Taiwan Mobile Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 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, 2020 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

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DANIEL TSAI
Chairman

February 25, 2021

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, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2020. 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 2020 consolidated financial statements are as follows:

Telecommunications and Value-added Services Revenue

The description of key audit matter:

One of the operating revenue sources of the Group is the telecommunications and value-added services revenue. The Group offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The competitive telecommunication industry and complicated calculations for revenue recognition, which highly relies on automatic and systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedures:

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

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.

2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.

3. Perform system integration tests from telephone-exchange to telephone traffic.

4. Test for the accuracy of call record charge rates and billing calculations.

5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.

<u>Sales Revenue</u>

The description of key audit matter:

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

Corresponding audit procedures:

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

1. Verify the details of invoices in the system to check if the sales amount of each invoice is consistent with its shipping notice and sales order.

2. Confirm the completeness and consistency of transmission through IT system by testing the information transferred from front-end system to general ledger system, and further perform tests on whether the Daily Sales Report in the system is consistent with journal entries of revenue each day.

Other Matter

We have also audited the parent company only financial statements of Taiwan Mobile Co., Ltd. as of and for the years ended December 31, 2020 and 2019 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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, 2020 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 Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2021

Notice to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020 Amount	%	December 31, 2019 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 6 and 29)	$ 10,777,791	6	$ 8,663,370	6
Financial assets at fair value through profit or loss (Note 29)	-	-	149	-
Financial assets at fair value through other comprehensive income (Note 7)	245,446	-	246,493	-
Contract assets (Note 22)	4,617,051	3	4,832,043	3
Notes and accounts receivable, net (Note 8)	7,638,043	4	7,671,838	5
Notes and accounts receivable due from related parties (Note 29)	186,903	-	146,186	-
Other receivables (Note 29)	1,348,704	1	1,418,485	1
Inventories (Note 9)	5,766,264	3	5,670,476	4
Prepayments (Note 29)	652,375	-	463,334	-
Assets held for sale	23,005	-	-	-
Other financial assets (Notes 29 and 30)	677,891	-	592,868	-
Other current assets	159,321	-	200,458	-
Total current assets	32,092,794	17	29,905,700	19
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Note 7)	2,289,746	1	5,245,888	4
Contract assets (Note 22)	3,753,081	2	3,463,456	2
Investments accounted for using equity method (Notes 10 and 29)	1,966,894	1	1,478,025	1
Property, plant and equipment (Note 12)	42,479,314	23	36,182,005	24
Right-of-use assets (Notes 13 and 29)	9,011,290	5	9,657,938	6
Investment properties (Note 14)	2,626,185	2	2,984,057	2
Concessions (Notes 15 and 30)	64,803,445	35	37,709,501	24
Goodwill (Note 15)	15,819,108	9	15,832,440	10
Other intangible assets (Note 15)	5,143,958	3	5,536,534	4
Deferred tax assets (Note 24)	883,367	-	839,240	1
Incremental costs of obtaining a contract (Note 22)	1,771,884	1	2,119,052	1
Other financial assets (Notes 29, 30 and 31)	355,432	-	271,653	-
Other non-current assets (Notes 16 and 29)	1,588,104	1	2,694,470	2
Total non-current assets	152,491,808	83	124,014,259	81
TOTAL	$ 184,584,602	100	$ 153,919,959	100

LIABILITIES AND EQUITY	December 31, 2020 Amount	%	December 31, 2019 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 9,800,000	5	$ 16,270,000	11
Short-term notes and bills payable (Note 17)	14,195,385	8	1,898,111	1
Contract liabilities (Note 22)	1,892,749	1	1,807,407	1
Notes and accounts payable	9,625,964	5	7,660,285	5
Accounts payable due to related parties (Note 29)	160,556	-	135,162	-
Other payables (Note 29)	11,153,442	6	8,823,705	6
Current tax liabilities	2,192,429	1	1,539,638	1
Provisions (Note 19)	68,531	-	88,961	-
Lease liabilities (Notes 13, 26 and 29)	3,505,968	2	3,532,951	2
Advance receipts	99,944	-	87,410	-
Long-term liabilities, current portion (Notes 17 and 18)	2,935,405	2	303,297	-
Other current liabilities (Note 29)	2,901,946	2	2,376,029	2
Total current liabilities	58,532,319	32	44,522,956	29
NON-CURRENT LIABILITIES				
Contract liabilities (Note 22)	102,767	-	45,293	-
Bonds payable (Note 18)	34,973,223	19	15,903,436	10
Long-term borrowings (Note 17)	8,780,081	5	8,586,076	6
Provisions (Note 19)	1,449,171	1	1,459,270	1
Deferred tax liabilities (Note 24)	1,063,734	-	977,560	1
Lease liabilities (Notes 13, 26 and 29)	5,530,987	3	6,117,438	4
Net defined benefit liabilities (Note 20)	534,071	-	517,175	-
Guarantee deposits	1,165,500	1	1,092,364	1
Other non-current liabilities	462,537	-	522,116	-
Total non-current liabilities	54,062,071	29	35,220,728	23
Total liabilities	112,594,390	61	79,743,684	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)				
Common stock	35,124,215	19	34,959,441	23
Capital collected in advance	-	-	134,104	-
Capital surplus	18,936,574	10	20,274,694	13
Retained earnings				
Legal reserve	30,170,398	16	28,922,281	19
Special reserve	-	-	95,381	-
Unappropriated earnings	13,300,996	7	12,909,829	8
Other equity interests	(2,449,739)	(1)	438,905	-
Treasury stock	(29,717,344)	(16)	(29,717,344)	(19)
Total equity attributable to owners of the parent	65,365,100	35	68,017,291	44
NON-CONTROLLING INTERESTS (Note 21)	6,625,112	4	6,158,984	4
Total equity	71,990,212	39	74,176,275	48
TOTAL	$ 184,584,602	100	$ 153,919,959	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, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019 Reclassified (Note 3)	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 22, 29 and 35)	$ 132,860,984	100	$ 124,420,913	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	101,415,248	76	91,612,178	74
GROSS PROFIT FROM OPERATIONS	31,445,736	24	32,808,735	26
OPERATING EXPENSES (Notes 29, 33 and 35)				
Marketing	10,055,415	8	10,506,264	8
Administrative	5,260,967	4	5,204,694	4
Research and development	214,996	-	163,166	-
Expected credit loss	190,763	-	241,043	-
Total operating expenses	15,722,141	12	16,115,167	12
OTHER INCOME AND EXPENSES, NET (Notes 29 and 35)	332,565	-	499,767	-
OPERATING INCOME (Note 35)	16,056,160	12	17,193,335	14
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 29)	66,122	-	115,313	-
Other income (Note 23)	121,592	-	196,585	-
Other gains and losses, net (Notes 23 and 29)	(267,386)	-	(359,131)	-
Finance costs (Note 23)	(618,588)	-	(574,780)	-
Share of profit of associates accounted for using equity method (Note 10)	99,891	-	10,488	-
Total non-operating income and expenses	(598,369)	-	(611,525)	-
PROFIT BEFORE TAX	15,457,791	12	16,581,810	14
INCOME TAX EXPENSE (Note 24)	3,064,013	3	3,289,943	3
NET PROFIT	12,393,778	9	13,291,867	11
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	(37,801)	-	(44,101)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(840,451)	-	536,083	-
Share of other comprehensive income of associates accounted for using equity method	21,133	-	15,432	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation	7,764	-	(24,446)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	(4,314)	-	4,205	-
Other comprehensive income (loss) (after tax)	(853,669)	-	487,173	-
TOTAL COMPREHENSIVE INCOME	$ 11,540,109	9	$ 13,779,040	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	$ 11,286,553	8	$ 12,481,167	10
Non-controlling interests	1,107,225	1	810,700	1
	$ 12,393,778	9	$ 13,291,867	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 10,414,104	8	$ 12,971,397	10
Non-controlling interests	1,126,005	1	807,643	1
	$ 11,540,109	9	$ 13,779,040	11
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	$ 4.01		$ 4.51	
Diluted earnings per share	$ 3.99		$ 4.44	

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
							Other Equity Interests					
				Retained Earnings								
	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, 2019	$ 34,208,519	$ 29,819	$ 12,580,692	$ 27,558,064	$ 362,703	$ 16,954,448	$ (24,398)	$ (70,983)	$(29,717,344)	$ 61,881,520	$ 6,112,176	$ 67,993,696
Effect of retrospective application	-	-	-	-	-	32,605	-	-	-	32,605	16,275	48,880
ADJUSTED BALANCE, JANUARY 1, 2019	34,208,519	29,819	12,580,692	27,558,064	362,703	16,987,053	(24,398)	(70,983)	(29,717,344)	61,914,125	6,128,451	68,042,576
Distribution of 2018 earnings												
Legal reserve	-	-	-	1,364,217	-	(1,364,217)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(267,322)	267,322	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(15,366,223)	-	-	-	(15,366,223)	-	(15,366,223)
Total distribution of earnings	-	-	-	1,364,217	(267,322)	(16,463,118)	-	-	-	(15,366,223)	-	(15,366,223)
Profit for the year ended December 31, 2019	-	-	-	-	-	12,481,167	-	-	-	12,481,167	810,700	13,291,867
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(44,056)	(10,107)	544,393	-	490,230	(3,057)	487,173
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	12,437,111	(10,107)	544,393	-	12,971,397	807,643	13,779,040
Conversion of convertible bonds to common stock	750,922	104,285	7,710,366	-	-	-	-	-	-	8,565,573	-	8,565,573
Changes in equity of associates accounted for using equity method	-	-	(17,346)	-	-	(51,217)	-	-	-	(68,563)	(83,749)	(152,312)
Other changes in capital surplus	-	-	982	-	-	-	-	-	-	982	-	982
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(693,361)	(693,361)
BALANCE, DECEMBER 31, 2019	34,959,441	134,104	20,274,694	28,922,281	95,381	12,909,829	(34,505)	473,410	(29,717,344)	68,017,291	6,158,984	74,176,275
Distribution of 2019 earnings												
Legal reserve	-	-	-	1,248,117	-	(1,248,117)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(95,381)	95,381	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(11,756,844)	-	-	-	(11,756,844)	-	(11,756,844)
Total distribution of earnings	-	-	-	1,248,117	(95,381)	(12,909,580)	-	-	-	(11,756,844)	-	(11,756,844)
Cash dividends from capital surplus	-	-	(1,593,624)	-	-	-	-	-	-	(1,593,624)	-	(1,593,624)
Profit for the year ended December 31, 2020	-	-	-	-	-	11,286,553	-	-	-	11,286,553	1,107,225	12,393,778
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(38,068)	2,826	(837,207)	-	(872,449)	18,780	(853,669)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	11,248,485	2,826	(837,207)	-	10,414,104	1,126,005	11,540,109
Conversion of convertible bonds to common stock	164,774	(134,104)	259,109	-	-	-	-	-	-	289,779	-	289,779
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	2,052,067	-	(2,052,067)	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	(1,721)	-	-	(2,001)	-	-	-	(3,722)	(1,490)	(5,212)
Disposal of investments accounted for using equity method	-	-	(2,738)	-	-	2,196	-	(2,196)	-	(2,738)	(3,344)	(6,082)
Other changes in capital surplus	-	-	854	-	-	-	-	-	-	854	-	854
Cash dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(655,043)	(655,043)
BALANCE, DECEMBER 31, 2020	$ 35,124,215	$ -	$ 18,936,574	$ 30,170,398	$ -	$ 13,300,996	$ (31,679)	$ (2,418,060)	$(29,717,344)	$ 65,365,100	$ 6,625,112	$ 71,990,212

