223

(Continued)

2) Unrecognized deferred tax assets items

	December 31, 2023	December 31, 2022
Loss carryforwards	$ 272,121	$ 112,480

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:

Company	Year
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	$ 4.33
Effect of dilutive potential common stock:			
Employees' compensation	-	4,581	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	$ 12,274,109	2,842,391	$ 4.32

	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	$ 3.91
Effect of dilutive potential common stock:			
Employees' compensation	-	3,717	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	$ 11,025,551	2,824,199	$ 3.90

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

	TST
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)
	$ 2,740,619

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

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

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

	TST
Operating revenues	$ 998,596
Net loss	$(129,586)

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	387,841
Total consideration received	$ 845,653

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	13,555
	148,252
Other liabilities	10,552
Net assets disposed of	$ 137,700

c. Gain on disposal of subsidiary

Consideration received	$ 845,653
Net assets disposed of	137,700
Gain on disposal	$ 707,953

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	19,926
	$ 437,886

28. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2023

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

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Others	Ending Balance
Lease liabilities (including current and non-current portions)	$ 9,093,347	$(4,178,662)	$ 5,143,176	$(208,419)	$ 9,849,442

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

	December 31, 2023	December 31, 2022
Financial assets		
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)	30,178,705	28,747,924
	$ 37,803,498	$ 34,965,606
Financial liabilities		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 3)	$ 121,357,242	$ 97,744,967

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.

	December 31, 2023		December 31, 2022	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial liabilities				
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**
Financial assets at FVTPL				
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
	$ 11,283	$ -	$ 1,821,715	$ 1,832,998

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
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	-	-	1,573,355	1,573,355
	$ 523,945	$ -	$ 5,267,850	$ 5,791,795

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
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	-	-	126,280	126,280
	$ -	$ -	$ 1,181,015	$ 1,181,015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Equity instruments				
Domestic listed stocks	$ 505,607	$ -	$ -	$ 505,607
Domestic unlisted stocks	-	-	1,224,455	1,224,455
Foreign unlisted stocks	-	-	2,096,317	2,096,317
Foreign limited partnerships	-	-	1,210,288	1,210,288
	$ 505,607	$ -	$ 4,531,060	$ 5,036,667

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	$ 1,821,715	$ 5,267,850

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	$ 1,181,015	$ 4,531,060

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:

	Contractual Cash Flows	Within 1 Year	1-5 Years	5-10 Years
December 31, 2023				
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	-
	$ 110,489,593	$ 41,854,681	$ 61,363,729	$ 7,271,183
December 31, 2022				
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
	$ 83,101,022	$ 37,782,242	$ 37,484,907	$ 7,833,873

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

Related Party	Nature of Relationship
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)

Related Party	Nature of Relationship
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

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

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

2) Purchases

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

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

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

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	December 31, 2022
Notes and accounts payable	Associates	$ 72	$ -
Notes and accounts payable	Other related parties	131,420	133,150
		$ 131,492	$ 133,150
Other payables	Other related parties	$ 67,443	$ 66,226

5) Prepayments

	December 31, 2023	December 31, 2022
Other related parties	$ 14,819	$ 14,058

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

	December 31, 2023	December 31, 2022
Other related parties		
TFCB	$ 5,651,090	$ 2,295,866

7) Acquisition of investments accounted for using equity method

Related Party Transaction	Transaction Period	Shares (In Thousands)	Purchase Price
Participation in AppWorks Fund IV's capital increase	2023	-	$ 144,200
Contributions to NADA's capital increase	2023	1,667	50,000
			$ 194,200
Participation in AppWorks Fund IV's capital increase	2022	-	$ 105,000
Contributions to M.E.'s capital increase	2022	77	3,628
			$ 108,628

8) Others

a) Refundable deposits

	December 31, 2022	December 31, 2022
Other related parties	$ 80,479	$ 66,147

b) Other current liabilities - receipts under custody

	December 31, 2023	December 31, 2022
Other related parties	$ 178,790	$ 167,264

c) Operating expenses

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

d) Other income

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

e) Interest income

	For the Year Ended December 31	
	2023	2022
Other related parties		
TFCB	$ 30,457	$ 8,825

9) Lease arrangements

Acquisition of right-of-use assets

	For the Year Ended December 31	
	2023	2022
Other related parties		
Fubon Life	$ 783,359	$ 89,446
Others	10,774	-
	$ 794,133	$ 89,446

Lease liabilities (including current and non-current portions)

	December 31, 2023	December 31, 2022
Other related parties	$ 926,286	$ 407,183

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	$ 423,364	$ 385,035
Termination and post-employment benefits	11,502	13,187
	$ 434,866	$ 398,222

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
	$ 7,516,088	$ 6,968,858

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	$ 9,424,213	$ 8,392,457
Purchases of inventories and sales commitments	$ 6,032,088	$ 9,775,862

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	$ 405,977	$ 40,598	$ 305,936	$ 30,594
Amounts recognized in the consolidated financial statements	$ 405,977	$ 40,598	$ 305,936	$ 30,594

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
Foreign currency assets			
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
Foreign currency liabilities			
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
Foreign currency assets				
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
Foreign currency liabilities				
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	Telecommunications	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	Telecommunications	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:

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

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.

TABLE 2

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.

TABLE 3

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	Listed Stocks							
	Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	$ 260,822	0.028	$ 260,822	
	Unlisted Stocks							
	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	
	Limited Partnerships							
	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	Unlisted Stocks							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	109,521	5.21	109,521	
WMT	Limited Partnerships							
	The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	Listed Stocks							
	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
	Unlisted Stocks							
	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
	Limited Partnerships							
	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
	Convertible Notes							
	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	Listed Stocks							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,768,981	5.38	19,768,981	
	Unlisted Stocks							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	36,417	6.67	36,417	
TUI	Listed Stocks							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,491,597	11.03	40,491,597	
TID	Listed Stocks							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,636,330	2.36	8,636,330	
momo	Listed Stocks							
	eSun Holdings Limited	-	Current financial assets at FVTOCI	728	623	0.04	623	Note 2
	Unlisted Stocks							
	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)

<u>TABLE 4</u>

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	<u>Unlisted Stocks</u>													
	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	<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.

Table 5

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

TABLE 6

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 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	-	-	
	PCTV	Subsidiary	Channel leasing fee	475,831	13	Based on contract terms	Note 1	Note 1	-	-	
	UCTV	Subsidiary	Channel leasing fee	215,058	6	Based on contract terms	Note 1	Note 1	-	-	
	GCTV	Subsidiary	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.

TABLE 7

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 INVESTEES 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
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	7,465,601	2,470,719	-	Note 2
	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)	-	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 10 for the details.

(Concluded)

TABLE 9

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)

TABLE 10

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.