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	$ 15,457,791	$ 16,581,810
Adjustments for:		
Depreciation expense	11,106,070	12,755,740
Amortization expense	4,167,114	3,439,851
Amortization of incremental costs of obtaining a contract	1,718,101	2,483,997
Loss on disposal and retirement of property, plant and equipment, net	257,006	277,123
Loss on disposal and retirement of intangible assets, net	64,703	-
Expected credit loss	190,763	241,043
Finance costs	618,588	574,780
Interest income	(66,122)	(115,313)
Dividend income	(102,762)	(117,211)
Share of profit of associates accounted for using equity method	(99,891)	(10,488)
Gain on disposal of investments accounted for using equity method	(73,859)	-
Valuation (gain) loss on financial assets and liabilities at fair value through profit or loss	149	(2,858)
Impairment loss on intangible assets	13,332	40,155
Others	(16,318)	(2,950)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	84,864
Contract assets	(71,727)	388,595
Notes and accounts receivable	(111,732)	(552,401)
Notes and accounts receivable due from related parties	(32,645)	(276)
Other receivables	77,777	607,142
Inventories	(95,788)	(1,724,813)
Prepayments	(178,030)	(3,017)
Other current assets	41,760	716,507
Other financial assets	(15,621)	(11,484)
Incremental costs of obtaining a contract	(1,370,933)	(1,656,767)
Contract liabilities	87,033	1,921
Notes and accounts payable	1,965,679	903,305
Accounts payable due to related parties	25,394	(44,426)
Other payables	20,476	(533,329)
Provisions	(81,084)	(11,582)
Advance receipts	67,708	(19,658)
Other current liabilities	523,117	(14,010)
Net defined benefit liabilities	(30,355)	(48,831)
Cash inflows generated from operating activities	34,055,694	34,227,419
Interest received	16,651	42,534
Interest paid	(1,299)	(1,291)
Income taxes paid	(2,328,524)	(4,052,247)
Net cash generated from operating activities	31,742,522	30,216,415

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	$ (11,037,092)	$ (6,605,925)
Acquisition of right-of-use assets	(26,264)	(14,858)
Acquisition of intangible assets	(29,904,358)	(291,260)
Increase in prepayments for equipment	(266,182)	(240,031)
Proceeds from disposal of property, plant and equipment	93,237	49,700
Proceeds from disposal of intangible assets	16,000	-
Increase (decrease) in advanced receipts from assets disposals	331	(123)
Acquisition of financial assets at fair value through profit or loss	-	(2,500)
Acquisition of financial assets at fair value through other comprehensive income	(798,131)	-
Disposal of financial assets at fair value through other comprehensive income	2,964,345	-
Acquisition of investments accounted for using equity method	(572,714)	(262,000)
Disposal of investments accounted for equity method	219,742	-
Increase in prepayments for investment	-	(100,000)
Proceeds from capital return of investments accounted for using equity method	33,298	-
Increase in refundable deposits	(318,178)	(1,257,689)
Decrease in refundable deposits	260,325	249,028
Increase in other financial assets	(269,366)	(222,215)
Decrease in other financial assets	116,785	73,985
Interest received	44,757	58,545
Dividend received	122,926	192,062
Net cash used in investing activities	(39,320,539)	(8,373,281)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(6,470,000)	6,000,000
Increase in short-term notes and bills payable	12,289,537	399,285
Proceeds from issue of bonds	19,979,415	-
Repayments of bonds payable	-	(4,500,000)
Proceeds from long-term borrowings	6,496,758	-
Repayment of long-term borrowings	(4,304,000)	(2,304,000)
Repayment of the principal portion of lease liabilities	(3,881,512)	(3,776,678)
Increase in guarantee deposits received	192,808	217,256
Decrease in guarantee deposits received	(119,240)	(138,587)
Cash dividends paid (including paid to non-controlling interests)	(14,005,485)	(16,059,547)
Interest paid	(487,496)	(512,224)
Net cash generated from (used in) financing activities	9,690,785	(20,674,495)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	1,653	(3,979)

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 2,114,421	$ 1,164,660
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,663,370	7,498,710
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,777,791	$ 8,663,370

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, 2020 AND 2019
(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 (OTC) 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 service and the sale of mobile phones and accessories, games, e-books and value-added services.

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

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

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on February 25, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	Effective for annual reporting periods beginning on or after January 1, 2021

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

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

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

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

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

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

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

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

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

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

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

d. Reclassification

To enhance the understanding of the Group's consolidated financial statements for users, the Group's management decided to present research and development (R&D) expenses, which were part of operating expenses, separately in the consolidated statements of comprehensive income starting from January 1, 2020. The comparative information of R&D expenses for the year ended December 31, 2019 was made to conform to the current period's presentation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

a. Basis of measurement

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

b. Functional and presentation currency

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

Basis of Consolidation

a. Principles for preparation of the consolidated financial statements

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

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

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

Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group.
Transactions and balances, and any income and expenses arising from intra-group transactions were eliminated during the preparation of the consolidated financial statements.

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

			Percentage of Ownership		
			December 31		
Investor	**Subsidiary**	**Main Business and Products**	**2020**	**2019**	**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%	-
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 1
	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance service	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)	Type II telecommunications business	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	Wholesale and retail sales	45.01%	45.01%	-
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	Note 1
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Mobile application development and design	100.00%	100.00%	-
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	Note 1
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Online music service	100.00%	100.00%	-
	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00%	100.00%	-
	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53%	29.53%	Note 2
	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00%	100.00%	-
	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	99.22%	99.22%	-
	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	92.38%	92.38%	-
GFMT	UCTV	Cable TV service provider	0.76%	0.76%	-
GWMT	GCTV	Cable TV service provider	6.83%	6.83%	-
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	-
	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	-
	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership December 31 2020	2019	Note
momo	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	-
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00%	85.00%	-
	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics and transport	100.00%	-	Note 3
	MFS Co., Ltd. (MFS)	Wholesaling	100.00%	-	Note 4
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.55%	93.55%	-

(Concluded)

Note 1: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 19.89% of total outstanding shares as of December 31, 2020.

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

Note 3: Set up in February 2020.

Note 4: Set up in July 2020.

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

Foreign Currencies

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

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

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

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

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

Classification of Current and Non-current Assets and Liabilities

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

a. It holds the asset primarily for the purpose of trading;

b. It expects to realize the asset within twelve months after the reporting period; or

c. The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

a. It holds the liability primarily for the purpose of trading;

b. The liability is due to be settled within twelve months after the reporting period; or

c. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Financial Instruments

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

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

a. Financial assets

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

   1) Measurement category

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

      a) Financial assets at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, and any dividends and interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28.

b) Financial assets at amortized cost

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

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

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets and contract assets

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

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Failure to meet the obligation associated with liabilities within the credit terms.

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

3) Derecognition of financial assets

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

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

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

b. Equity instruments

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

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

c. Financial liabilities

1) Recognition

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

2) Convertible bonds

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

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

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

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

3) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

Inventories

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

Non-current Assets Held for Sale

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

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

Investment in Associates

An associate is an entity in which 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 retained investment plus any consideration received and the carrying amount of the previous investment at the date when significant influence is lost is recognized as a gain or loss in profit or loss. Besides this, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. If the Group decreased the percentage of the ownership of associate due to disposal but still accounts for its investments in associate, it should reclassify the amount previously recognized in other comprehensive income to profit or loss proportionally.

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

Property, Plant and Equipment

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

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

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

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

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

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

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

Leases

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

a. The Group as lessor

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

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

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

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

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

b. The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification, the Group accounts for the remeasurement of the lease liability by (a) adjusting the carrying amount of the right-of-use asset of lease modifications that adjust the scope and the term of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. The Group also accounts for the rent concessions as lease modifications if the rent payments due by June 30, 2021 were adjusted due to the COVID-19 epidemic. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

Investment Properties

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

Intangible Assets

a. Goodwill

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

b. Service concession agreement

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

c. Other intangible assets

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

d. Amortization and derecognition of intangible assets

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

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

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

Incremental Costs of Obtaining a Contract

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

Impairment of Non-financial Assets

a. Goodwill

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

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

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

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

Provisions

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

a. Restoration

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

b. Decommissioning

   For a service concession agreement, the concession receiver has an obligation for maintenance or decommissioning before returning the construction to the grantor as stated in the concession agreement. For a BOT contract, the costs paid for the obligation for maintenance or decommissioning should be recognized as expense and liabilities.

c. Warranties

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

Treasury Stock

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

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

Government Grants

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

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

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

Employee Benefits

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

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

The defined benefit costs (including service cost, net interest, and 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.

Income Tax

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

a. Current taxes

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

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

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

b. Deferred taxes

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

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

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

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

Revenue Recognition

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

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

<u>Telecommunications and value-added services revenue</u>

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.

<u>Revenue from sale of goods</u>

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

Cable television and broadband services revenue

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

Other operating income

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

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

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

Business Combinations

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgments

a. Lease terms

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

Key Sources of Estimation Uncertainty

a. Impairment assessment of property, plant, and equipment, right-of-use assets, 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.

b. Impairment assessment 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand and revolving funds	$ 100,230	$ 60,483
Cash in banks	6,199,436	3,545,544
Time deposits	2,035,253	2,423,103
Government bonds with repurchase rights	2,442,872	2,634,240
	$ 10,777,791	$ 8,663,370

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Investments in equity instruments - current		
Domestic investments		
Listed stocks	$ 236,913	$ 239,086
Foreign investments		
Unlisted stocks	8,533	7,407
	$ 245,446	$ 246,493
Investments in equity instruments - non-current		
Domestic investments		
Listed stocks	$ 981,427	$ 4,580,516
Unlisted stocks	657,756	173,515
Foreign investments		
Limited partnerships	249,827	462,068
Unlisted stocks	400,736	29,789
	$ 2,289,746	$ 5,245,888

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

In January 2020, the Directors of TFN resolved that TFN would sell all its equity interest in Taiwan High Speed Rail Corporation (THSR) to monetize financial assets, and, therefore, the subject equity investment in THSR was subsequently reclassified from non-current to current. For the year ended December 31, 2020, TFN sold all of THSR's stock at fair value of $2,964,345 thousand. The related unrealized gain of $2,051,882 thousand was transferred from other equity to retained earnings.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2020	2019
Notes receivable	$ 109,259	$ 224,042
Accounts receivable	7,835,539	7,793,254
Less: Allowance for impairment loss	(306,755)	(345,458)
	$ 7,638,043	$ 7,671,838

The main credit terms range from 30 to 90 days.

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

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

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

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

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

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

December 31, 2020

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

December 31, 2019

	Not Past Due	Overdue 1 to 120 Days	Overdue 121 to 365 Days	Overdue Over 365 Days	Total
Gross carrying amount	$ 7,381,152	$ 444,507	$ 190,353	$ 1,284	$ 8,017,296
Loss allowance (Lifetime ECLs)	(52,054)	(113,011)	(179,114)	(1,279)	(345,458)
Amortized cost	$ 7,329,098	$ 331,496	$ 11,239	$ 5	$ 7,671,838

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 service	0.02%-85%	65.5%-100%
Retail business and others	below 10%	10%-100%

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

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Beginning balance	$ 345,458	$ 464,049
Add: Provision	185,257	239,681
Recovery	39,711	42,280
Less: Write-off	(263,671)	(400,552)
Ending balance	$ 306,755	$ 345,458

The Group entered into accounts receivable factoring contracts with private institutions and sold those overdue accounts receivable that had been written off. Under the contracts, 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 2020	For the Year Ended December 31 2019
Amount of accounts receivable sold	$ 918,412	$ 583,132
Proceeds of the sale of accounts receivable	$ 52,589	$ 35,389

9. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 5,756,903	$ 5,662,872
Materials for maintenance	9,361	7,604
	$ 5,766,264	$ 5,670,476

For the years ended December 31, 2020 and 2019, the cost of goods sold related to inventories amounted to $72,621,530 thousand and $62,137,365 thousand, respectively, which included the inventory write-down totaling $74,188 thousand and $17,141 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			
	2020		2019	
Investee Company	Amount	% of Ownership	Amount	% of Ownership
Global Home Shopping Co., Ltd. (GHS)	$ 606,376	20.00	$ 560,029	20.00
Taiwan Pelican Express Co., Ltd. (TPE)	386,414	15.50	404,413	17.70
AppWorks Ventures Co., Ltd. (AppWorks)	265,526	51.00	226,123	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	315,027	20.11	-	-
TV Direct Public Company Limited (TV Direct)	192,103	24.99	-	-
TVD Shopping Co., Ltd. (TVD Shopping)	-	-	119,531	35.00
kbro Media Co., Ltd. (kbro Media)	167,135	33.58	136,812	32.50
Mistake Entertainment Co., Ltd. (M.E.)	25,698	15.00	25,045	15.00
Alliance Digital Tech Co., Ltd. (ADT)	8,615	14.40	6,072	14.40
	$ 1,966,894		$ 1,478,025	

Aggregate information of associates that were not individually material:

	For the Year Ended December 31	
	2020	2019
The Group’s share of:		
Profit	$ 99,891	$ 10,488
Other comprehensive income	16,819	19,637
Comprehensive income	$116,710	$ 30,125

a. GHS

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

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

b. TPE

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

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

For the year ended December 31, 2020, momo sold part of TPE's stock for $72,970 thousand. Although momo's percentage of ownership interest in TPE decreased to 15.5%, momo still has significant influence on TPE due to its having two seats on TPE's board of directors.

c. 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.

d. AppWorks Fund III

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

e. TV Direct

In June 2020, momo acquired 16.2% equity interest of TV Direct and had significant influence on TV Direct. In the second half of 2020, momo's percentage of ownership interest in TV Direct increased to 24.99% due to its acquisition of an additional 8.79% equity interest of TV Direct.

f. TVD Shopping

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

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

In June 2020, momo sold all of its equity interest of TVD Shopping to TV Direct for $146,772 thousand.

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. TKT has significant influence on M.E. due to its having a seat on M.E.'s board of directors.

i. ADT

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

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

ADT had resolved December 31, 2018 as the dissolution date. As of December 31, 2020, ADT was still under liquidation procedures.

11. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

	Proportion of Non-controlling Interests' Ownership and Voting Rights	
	December 31	
Subsidiary	**2020**	**2019**
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	
	2020	**2019**
Current assets	$ 9,932,680	$ 7,547,400
Non-current assets	15,349,820	14,525,235
Current liabilities	(9,651,475)	(7,372,246)
Non-current liabilities	(1,207,579)	(1,050,690)
Equity	$ 14,423,446	$ 13,649,699
Equity attributable to:		
Owners of the parent	$ 9,671,655	$ 9,321,432
Non-controlling interests of momo	4,735,804	4,308,010
Non-controlling interests of momo's subsidiaries	15,987	20,257
	$ 14,423,446	$ 13,649,699

	For the Year Ended December 31	
	2020	2019
Operating revenues	$ 67,198,104	$ 51,830,417
Profit	$ 1,938,938	$ 1,392,701
Other comprehensive income (loss)	34,100	(5,260)
Comprehensive income	$ 1,973,038	$ 1,387,441
Profit (loss) attributable to:		
Owners of the parent	$ 874,776	$ 627,409
Non-controlling interests of momo	1,068,528	766,372
Non-controlling interests of momo's subsidiaries	(4,366)	(1,080)
	$ 1,938,938	$ 1,392,701
Comprehensive income (loss) attributable to:		
Owners of the parent	$ 890,083	$ 625,200
Non-controlling interests of momo	1,087,225	763,673
Non-controlling interests of momo's subsidiaries	(4,270)	(1,432)
	$ 1,973,038	$ 1,387,441

	For the Year Ended December 31	
	2020	2019
Net cash generated from operating activities	$ 3,725,682	$ 2,836,386
Net cash used in investing activities	(911,614)	(398,567)
Net cash used in financing activities	(1,571,250)	(1,549,264)
Effect of exchange rate changes	313	(1,162)
Net increase in cash	$ 1,243,131	$ 887,393
Dividends paid to non-controlling interests	$ 654,596	$ 693,102

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni-cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
Cost						
Balance, January 1, 2020	$ 8,261,041	$ 5,641,608	$ 90,366,481	$ 9,549,160	$ 1,506,915	$ 115,325,205
Additions	431,785	1,200	264,485	301,901	12,275,459	13,274,830
Disposals and retirements	(34,302)	(22,377)	(4,525,040)	(236,845)	(323)	(4,818,887)
Reclassification	442,486	104,839	10,524,831	320,146	(10,831,139)	561,163
Effect of exchange rate changes	-	-	1,294	85	-	1,379
Balance, December 31, 2020	$ 9,101,010	$ 5,725,270	$ 96,632,051	$ 9,934,447	$ 2,950,912	$ 124,343,690

(Continued)

	Land	Buildings	Telecommunications Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
Accumulated depreciation and impairment						
Balance, January 1, 2020	$ -	$ 1,649,207	$ 69,379,600	$ 8,114,393	$ -	$ 79,143,200
Depreciation	-	161,728	6,301,010	681,947	-	7,144,685
Disposals and retirements	-	(13,804)	(4,220,098)	(234,742)	-	(4,468,644)
Reclassification	-	43,794	(240)	240	-	43,794
Effect of exchange rate changes	-	-	1,260	81	-	1,341
Balance, December 31, 2020	$ -	$ 1,840,925	$ 71,461,532	$ 8,561,919	$ -	$ 81,864,376
Carrying amount, December 31, 2020	$ 9,101,010	$ 3,884,345	$ 25,170,519	$ 1,372,528	$ 2,950,912	$ 42,479,314
Cost						
Balance, January 1, 2019	$ 8,289,085	$ 5,672,957	$ 87,623,044	$ 9,346,834	$ 1,349,217	$ 112,281,137
Additions	-	1,116	700,488	290,480	5,518,629	6,510,713
Disposals and retirements	(25,278)	(29,095)	(3,131,281)	(249,751)	(193)	(3,435,598)
Reclassification	(2,766)	(3,370)	5,177,156	161,788	(5,360,738)	(27,930)
Effect of exchange rate changes	-	-	(2,926)	(191)	-	(3,117)
Balance, December 31, 2019	$ 8,261,041	$ 5,641,608	$ 90,366,481	$ 9,549,160	$ 1,506,915	$ 115,325,205
Accumulated depreciation and impairment						
Balance, January 1, 2019	$ 1,662	$ 1,499,982	$ 64,521,396	$ 7,402,137	$ -	$ 73,425,177
Depreciation	-	161,412	7,709,909	959,504	-	8,830,825
Disposals and retirements	(1,662)	(11,007)	(2,849,017)	(247,089)	-	(3,108,775)
Reclassification	-	(1,180)	-	-	-	(1,180)
Effect of exchange rate changes	-	-	(2,688)	(159)	-	(2,847)
Balance, December 31, 2019	$ -	$ 1,649,207	$ 69,379,600	$ 8,114,393	$ -	$ 79,143,200
Carrying amount, December 31, 2019	$ 8,261,041	$ 3,992,401	$ 20,986,881	$ 1,434,767	$ 1,506,915	$ 36,182,005

(Concluded)

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 530,915	$ 565,364
Buildings	7,713,486	8,025,737
Telecommunications equipment and machinery	597,078	874,638
Others	169,811	192,199
	$ 9,011,290	$ 9,657,938

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 3,694,764	$ 3,730,923
Depreciation charge for right-of-use assets	$ 240,479	$ 233,752
Land	3,459,092	3,404,023
Buildings	180,374	202,542
Telecommunications equipment and machinery	61,661	64,297
Others		
	$ 3,941,606	$ 3,904,614

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 3,505,968	$ 3,532,951
Non-current	$ 5,530,987	$ 6,117,438

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	0.74%-1%	0.78%-1%
Buildings	0.74%-1.2%	0.78%-5.44%
Telecommunications equipment and machinery	0.74%-4.38%	0.86%-4.38%
Others	0.74%-0.86%	0.78%-5.44%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2020	**2019**
Expenses related to short-term leases	$ 39,496	$ 57,107
Expenses related to low-value asset leases	$ 72,123	$ 69,676
Expenses related to variable lease payments and not included in the measurement of lease liabilities	$ 45,831	$ 43,116
Total cash outflow for leases	$ 4,151,778	$ 4,059,079

14. INVESTMENT PROPERTIES

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

The fair values of investment properties were measured using Level 3 inputs, arising from income approach, comparative approach, and cost approach adopted by a third party real estate appraiser, HomeBan Appraisers Joint Firm. As of December 31, 2020 and 2019, the fair values of investment properties were $6,160,847 thousand and $6,989,343 thousand, respectively, and the capitalization rates for the years were ranging from 1.46%-5.23% and 1.32%-4.95%, respectively.

The amounts of depreciation recognized for the years ended December 31, 2020 and 2019 were $19,779 thousand and $20,301 thousand, respectively.

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

	December 31	
	2020	**2019**
Year 1	$ 135,195	$ 153,723
Year 2	129,010	143,089
Year 3	76,399	133,686
Year 4	24,532	81,103
Year 5	22,392	29,888
Year 6 and thereafter	18,517	51,310
	$ 406,045	$ 592,799

15. INTANGIBLE ASSETS

	Concessions			Other Intangible Assets					
	Concession Licenses	Service Concessions	Goodwill	Computer Software	Customer Relationships	Operating Rights	Trademarks	Copyrights	Total
Cost									
Balance, January 1, 2020	$ 41,043,375	$ 8,180,078	$ 15,872,595	$ 4,096,570	$ 2,654,089	$ 1,382,000	$ 2,517,884	$ 25,197	$ 75,771,788
Addition	29,656,000	-	-	175,218	-	-	71	36,386	29,867,675
Disposals and retirements	-	-	-	(1,113,352)	-	-	(55)	(30,000)	(1,143,407)
Reclassification	1,000,000	-	-	72,741	-	-	-	31,550	1,104,291
Effect of exchange rate changes	-	-	-	214	-	-	-	-	214
Balance, December 31, 2020	$ 71,699,375	$ 8,180,078	$ 15,872,595	$ 3,231,391	$ 2,654,089	$ 1,382,000	$ 2,517,900	$ 63,133	$105,600,561
Accumulated amortization and impairment									
Balance, January 1, 2020	$ 10,303,927	$ 1,210,025	$ 40,155	$ 3,465,304	$ 1,647,063	$ -	$ 1,642	$ 25,197	$ 16,693,313
Amortization	3,383,337	178,719	-	439,330	136,400	-	138	29,190	4,167,114
Disposals and retirements	-	-	-	(1,039,849)	-	-	(55)	-	(1,039,904)
Impairment loss	-	-	13,332	-	-	-	-	-	13,332
Effect of exchange rate changes	-	-	-	195	-	-	-	-	195
Balance, December 31, 2020	$ 13,687,264	$ 1,388,744	$ 53,487	$ 2,864,980	$ 1,783,463	$ -	$ 1,725	$ 54,387	$ 19,834,050
Carrying amount, December 31, 2020	$ 58,012,111	$ 6,791,334	$ 15,819,108	$ 366,411	$ 870,626	$ 1,382,000	$ 2,516,175	$ 8,746	$ 85,766,511
Cost									
Balance, January 1, 2019	$ 41,043,375	$ 8,180,078	$ 15,872,595	$ 3,907,630	$ 2,654,089	$ 1,382,000	$ 2,517,866	$ 15,222	$ 75,572,855
Addition	-	-	-	222,247	-	-	18	9,975	232,240
Disposals and retirements	-	-	-	(183,523)	-	-	-	-	(183,523)
Reclassification	-	-	-	150,700	-	-	-	-	150,700
Effect of exchange rate changes	-	-	-	(484)	-	-	-	-	(484)
Balance, December 31, 2019	$ 41,043,375	$ 8,180,078	$ 15,872,595	$ 4,096,570	$ 2,654,089	$ 1,382,000	$ 2,517,884	$ 25,197	$ 75,771,788
Accumulated amortization and impairment									
Balance, January 1, 2019	$ 7,663,274	$ 1,031,305	$ -	$ 3,176,937	$ 1,510,663	$ -	$ 1,493	$ 13,538	$ 13,397,210
Amortization	2,640,653	178,720	-	472,270	136,400	-	149	11,659	3,439,851
Disposals and retirements	-	-	-	(183,523)	-	-	-	-	(183,523)
Impairment loss	-	-	40,155	-	-	-	-	-	40,155
Effect of exchange rate changes	-	-	-	(380)	-	-	-	-	(380)
Balance, December 31, 2019	$ 10,303,927	$ 1,210,025	$ 40,155	$ 3,465,304	$ 1,647,063	$ -	$ 1,642	$ 25,197	$ 16,693,313
Carrying amount, December 31, 2019	$ 30,739,448	$ 6,970,053	$ 15,832,440	$ 631,266	$ 1,007,026	$ 1,382,000	$ 2,516,242	$ -	$ 59,078,475

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

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

a. Concession licenses

In February 2020, TWM acquired the 5G mobile broadband spectrum in the 3500MHz and 28000MHz frequency bands, and paid $30,656,000 thousand as the bid price.

b. 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.

c. 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 service and cable television business. Accordingly, customer relationships and operating rights are identified as major intangible assets.

2) On September 1, 2010, TFNM, one of TWM's wholly-owned subsidiaries, acquired 55% of TKT. On August 12, 2011, TFNM acquired 45% of TKT. TWM measured the fair value of the acquired net assets and viewed TKT's wireless services as one cash-generating unit. Accordingly, trademarks and customer relationships are identified as major intangible assets.

3) On July 13, 2011, WMT, one of TWM's wholly-owned subsidiaries, acquired control over momo. TWM measured the fair value of the acquired assets and viewed momo's retail business as one cash-generating unit. Accordingly, trademarks are identified as major intangible assets.

d. Goodwill

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

	December 31	
	2020	**2019**
Mobile communication service	$ 7,211,936	$ 7,211,936
Fixed network service	357,970	357,970
Cable television business	3,269,636	3,269,636
Retail business	4,979,566	4,992,898
	$ 15,819,108	$ 15,832,440

e. Impairment of assets

In conformity with IAS 36 "Impairment of Assets", the Group identified its mobile communication service, fixed network service, cable television business, and retail 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 service

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, 2020 and 2019, the discount rates used to calculate the recoverable amount for the asset’s cash-generating unit were 5.93% and 6.27%, respectively.

2) Fixed network service

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, 2020 and 2019, the discount rates used to calculate the recoverable amount for the asset’s cash-generating unit were 6.51% and 6.77%, respectively.

3) Cable television 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 cable television industry and the competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers and average revenue per subscriber.

c) Assumptions on operating costs and expenses

The estimates of commission costs, customer service costs, and bill processing costs were based on the projected changes in subscriber numbers. The estimates of remaining 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, 2020 and 2019, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit for each system operator ranged from 7.41% to 8.46% and from 5.01% to 5.64%, respectively.

4) 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, 2020 and 2019, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 10.48% and 8.92%, 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, 2020 and 2019, impairment losses on goodwill, totaling $13,332 thousand and $40,155 thousand, respectively, were recognized as other gains and losses in the statement of comprehensive income since the operating conditions of subsidiaries were expected to decline in the future.

16. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Long-term accounts receivable	$ 296,045	$ 325,482
Refundable deposits (Note)	698,876	1,633,054
Prepayments for equipment	90,741	131,228
Prepayments for investment	-	100,000
Others	502,442	504,706
	$ 1,588,104	$ 2,694,470

Note: TWM applied for the participation in the 5G mobile spectrum auction held by NCC, and paid $1,000,000 thousand as bid bond in October 2019, which had been reclassified as concession licenses in February 2020.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Unsecured loans	$ 9,800,000	$ 16,270,000
Annual interest rates	0.64%-0.88%	0.65%-0.95%

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

b. Short-term notes and bills payable

	December 31	
	2020	**2019**
Short-term notes and bills payable	$ 14,200,000	$ 1,900,000
Less: Discounts on short-term notes and bills payable	(4,615)	(1,889)
	$ 14,195,385	$ 1,898,111
Annual interest rates	0.328%-0.418%	0.688%

c. Long-term borrowings

	December 31	
	2020	**2019**
Unsecured loans	$ 2,000,000	$ 6,000,000
Secured loans	2,586,036	2,889,373
Commercial papers payable	6,500,000	-
Less: Current portion	(2,303,375)	(303,297)
Less: Discounts on commercial papers payable	(2,580)	-
	$ 8,780,081	$ 8,586,076
Annual interest rates:		
Unsecured loans	0.79%	0.72%-0.79%
Secured loans	1.7495%	2.0337%
Commercial papers payable	0.687%-0.697%	-

1) Unsecured loans

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

2) Secured loans

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

3) Commercial papers payable

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

18. BONDS PAYABLE

	December 31	
	2020	**2019**
5th domestic unsecured straight corporate bonds	$ 14,991,472	$ 14,988,914
6th domestic unsecured straight corporate bonds	19,981,751	-
3rd domestic unsecured convertible bonds	632,030	914,522
Less: Current portion	(632,030)	-
	$ 34,973,223	$ 15,903,436

a. 3rd domestic unsecured straight corporate bonds

On December 20, 2012, TWM issued $9,000,000 thousand of seven-year 3rd domestic unsecured straight corporate bonds; each bond had a face value of $10,000 thousand and a coupon rate of 1.34% per annum, with simple interest due annually. Repayment will be made in the sixth and seventh years in equal installments, i.e., $4,500,000 thousand. The trustee of bond holders is Hua Nan Commercial Bank.

The above-mentioned corporate bonds were fully liquidated in December 2019.

b. 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, 2020, the amount of unamortized bond issue cost was $8,528 thousand. The trustee of bond holders is Bank of Taiwan.

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

Year	**Amount**
2023	$ 6,000,000
2025	9,000,000
	$ 15,000,000

c. 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, 2020, the amount of unamortized bond issue cost was $18,249 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

d. 3rd domestic unsecured convertible bonds

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

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

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

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 0.9149% per annum on initial recognition. As of December 31, 2020, the amount of unamortized bond discount was $5,170 thousand.

Proceeds of the issuance (minus transaction costs $10,870 thousand)	$ 9,989,130
Equity component	(400,564)
Financial liabilities	(35,961)
Liability component at the date of issuance	9,552,605
Interest charged at an effective interest rate	233,031
Convertible bonds converted into common stock	(8,871,114)
Liability component on December 31, 2019	914,522
Interest charged at an effective interest rate	7,287
Convertible bonds converted into common stock	(289,779)
Liability component on December 31, 2020	$ 632,030

As of December 31, 2020 and 2019, the bondholders had requested to convert the bonds at face values of $9,362,800 thousand and $9,069,500 thousand, respectively.

19. PROVISIONS

	December 31	
	2020	**2019**
Restoration	$ 1,110,392	$ 1,183,427
Decommissioning	385,375	324,693
Warranties	21,935	40,111
	$ 1,517,702	$ 1,548,231
Current	$ 68,531	$ 88,961
Non-current	1,449,171	1,459,270
	$ 1,517,702	$ 1,548,231

	Restoration	**Decom-missioning**	**Warranties**	**Total**
Balance, January 1, 2020	$ 1,183,427	$ 324,693	$ 40,111	$ 1,548,231
Provision	37,816	51,540	35,458	124,814
Payment/Reversal	(114,509)	-	(53,634)	(168,143)
Unwinding of discount	3,658	9,142	-	12,800
Balance, December 31, 2020	$ 1,110,392	$ 385,375	$ 21,935	$ 1,517,702
Balance, January 1, 2019	$ 1,184,823	$ 268,536	$ 67,929	$ 1,521,288
Provision	50,172	50,233	68,301	168,706
Payment/Reversal	(55,731)	(1,714)	(96,119)	(153,564)
Unwinding of discount	4,163	7,638	-	11,801
Balance, December 31, 2019	$ 1,183,427	$ 324,693	$ 40,111	$ 1,548,231

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiaries in other countries are participants of state-managed retirement benefit plans operated by local governments. In accordance with the above provision, the Group's contribution to the pension plan amounted to $329,335 thousand and $311,921 thousand for the years ended December 31, 2020 and 2019, 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 Plan 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	
	2020	**2019**
Present value of defined benefit obligations	$ 1,564,818	$ 1,500,604
Fair value of plan assets	(1,030,747)	(983,429)
Net defined benefit liabilities	$ 534,071	$ 517,175

The movements in present value of defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance, January 1	$ 1,500,604	$ 1,415,592
Current service costs	2,041	2,103
Past service costs	(62)	(854)
Interest costs	12,949	17,093
Actuarial loss - changes in demographic assumptions	6,236	26,252
Actuarial loss - changes in financial assumptions	78,761	69,940
Actuarial gain - experience adjustments	(7,089)	(11,438)
Benefits paid from plan assets	(23,066)	(15,296)
Paid from defined benefit obligations	(5,556)	(2,788)
Balance, December 31	$ 1,564,818	$ 1,500,604

The movements in the fair value of the plan assets for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Balance, January 1	$ 983,429	$ 904,712
Net interest income	8,682	11,323
Return on plan assets (excluding amounts included in net interest)	30,657	29,628
Contributions from the employer	31,045	53,062
Benefits paid from plan assets	(23,066)	(15,296)
Balance, December 31	$ 1,030,747	$ 983,429

The expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Current service costs	$ 2,041	$ 2,103
Past service costs	(62)	(854)
Interest costs	12,949	17,093
Net interest income	(8,682)	(11,323)
	$ 6,246	$ 7,019

The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Return on plan assets (excluding amounts included in net interest)	$ (30,657)	$ (29,628)
Actuarial loss - changes in demographic assumptions	6,236	26,252
Actuarial loss - changes in financial assumptions	78,761	69,940
Actuarial gain - experience adjustments	(7,089)	(11,438)
	$ 47,251	$ 55,126

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	
	2020	**2019**
Discount rate	0.35%-0.5%	0.75%-1%
Long-term average adjustment rate of salary	2.5%-3%	2.5%-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	
	2020	**2019**
Discount rate		
0.25% increase	$ (50,430)	$ (50,626)
0.25% decrease	$ 52,565	$ 52,850
Long-term average adjustment rate of salary		
0.25% increase	$ 50,680	$ 51,172
0.25% decrease	$ (48,906)	$ (49,300)

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	
	2020	**2019**
The expected contributions to the Plan for the following year	$ 32,148	$ 32,349
The average duration of the defined benefit obligation	11-16.6 years	11-17.4 years

21. EQUITY

a. Share capital

As of December 31, 2020 and 2019, TWM’s authorized capital was $60,000,000 thousand and capital issued and outstanding were $35,124,215 thousand and $34,959,441 thousand, respectively, divided into 3,512,421 thousand shares and 3,495,944 thousand shares, respectively, which were all common stocks, at a par value of $10 each.

As of December 31, 2020 and 2019, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 91,589 thousand and 88,522 thousand common stocks, respectively. TWM recognized 13,410 thousand of common stocks as capital collected in advance, totaling $134,104 thousand. TWM would complete the related corporate registrations after the issuance of new stocks on the record date in accordance with the regulations.

b. Capital surplus

	December 31	
	2020	**2019**
Additional paid-in capital from convertible corporate bonds	$ 13,102,020	$ 14,424,786
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
Convertible bonds payable options	25,524	37,273
Changes in equity of associates accounted for using equity method	26,342	30,801
Others	35,804	34,950
	$ 18,936,574	$ 20,274,694

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

c. Appropriation of earnings and dividend policy

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

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

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

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

TWM distributes and reverses special reserve in accordance with Decree No. 1010012865, Decree No. 1010047490, and “The Q&A for special reserve recognition after adopting IFRS” issued by the FSC.

The appropriations of earnings for 2019 and 2018 which have been resolved in the AGM on June 18, 2020 and June 12, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 1,248,117	$ 1,364,217
Special reserve	(95,381)	(267,322)
Cash dividends	11,756,844	15,366,223
Cash dividends per share (NT$)	4.183	5.54897

On June 18, 2020, the AGM resolved cash appropriation from the capital surplus generated from the excess of the issuance price over the par value of capital stock amounting to $1,593,624 thousand, that is, $0.567 per share. Thus, total amount of appropriations distributed was $4.75 per share for 2019.

TWM’s 2020 earnings appropriations will be proposed by the Board of Directors and approved in the AGM. Information on earnings appropriations is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity interests

	Exchange Differences on Translation	**Unrealized Gain (Loss) on Financial Assets at FVTOCI**	**Total**
Balance, January 1, 2020	$ (34,505)	$ 473,410	$ 438,905
Exchange differences on translation	4,190	-	4,190
Changes in fair value of financial assets at FVTOCI	-	(886,398)	(886,398)
Unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(2,052,067)	(2,052,067)
Changes in other comprehensive income of associates accounted for using equity method	(1,364)	6,497	5,133
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(2,196)	(2,196)
Income tax effect	-	42,694	42,694
Balance, December 31, 2020	$ (31,679)	$ (2,418,060)	$ (2,449,739)

(Continued)

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2019	$ (24,398)	$ (70,983)	$ (95,381)
Exchange differences on translation	(12,227)	-	(12,227)
Changes in fair value of financial assets at FVTOCI	-	470,394	470,394
Changes in other comprehensive income of associates accounted for using equity method	2,120	10,667	12,787
Income tax effect	-	63,332	63,332
Balance, December 31, 2019	$ (34,505)	$ 473,410	$ 438,905

(Concluded)

e. Treasury stock

As of December 31, 2020 and 2019, 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 $69,106,533 thousand and $78,260,179 thousand, respectively. Since TWM's stocks held by its subsidiaries are regarded as treasury stock, TWM recognized $29,717,344 thousand as treasury stock. For those treasury stockholders, they have the same rights as the other stockholders, except that they are not allowed to subscribe new shares issued by TWM for cash and exercise the voting rights over such treasury stock.

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 6,158,984	$ 6,112,176
Effect of retrospective application	-	16,275
Adjusted beginning balance	6,158,984	6,128,451
Portion attributable to non-controlling interests		
Profit	1,107,225	810,700
Exchange differences on translation	3,574	(12,219)
Unrealized gain on financial assets at FVTOCI	3,253	2,357
Share of other comprehensive income of associates accounted for using equity method	12,170	6,859
Changes in equity of associates accounted for using equity method	(1,490)	(83,749)
Changes in capital surplus due to disposal of investments accounted for using equity method	(3,344)	-
Remeasurements of defined benefit plans	(217)	(54)
Cash dividends paid to non-controlling interests of subsidiaries	(655,043)	(693,361)
Ending balance	$ 6,625,112	$ 6,158,984

22. OPERATING REVENUES

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Telecommunications and value-added services	$ 44,766,375	$ 48,135,239
Sales revenue	81,100,093	68,983,292
Cable TV and broadband services	6,018,939	5,949,073
Others	814,164	1,191,230
Other operating revenues	161,413	162,079
	$ 132,860,984	$ 124,420,913

a. Contract information

Please refer to Note 4 and Note 35.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets			
Bundle sales	$ 8,441,819	$ 8,366,531	$ 8,755,126
Less: Allowance for impairment loss	(71,687)	(71,032)	(74,250)
	$ 8,370,132	$ 8,295,499	$ 8,680,876
Current	$ 4,617,051	$ 4,832,043	$ 5,472,357
Non-current	3,753,081	3,463,456	3,208,519
	$ 8,370,132	$ 8,295,499	$ 8,680,876

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, 2020 and 2019, the expected credit loss rates were both 0.02%-0.85%.

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

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 71,032	$ 74,250
Provision (recovery)	655	(3,218)
Ending balance	$ 71,687	$ 71,032

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities			
Telecommunications and value-added services	$ 1,289,917	$ 1,125,265	$ 1,235,446
Sales of goods	36,981	42,417	141,343
Cable TV and broadband services	656,162	672,667	694,228
Others	12,456	12,351	15,920
	$ 1,995,516	$ 1,852,700	$ 2,086,937
Current	$ 1,892,749	$ 1,807,407	$ 2,030,793
Non-current	102,767	45,293	56,144
	$ 1,995,516	$ 1,852,700	$ 2,086,937

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	
	2020	2019
Contract assets		
Transfers of beginning balance to receivables	$ 4,872,478	$ 5,436,072

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	
	2020	2019
Contract liabilities		
Telecommunications and value-added services	$ 1,059,456	$ 1,116,074
Sales of goods	41,106	120,781
Cable TV and broadband services	662,605	683,439
Others	10,978	12,688
	$ 1,774,145	$ 1,932,982

c. Partially completed contracts

As of December 31, 2020, 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 2021	$ 25,937,944	$ 19,978	$ 338,968	$ 26,296,890
- in 2022	11,674,870	9,957	301,034	11,985,861
- after 2022	3,397,226	-	2,308,945	5,706,171
	$ 41,010,040	$ 29,935	$ 2,948,947	$ 43,988,922

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	
	2020	2019
Incremental costs of obtaining a contract - non-current	$ 1,771,884	$ 2,119,052

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, 2020 and 2019 were $1,718,101 thousand and $2,483,997 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other income

	For the Year Ended December 31	
	2020	2019
Dividend income	$ 102,762	$ 117,211
Other income	18,830	79,374
	$ 121,592	$ 196,585

b. Other gains and losses, net

	For the Year Ended December 31	
	2020	2019
Loss on disposal and retirement of property, plant and equipment, net	$ (257,006)	$ (277,123)
Loss on disposal and retirement of intangible assets, net	(64,703)	-
Gain on disposal of investments accounted for using equity method	73,859	-
Valuation gain (loss) on financial assets at FVTPL	(149)	1,039
Valuation gain on financial liabilities at FVTPL	-	1,819
Impairment loss on intangible assets	(13,332)	(40,155)
Loss on foreign exchange, net	(5,933)	(40,890)
Others	(122)	(3,821)
	$ (267,386)	$ (359,131)

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest expense		
Bank loans	$ 188,266	$ 193,088
Corporate bonds	257,226	249,243
Lease liabilities	86,572	96,987
Commercial papers payable	58,851	12,232
Others	27,673	28,176
	618,588	579,726
Less: Capitalized interest	-	(4,946)
	$ 618,588	$ 574,780
Capitalization rates	-	1.34%

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current income tax expense		
Current period	$ 2,988,136	$ 3,169,982
Prior years' adjustment	(18,314)	46,802
Others	-	(16,483)
	2,969,822	3,200,301
Deferred income tax expense		
Temporary differences	94,191	89,642
Income tax expense	$ 3,064,013	$ 3,289,943

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 15,457,791	$ 16,581,810
Income tax expense at domestic statutory tax rate	$ 3,091,558	$ 3,316,362
Effect of different tax rates on the group entities	481	382
Adjustment items in determining taxable profit	(104,834)	(93,992)
Temporary differences	94,191	89,642
Investment tax credits	(94)	(43,053)
Loss carryforwards	(1,817)	(10,002)
Land value increment tax	2,842	285
Prior years' other adjustments	(18,314)	46,802
Others	-	(16,483)
	$ 3,064,013	$ 3,289,943

According to the amendments to the Statute for Industrial Innovation announced in 2019, the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group has already deducted the amount of the unappropriated earnings that has been reinvested as capital expenditures.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Deferred income tax income		
Unrealized gain on financial assets at FVTOCI	$ 42,694	$ 63,332
Remeasurements from defined benefit plans	9,450	11,025
	$ 52,144	$ 74,357

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, 2020 and 2019 were as follows:

	For the Year Ended December 31, 2020			
		Recognized in		
	Opening Balance	**Profit or Loss**	**Other Comprehensive Income (Loss)**	**Closing Balance**
Deferred tax assets				
Property, plant and equipment	$ 339,884	$ (10,545)	$ -	$ 329,339
Defined benefit plans	108,468	(6,105)	9,450	111,813
Financial assets at FVTOCI	69,908	-	43,143	113,051
Others	320,980	8,184	-	329,164
	$ 839,240	$ (8,466)	$ 52,593	$ 883,367
Deferred tax liabilities				
Intangible assets	$ 969,023	$ 83,220	$ -	$1,052,243
Financial assets at FVTOCI	4,862	-	449	5,311
Others	3,675	2,505	-	6,180
	$ 977,560	$ 85,725	$ 449	$1,063,734

	For the Year Ended December 31, 2019				
			Recognized in		
	Opening Balance	Effect of Application	Profit or Loss	Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets					
Property, plant and equipment	$ 354,881	$ -	$ (14,997)	$ -	$ 339,884
Defined benefit plans	107,209	-	(9,766)	11,025	108,468
Investment credits	18,558	-	(18,558)	-	-
Financial assets at FVTOCI	7,525	-	-	62,383	69,908
Others	318,348	(11,596)	14,228	-	320,980
	$ 806,521	$ (11,596)	$ (29,093)	$ 73,408	$ 839,240
Deferred tax liabilities					
Intangible assets	$ 903,335	$ -	$ 65,688	$ -	$ 969,023
Financial assets at FVTOCI	5,811	-	-	(949)	4,862
Others	8,115	699	(5,139)	-	3,675
	$ 917,261	$ 699	$ 60,549	$ (949)	$ 977,560

2) Unrecognized deferred tax assets items

	December 31	
	2020	2019
Loss carryforwards	$ 154,690	$ 298,829

As of December 31, 2020, the Group had not recognized the prior years' loss carryforwards, totaling $154,690 thousand, as deferred tax assets. The expiry years are from 2021 to 2030.

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

25. EARNINGS PER SHARE

	For the Year Ended December 31, 2020		
	Amount After Income Tax	Weighted-average Number of Shares (In Thousands)	EPS (NT$)
Basic EPS			
Profit attributable to owners of the parent	$ 11,286,553	2,811,916	$ 4.01
Effect of potential dilutive common stock:			
Employees' compensation	-	4,119	
Convertible bonds	7,287	8,419	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	$ 11,293,840	2,824,454	$ 3.99

	For the Year Ended December 31, 2019		
	Amount After Income Tax	Weighted-average Number of Shares (In Thousands)	EPS (NT$)
Basic EPS			
Profit attributable to owners of the parent	$ 12,481,167	2,767,709	$ 4.51
Effect of potential dilutive common stock:			
Employees' compensation	-	3,863	
Convertible bonds	45,453	52,208	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	$ 12,526,620	2,823,780	$ 4.44

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

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Year Ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	$ 9,650,389	$ (3,967,461)	$ 3,691,184	$ (337,157)	$ 9,036,955

For the Year Ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	$ 9,980,846	$ (3,873,221)	$ 3,711,597	$ (168,833)	$ 9,650,389

27. CAPITAL MANAGEMENT

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

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31 2020	December 31 2019
Financial assets		
Financial assets at FVTPL	$ -	$ 149
Financial assets at FVTOCI (including current and non-current portions)	2,535,192	5,492,381
Financial assets measured at amortized cost (including current and non-current portions) (Note 1)	21,990,185	20,722,936
	$ 24,525,377	$ 26,215,466
Financial liabilities		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 2)	$ 93,671,945	$ 61,453,923

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

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

b. Fair value of financial instruments

1) Financial instruments not measured at fair value

Except for the table below, the Group considers that the book value 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			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Bonds payable (including current portion)	$ 35,605,253	$ 35,885,879	$ 15,903,436	$ 16,077,220

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

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

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

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

December 31, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificates	$ -	$ -	$ 149	$ 149
Financial assets at FVTOCI				
Equity instruments				
Domestic listed stocks	$ 4,819,602	$ -	$ -	$ 4,819,602
Domestic unlisted stocks	-	-	173,515	173,515
Limited partnerships	-	-	462,068	462,068
Foreign unlisted stocks	-	7,407	29,789	37,196
	$ 4,819,602	$ 7,407	$ 665,372	$ 5,492,381

There was no transfer between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2020 and 2019.

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 and funds of publicly traded companies).

b) Valuation techniques and inputs applied for Level 2 fair value measurement:

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

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

Equity instruments

The evaluation of fair value of unlisted stocks is mainly referenced to the same type of companies through the market approach or asset approach. The unobservable input parameter was liquidity discount rates, which were ranging from 10.7% to 25% and 20% to 30% as of December 31, 2020 and 2019, respectively.

The fair value of limited partnerships investments was evaluated through the market approach and income approach. The evaluation and assumptions are mainly referenced to related information of comparable market targets and estimated future cash flows. The unobservable input parameter was liquidity discount rates, which were estimated at 33.5% and 29.6% as of December 31, 2020 and 2019, respectively.

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

For the Year Ended December 31, 2020

	Financial Assets at FVTPL - Equity Instruments	**Financial Assets at FVTOCI - Equity Instruments**
Balance at January 1, 2020	$ 149	$ 665,372
Additions	-	890,712
Recognized in profit or loss (loss on financial assets at FVTPL)	(149)	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(247,765)
Balance at December 31, 2020	$ -	$1,308,319

For the Year Ended December 31, 2019

	Financial Assets at FVTPL - Equity Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2019	$ -	$ 984,950
Additions	2,500	-
Recognized in profit or loss (loss on financial assets at FVTPL)	(2,351)	-
Recognized in other comprehensive income (unrealized loss on financial assets at FVTOCI)	-	(319,578)
Balance at December 31, 2019	$ 149	$ 665,372

c. Financial risk management

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

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

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

2) Risk management framework

a) Decision-making mechanism

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

b) Risk management policies

i. Promote a risk-management-based business model.

ii. Establish a risk management mechanism that can effectively recognize, evaluate, supervise and control risk.

iii. Create a company-wide risk management structure that can limit risk to an acceptable level.

iv. Introduce best risk management practices and continue to seek improvements.

c) Monitoring mechanism

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

3) Credit risk

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

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

4) Liquidity risk

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

The Group manages and maintains sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the Group fully complies with the provisions and financial covenants of loan contracts. As of December 31, 2020 and 2019, the Group had unused bank facilities of $65,511,976 thousand and $56,641,022 thousand, respectively.

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

	Contractual Cash Flows	**Within 1 Year**	**1-5 Years**	**More Than 5 Years**
December 31, 2020				
Unsecured loans	$ 11,818,822	$ 11,818,822	$ -	$ -
Secured loans	2,736,728	347,574	2,389,154	-
Commercial papers payable	20,831,278	14,242,137	6,589,141	-
Bonds payable	37,221,840	912,080	20,997,760	15,312,000
Lease liabilities	9,163,237	3,574,784	5,501,261	87,192
	$ 81,771,905	$ 30,895,397	$ 35,477,316	$ 15,399,192
December 31, 2019				
Unsecured loans	$ 22,351,278	$ 16,337,490	$ 6,013,788	$ -
Secured loans	3,127,824	360,411	2,767,413	-
Commercial papers payable	1,900,000	1,900,000	-	-
Bonds payable	16,674,020	140,880	7,443,140	9,090,000
Lease liabilities	9,814,113	3,605,364	6,173,611	35,138
	$ 53,867,235	$ 22,344,145	$ 22,397,952	$ 9,125,138

5) Market risk

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

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

a) Exchange rate risk

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

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

	December 31, 2020		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Foreign currency assets			
Monetary items			
USD	$ 52,099	28.48	$ 1,483,792
EUR	1,021	34.94	35,666
RMB	25,768	4.372	112,657
Non-monetary items			
USD	22,843	28.48	650,563
RMB	138,695	4.372	606,376
HKD	2,323	3.673	8,533
THB	201,029	0.956	192,103
Foreign currency liabilities			
Monetary items			
USD	9,931	28.48	282,855
EUR	61	34.94	2,142
HKD	5,751	3.673	21,122
JPY	29,867	0.276	8,234

	December 31, 2019		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Foreign currency assets			
Monetary items			
USD	$ 50,271	30.02	$ 1,509,081
EUR	1,162	33.62	39,057
RMB	29,446	4.299	126,589
Non-monetary items			
USD	16,384	30.02	491,857
RMB	130,270	4.299	560,029
HKD	1,921	3.855	7,407
THB	118,371	1.01	119,531
Foreign currency liabilities			
Monetary items			
USD	15,795	30.02	474,108
EUR	97	33.62	3,251
HKD	9,326	3.855	35,950
JPY	38,710	0.275	10,645

Refer to Note 23(b) for the information related to the Group’s realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2020 and 2019, respectively. Due to the variety of foreign currency transactions and functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group’s exchange rate risk comes mainly from conversion gains and losses of accounts denominated in monetary items of foreign currencies. If there had been an unfavorable 5% movement in the levels of foreign exchanges against NTD at the end of the reporting period (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by $65,888 thousand and $57,539 thousand for the years ended December 31, 2020 and 2019, respectively.

b) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 5,218,262	$ 5,763,639
Financial liabilities	76,502,983	41,837,415
Cash flow interest rate risk		
Financial assets	6,486,835	3,697,273
Financial liabilities	2,586,036	9,859,372

Sensitivity analysis

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments at the end of the reporting period. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities at the end of the reporting period have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased by 50 basis points (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have increased by $19,504 thousand and decreased by $30,810 thousand for the years ended December 31, 2020 and 2019, respectively.

c) Other market price risk

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

Sensitivity analysis

If the prices of equity instruments had decreased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), profit would have decreased by $7 thousand since the fair value of financial assets at FVTPL decreased for the year ended December 31, 2019, and other comprehensive income would have decreased by $126,760 thousand and $274,619 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2020 and 2019, respectively.

29. RELATED-PARTY TRANSACTIONS

a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

b. Related party name and nature of relationship

Related Party	Nature of Relationship
GHS	Associate
TPE	Associate
AppWorks	Associate
AppWorks Fund III	Associate

(Continued)

Related Party	Nature of Relationship
kbro Media	Associate
M.E.	Associate
TV Direct	Associate
ADT	Associate
Beijing Global JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Beijing Global Zhiqun Trading Co., Ltd.	Associate (subsidiary of GHS)
GHS Trading Ltd.	Associate (subsidiary of GHS)
Beijing YueShih JiuSha Media Technology Co., Ltd.	Associate (subsidiary of GHS)
Citruss Saudi Trading Company LLC	Associate (subsidiary of GHS)
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
TVD Shopping	Associate (subsidiary of TV Direct, not a related party since November 2020)
Fubon Life Insurance Co., Ltd. (Fubon Life)	Other related party
Fubon Insurance Co., Ltd. (Fubon Ins.)	Other related party
Fubon Securities Investment Trust Co., Ltd. (FSIT)	Other related party
Fubon Sports & Entertainment Co., Ltd.	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Financial Holding Co., Ltd.	Other related party
Fubon Life Insurance (HK) Ltd.	Other related party
Fubon Securities Co., Ltd.	Other related party
Fubon Futures Co., Ltd.	Other related party
Fubon Investment Services Co., Ltd.	Other related party
Fubon Marketing Co., Ltd.	Other related party
Fu-Sheng Life Insurance Agency Co., Ltd.	Other related party
Fu-Sheng General Insurance Agency Co., Ltd.	Other related party
Fubon Financial Venture Capital Co., Ltd.	Other related party
Fubon Gymnasium Co., Ltd.	Other related party
Fubon Asset Management Co., Ltd.	Other related party
One Production Film Co., Ltd.	Other related party
Fubon Bank (China) Co., Ltd.	Other related party
Fubon Land Development Co., Ltd.	Other related party
Fubon Property Management Co., Ltd.	Other related party
Fubon Real Estate Management Co., Ltd.	Other related party
Fubon Hospitality Management Co., Ltd.	Other related party
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd. (Ming Dong)	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Dao Ying Co., Ltd.	Other related party
Fubon Xinji Investment Co., Ltd.	Other related party
Far Eastern Memorial Hospital	Other related party
Dai-Ka Ltd.	Other related party
Chen Feng Investment Ltd.	Other related party
Chen Yun Co., Ltd.	Other related party
Xi Guo Co., Ltd.	Other related party
Cho Pharma Inc.	Other related party
Dun Fu Industrial Corporation Limited.	Other related party
Mitchiller Media Co., Ltd.	Other related party (not a related party since August 2019)
Taiwan Mobile Foundation (TMF)	Other related party
Taipei New Horizon Foundation (TNHF)	Other related party

(Continued)

Related Party	Nature of Relationship
Fubon Cultural & Educational Foundation	Other related party
Fubon Charity Foundation	Other related party
Fubon Art Foundation	Other related party
Taipei Fubon Bank Charity Foundation	Other related party
Taipei New Horizon Management Agency	Other related party
Key management	Chairman, director, president, manager, etc.

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	For the Year Ended December 31	
	2020	2019
Associates	$ 47,301	$ 77,795
Other related parties	923,626	903,270
	$ 970,927	$ 981,065

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	
	2020	2019
Associates	$ 813,516	$ 588,655
Other related parties	287,412	369,691
	$ 1,100,928	$ 958,346

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

3) Receivables due from related parties

		December 31	
Account	Related Party Categories	2020	2019
Accounts receivable	Associates	$ 2,266	$ 4,729
Accounts receivable	Other related parties	176,565	141,457
		$ 178,831	$ 146,186
Other receivables	Associates	$ 63,244	$ 63,988
Other receivables	Other related parties	111,681	65,285
		$ 174,925	$ 129,273

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 2020	December 31 2019
Accounts payable	Associates	$ 99,281	$ 101,077
Accounts payable	Other related parties	61,275	34,085
		$ 160,556	$ 135,162
Other payables	Other related parties	$ 16,189	$ 13,723

5) Prepayments

	December 31 2020	December 31 2019
Other related parties	$ 10,353	$ 15,803

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

	December 31 2020	December 31 2019
Other related parties		
TFCB	$ 1,807,422	$ 2,102,334
Others	24,798	18,736
	$ 1,832,220	$ 2,121,070

7) Cash equivalents

For the Year Ended December 31, 2019

Related Party	Target Acquired	Purchase Price
TFCB	Government bonds with repurchase rights	$ 240,000

Related Party	Target Disposed	Original Purchase Price	Proceeds	Interest Income
TFCB	Government bonds with repurchase rights	$ 386,013	$ 386,049	$ 36

8) Financial assets at FVTPL - current

For the Year Ended December 31, 2019

Related Party	Target Disposed	Purchase Price	Proceeds
FSIT	Fund	$ 100,000	$ 84,864

The cumulative losses were $15,136 thousand, and the Group recognized $3,390 thousand as gain for the year ended December 31, 2019.

9) Acquisition of investments accounted for using equity method

For the Year Ended December 31, 2020

Related Party	Target	Number of Shares (In Thousands)	Purchase Price
AppWorks Fund III	AppWorks Fund III	33,000	$ 330,000
kbro Media	kbro Media	4,875	48,750
			$ 378,750

For the Year Ended December 31, 2019

Related Party	Target	Number of Shares (In Thousands)	Purchase Price
Jamie Lin, President of TWM	AppWorks	387	$ 62,000

10) Others

	December 31	
	2020	2019
Guarantee deposits		
Other related parties	$ 60,135	$ 54,256
Other current liabilities - receipts under custody		
Other related parties	$ 150,528	$ 123,993

	For the Year Ended December 31	
	2020	2019
Operating expenses		
Other related parties		
TMF	$ 15,650	$ 13,100
TNHF	5,000	5,000
TFCB	195,966	247,114
Others	162,605	174,438
	$ 379,221	$ 439,652
Other income		
Associates	$ 10,643	$ -
Other related parties		
TFCB	66,439	2,218
Others	666	15,734
	$ 77,748	$ 17,952

11) Lease arrangements

Acquisition of right-of-use assets

	For the Year Ended December 31	
	2020	2019
Other related parties	$ 47,052	$ 92,694

Lease liabilities (including current and non-current portions)

	December 31	
	2020	2019
Other related parties	$ 431,137	$ 611,736

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	
	2020	2019
Short-term employee benefits	$ 313,308	$ 292,411
Termination and post-employment benefits	7,757	18,528
	$ 321,065	$ 310,939

30. ASSETS PLEDGED

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

	December 31	
	2020	2019
Other current financial assets	$ 169,230	$ 165,201
Service concessions	6,791,334	6,970,053
Other non-current financial assets	355,432	271,653
	$ 7,315,996	$ 7,406,907

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	December 31	
	2020	2019
Purchases of property, plant and equipment	$ 8,695,105	$ 3,670,907
Purchases of cellular phones	$ 5,500,331	$ 2,268,710

As of December 31, 2020 and 2019, the amounts of lease commitments commencing after the balance sheet date were $619,099 thousand and $648,683 thousand, respectively.

b. As of December 31, 2020 and 2019, the amounts of endorsements and guarantees provided to entities in the Group were both $21,550,000 thousand.

c. In accordance with the NCC's policy and regulations, TWM entered into a contract with DBS Bank Ltd., which provided a performance guarantee for advance receipts from prepaid cards and electronic gift certificates, totaling $612,902 thousand and $14,969 thousand, respectively, as of December 31, 2020.

In accordance with the NCC's policy and regulations, cable television companies should provide performance bonds based on a certain proportion of the advance receipts from their subscribers. As of December 31, 2020, the cable television companies had provided $74,519 thousand as performance bonds, classified as other non-current financial assets.

In accordance with the Ministry of Economic Affairs' policy and regulations, momo entered into a contract with First Commercial Bank Co., Ltd., which provided a performance guarantee for advance receipts from prepaid bonuses and electronic tickets totaling $85,956 thousand and $93,867 thousand, respectively, as of December 31, 2020.

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

1) Construction and operating period:

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

2) Development concession:

The total initial amount of concession was $1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession will be paid with additional business tax from the signing date of the supplemental agreement; thus, the concession will be increased by $48,750 thousand. The rest of the concession will be paid over 14 years from fiscal year 2015. As of December 31, 2020, $736,937 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of December 31, 2020, 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.

e. In August 2015, Far EasTone Telecommunications (FET) filed a civil statement of complaint with the Court, in which FET claimed that (i) TWM shall apply for the return the C4 spectrum block (1748.7-1754.9/1843.7-1849.9 MHz) back to the NCC; (ii) TWM shall not use the C4 spectrum block; (iii) TWM shall not use the C1 spectrum block until TWM's application for the return of the C4 spectrum block is approved by the NCC; and (iv) TWM shall provide $1,005,800 thousand to FET as compensation. In May 2016, the Court decided against TWM regarding claims (i), (ii), and (iii) of the lawsuit; and the Court decided against FET regarding claim (iv) of the lawsuit. FET offered a security deposit of $320,630 thousand for the provisional execution of claims (i) to (iv). TWM offered a counter-security deposit of $961,913 thousand in order to be exempted from the provisional execution of claims (i) to (iv). In addition, TWM offered a counter-security deposit for the exemption from provisional execution of the sentence, and the counter-security deposit was reclaimed in March 2018. TWM and FET appealed the aforementioned sentences respectively. The judgment dismissed by the High Court were as follows: 1. (1) TWM "shall apply for the return of the C4 spectrum block to the NCC immediately", "shall not use the C4 spectrum block in any way", and "TWM shall not use the C1 spectrum block before the C4 spectrum block has been returned to and approved by the NCC", and (2) the claim stated in section 2(2) below, in which the corresponding portion of FET's claimed provisional execution and litigation expenses were rejected. 2. (1) For the dismissed portion stated in the above section (1), FET's claim and motion of provisional execution in the first instance were rejected; and (2) for the dismissed portion stated in the above section 1(2), TWM shall pay FET $765,779 thousand, as well as a 5% annual interest payment, for the period starting from September 5, 2015 to the payment date, on $152,584 thousand of the above amount. 3. The rest of FET's appeals were rejected. 4. TWM shall bear half of the litigation expenses in the first and second instances, and FET shall bear the rest. 5. Regarding the portion of the judgment regarding TWM's payment, FET may file a provisional execution with a collateral of $255,260 thousand or a negotiable certificate deposit (NCD) issued by Far Eastern International Bank for the equal amount; and TWM may provide a counter-security of $765,779 thousand to be exempted from the above FET provisional execution. 6. The rest of FET's motions on provisional execution were rejected. TWM and FET appealed the sentence respectively. In May 2019, the judgment dismissed by the Supreme Court was as follows: regarding the portion of the High Court's original judgment on (1) dismissed FET's other appeal, (2) ruled the TWM's payment obligation, and (3) ruled the litigation expenses with respect to above-mentioned two items shall be dismissed, and the Supreme Court remanded the case to the High Court. Under the first retrial of the High Court, TWM filed a counterclaim requesting that FET pay $14,482 thousand, as well as a 5% annual interest payment, for the period starting from the date following the service of the counterclaim until the settlement date. In August 2020, the judgment dismissed by the High Court first retrial were as follows: regarding the portion of the High Court's original judgment on dismissing FET's claim stated below, in which the corresponding portion of FET's claimed provisional execution and litigation expenses (except the part of final and binding judgment) were rejected. For the dismissed portion stated in the above, TWM shall pay FET $242,154 thousand as well as, a 5% annual interest payment, for the period starting from September 30, 2016 to the payment date, on $142,685 thousand of the above amount; and a 5% annual interest payment, for the period starting from July 21, 2017 to the payment date, on $99,469 thousand of the above amount. The rest of FET's appeals were rejected. TWM's counterclaim and the motion of provisional execution were rejected. FET shall bear 75% of the litigation expenses in the first and the second trial (except for the part of the final and binding judgment) as well as the third trial prior to the remand; and TWM shall bear the rest. TWM shall bear the litigation expenses of the counterclaim. Regarding the portion of the judgment regarding TWM's payment, FET may file a provisional execution with a collateral of $80,720 thousand; and TWM may provide a counter-security of $242,154 thousand to be exempted from the above provisional execution. TWM and FET appealed the sentence respectively. The case is now in the process of the Supreme Court.

32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In February 2021, the Board of Directors of momo, one of TWM's subsidiaries, resolved that momo would dispose of 14,793 thousand shares of common stock of TPE at selling prices no less than $30 per share in batches.

33. OTHERS

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

	For the Year Ended December 31					
	2020			2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	$ 2,486,031	$ 4,979,346	$ 7,465,377	$ 2,265,080	$ 4,672,180	$ 6,937,260
Insurance expenses	214,260	426,640	640,900	189,966	411,739	601,705
Pension	112,624	221,517	334,141	102,099	209,627	311,726
Others	119,928	262,079	382,007	107,486	256,185	363,671
Depreciation	10,091,596	1,014,474	11,106,070	11,750,782	1,004,958	12,755,740
Amortization	3,832,801	2,052,414	5,885,215	3,036,555	2,887,293	5,923,848

Information of employees' compensation and remuneration of directors

According to TWM's Articles, the estimated employees' compensation and remuneration of directors are set at the rates of 1% to 3% and no higher than 0.3%, respectively, of profit before income tax, employees' compensation, and remuneration of directors. Estimations for employees' compensation were calculated by applying the rates to the aforementioned profit before income tax, for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

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

34. ADDITIONAL DISCLOSURES

a. Information on significant transactions and b. Information on investees:

1) Financing extended to other parties: Table 1 (attached)

2) Endorsements/guarantees provided to other parties: Table 2 (attached)

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3 (attached)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 4 (attached)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: 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: Table 9 (attached)

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)

35. SEGMENT INFORMATION

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

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

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

Cable Television: providing pay TV and cable broadband services.

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

For the Year Ended December 31, 2020	Telecommuni-cations	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	$ 61,532,926	$ 67,198,104	$ 6,192,972	$ 554,306	$ (2,617,324)	$ 132,860,984
Operating costs	39,295,803	60,883,619	3,187,087	318,950	(2,270,211)	101,415,248
Operating expenses	11,192,095	4,199,106	794,914	56,488	(520,462)	15,722,141
Net other income and expenses	279,681	103,711	(2,698)	1,111	(49,240)	332,565
Profit	11,324,709	2,219,090	2,208,273	179,979	124,109	16,056,160
EBITDA (Note)	24,867,445	3,034,201	2,928,278	373,187	126,233	31,329,344

For the Year Ended December 31, 2019	Telecommuni-cations	Retail	Cable Television	Others	Adjustments and Eliminations	Total
Operating revenues	$ 67,384,770	$ 51,830,417	$ 6,089,688	$ 598,050	$ (1,482,012)	$ 124,420,913
Operating costs	42,561,416	46,745,781	3,237,440	345,741	(1,278,200)	91,612,178
Operating expenses	12,067,423	3,458,294	770,045	58,989	(239,584)	16,115,167
Net other income and expenses	501,358	29,287	10,188	2,709	(43,775)	499,767
Profit	13,257,289	1,655,629	2,092,391	196,029	(8,003)	17,193,335
EBITDA (Note)	27,618,141	2,328,619	3,079,032	408,399	(45,265)	33,388,926

Note: The Group uses EBITDA (Operating income + Depreciation + Amortization expenses of intangible assets) as the measurement for segment profit and the basis of performance assessment.

a. Geographical information

The Group’s revenues are generated mostly from domestic business. Overseas revenues are primarily generated from international calls and data services.

Consolidated geographic information for revenues was as follows:

	For the Year Ended December 31	
	2020	2019
Taiwan, ROC	$ 130,486,507	$ 121,142,887
Overseas	2,374,477	3,278,026
	$ 132,860,984	$ 124,420,913

b. Information on major customers

The Group does not have revenues from a single customer that exceeds 10% of the consolidated operating revenues.

TABLE 1

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(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	$ 400,000	$ 400,000	$ 346,000	0.86889%-1.09422%	Short-term financing	$ -	Operation requirements	$ -	-	$ -	$ 32,930,330	$ 32,930,330	Note 2
		TFC	Other receivables	Yes	700,000	700,000	341,000	1.16867%-1.39400%	Short-term financing	-	Operation requirements	-	-	-	32,930,330	32,930,330	Note 2
2	WMT	TWM	Other receivables	Yes	3,800,000	3,800,000	3,071,000	0.86867%-1.09422%	Short-term financing	-	Operation requirements	-	-	-	8,554,493	8,554,493	Note 2
		TKT	Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	8,554,493	8,554,493	Note 2
		TFNM	Other receivables	Yes	2,770,000	2,430,000	730,000	0.87033%-1.09422%	Short-term financing	-	Operation requirements	-	-	-	8,554,493	8,554,493	Note 2
		WTVB	Other receivables	Yes	1,000,000	1,000,000	590,000	0.86878%-1.09433%	Short-term financing	-	Operation requirements	-	-	-	8,554,493	8,554,493	Note 2
3	TVC	TWM	Other receivables	Yes	600,000	600,000	600,000	0.86867%	Short-term financing	-	Operation requirements	-	-	-	634,989	634,989	Note 2
4	TFN	TWM	Other receivables	Yes	11,000,000	11,000,000	8,453,000	0.86867%-1.09422%	Short-term financing	-	Operation requirements	-	-	-	21,575,577	21,575,577	Note 2
		TCC	Other receivables	Yes	700,000	700,000	341,000	0.86867%-1.09400%	Short-term financing	-	Operation requirements	-	-	-	21,575,577	21,575,577	Note 2
5	YJCTV	TFNM	Other receivables	Yes	100,000	60,000	60,000	0.86900%-1.09378%	Transactions	460,717	-	-	-	-	460,717	460,717	Notes 3 and 4
6	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86900%-1.09378%	Transactions	538,231	-	-	-	-	538,231	538,231	Notes 3 and 4
7	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86900%-1.09378%	Short-term financing	-	Repayment of financing	-	-	-	286,370	286,370	Note 3

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

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

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED TO OTHER PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(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	$ 6,500,000	$ -	32.89	$ 65,365,100	Y	N	N	Note 3
		TKT	Note 2	313,800	50,000	50,000	50,000	-	0.08	65,365,100	Y	N	N	Note 3

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

Note 2: Direct/indirect subsidiary.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Note
				Units/Shares (In Thousands)	Carrying Value	Percentage of Ownership %	Fair Value	
TWM	Stock							
	Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	$ 236,913	0.028	$ 236,913	
	Asia Pacific Telecom Co., Ltd.	-	Non-current financial assets at FVTOCI	97,171	981,427	2.55	981,427	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	30,496	10	30,496	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	50,000	456,109	5	456,109	
	Limited Partnerships							
	Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	218,499	21.67	218,499	Note 1
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	31,328	21.67	31,328	Note 1
TCC	Stock							
	Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	93,356	5.21	93,356	
WMT	Limited Partnerships							
	The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	Stock							
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	227,840	8.45	227,840	
	91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	142,400	2.33	142,400	
TCCI	Stock							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,829,130	5.71	19,829,130	
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	38,039	6.67	38,039	
TUI	Stock							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,614,796	11.69	40,614,796	
TID	Stock							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,662,607	2.49	8,662,607	
TFNM	Beneficiary Certificates							
	Dragon Tiger Capital Partners Limited - Class B	-	Non-current financial assets at FVTOCI	0.2	-	0.33	-	
	Dragon Tiger Capital Partners Limited - Class C	-	Non-current financial assets at FVTOCI	0.0335	-	0.056	-	

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Note
				Units/Shares (In Thousands)	Carrying Value	Percentage of Ownership %	Fair Value	
momo	Stock							
	Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	$ 8,533	2.04	$ 8,533	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,140	70,252	7.85	70,252	

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

Note 2: For the information on investments in subsidiaries and associates, see Table 8 and Table 10 for details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Units/Shares (In Thousands)	Amount (Note 2)
TWM	LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	-	$ 100,000 (Note 1)	50,000	$ 400,000	-	$ -	$ -	$ -	50,000	$ 456,109
TWM	TVC	Investments accounted for using equity method	-	Subsidiary	500	4,907	160,000	1,600,000	-	-	-	-	160,500	1,587,474
TVC	AppWorks Fund III	Investments accounted for using equity method	-	Associate	-	-	33,000	330,000	-	-	-	-	33,000	315,027
TFN	THSR	Current financial assets at FVTOCI	-	-	90,212	3,464,156	-	-	90,212	2,964,345	912,463	2,051,882	-	-

Note 1: The beginning balance is recognized as prepayments for investment.

Note 2: The ending balance includes share of associates accounted for using equity method and the relevant adjustment to financial assets.

TABLE 5

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counter-party	Relationship	Information on Previous Title Transfer If Counter-party Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Land	July 31, 2019	$ 619,817 (Note)	Paid in full. (including $557,003 thousand paid in current period)	Yi Jinn Industrial Co., Ltd.	-	-	-	-	$ -	Determined by the professional appraisal report and market conditions	Set up a southern logistics center for operational needs	None

Note: Total transaction amount for the land was $628,143 thousand in July 2019 and changed to $619,817 thousand due to the adjustment of transaction volume in April 2020.

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, 2020

(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	$ 216,699	-	Based on contract terms	-	-	$ 26,173	-	Note 3
			Purchase	4,471,069	11	Based on contract terms	-	-	(490,938)	(Note 2)	Note 3
	TPIA	Subsidiary	Sale	164,076	-	Based on contract terms	-	-	72,389	1	
	TKT	Subsidiary	Purchase	286,681	1	Based on contract terms	-	-	(101,081)	5	
	momo	Subsidiary	Sale	2,084,657	4	Based on contract terms	-	-	345,383	5	
			Purchase	224,136	1	Based on contract terms	-	-	(11,656)	1	
TWM&TDS	Fubon Ins.	Other related party	Sale	235,521	-	Based on contract terms	-	-	42,996	1	
TNH	TWM	Parent	Sale	128,808	23	Based on contract terms	-	-	6,592	69	
TFN	TFNM	Fellow subsidiary	Sale	161,913	2	Based on contract terms	-	-	29,429	2	
	Fubon Life	Other related party	Sale	137,669	1	Based on contract terms	-	-	12,089	1	
TT&T	TWM	Ultimate parent	Sale	1,008,960	90	Based on contract terms	-	-	83,973	91	
	TFN	Fellow subsidiary	Sale	109,107	10	Based on contract terms	-	-	8,704	9	
TPIA	Fubon Ins.	Other related party	Sale	260,421	91	Based on contract terms	-	-	87,246	89	
TFNM	YJCTV	Subsidiary	Channel leasing fee	423,140	13	Based on contract terms	Note 1	Note 1	-	-	
	PCTV	Subsidiary	Channel leasing fee	496,391	15	Based on contract terms	Note 1	Note 1	-	-	
	UCTV	Subsidiary	Channel leasing fee	217,859	7	Based on contract terms	Note 1	Note 1	-	-	
	GCTV	Subsidiary	Channel leasing fee	188,627	6	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka Ltd.	Other related party	Royalty for copyright	157,827	53	Based on contract terms	Note 1	Note 1	(65,761)	93	
momo	FSL	Subsidiary	Purchase	136,482	-	Based on contract terms	-	-	(40,922)	1	
	TPE	Associate	Purchase	806,680	1	Based on contract terms	-	-	(99,280)	1	

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

Note 2: Including accounts payable and other payables.

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

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, 2020

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
TWM	momo	Subsidiary	Accounts receivable	$ 345,383	7.85	$ -	-	$ 340,603	$ -
TCC	TWM	Parent	Other receivables	347,284		-	-	1,284	-
	TFC	Subsidiary	Other receivables	341,611		-	-	-	-
WMT	TWM	Parent	Other receivables	3,075,436		-	-	3,075,436	-
	TFNM	Subsidiary	Other receivables	730,566		-	-	-	-
	WTVB	Subsidiary	Other receivables	591,291		-	-	561	-
TVC	TWM	Parent	Other receivables	600,800		-	-	-	-
TFN	TWM	Ultimate parent	Accounts receivable	499,541	10.1	-	-	442,979	-
			Other receivables	8,535,658		-	-	49,418	-
	TCC	Parent	Other receivables	341,454		-	-	-	-
TKT	TWM	Ultimate parent	Accounts receivable	101,081	3.56	-	-	33,089	-
PCTV	TFNM	Parent	Accounts receivable	5,554	5.89	-	-	3,600	-
			Other receivables	520,035		-	-	35	-
GCTV	TFNM	Parent	Accounts receivable	2,349	5.86	-	-	1,489	-
			Other receivables	250,001		-	-	1	-
momo	TFCB	Other related party	Accounts receivable	682	Note	-	-	682	-
			Other receivables	109,378		-	-	109,378	-

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

TABLE 8

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, 2020

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership %	Carrying Value			
TWM	TCC	Taiwan	Investment	$ 40,397,288	$ 40,397,288	502,970	100	$ 20,412,476	$ 3,317,359	$ 3,317,804	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	21,386,300	2,573,146	2,573,221	Note 1
	TVC	Taiwan	Investment	1,605,000	5,000	160,500	100	1,587,474	(7,736)	(7,736)	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,863,980	85,040	43,536	Note 1
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	1,275	51	265,526	83,091	41,515	Note 1
	ADT	Taiwan	Technology development of mobile payment and information processing services	60,000	60,000	6,000	14.4	8,615	17,661	2,543	
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	53,939,905	3,081,592	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	103,908	50,843	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	224,218	(4,786)	-	Notes 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	27,126,729	4,172	-	Note 2
	TDS	Taiwan	Commissioned maintenance service	25,000	25,000	2,500	100	103,929	9,536	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	91,554	81,554	-	Note 2
	TFC	Taiwan	Type II telecommunications business	200,000	200,000	20,000	100	185,670	(11,739)	-	Note 2
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	6,882,042	1,749,541	-	Note 2
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,077	177	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	98,367	3,747	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	292,816	29,530	-	Note 2
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	63,047	45.01	9,671,655	1,943,304	-	Notes 2 and 4
TVC	AppWorks Fund III	Taiwan	Venture capital	330,000	-	33,000	20.11	315,027	(90,130)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	35,364,721	(74)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,548,099	(86)	-	Note 2
TFNM	TKT	Taiwan	Digital music service	156,900	156,900	14,700	100	280,296	34,975	-	Note 2
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,673,511	(77,644)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	639,160	48,770	-	Notes 2 and 5
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,466,284	166,851	-	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,034,154	41,036	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,283,897	57,384	-	Note 2
	kbro Media	Taiwan	Film distribution, arts and literature service, and entertainment	341,250	292,500	21,994	33.58	167,135	(58,794)	-	Note 2
TKT	M.E.	Taiwan	Livestreaming artists management service, digital media production, and media planning	27,000	27,000	460	15	25,698	4,469	-	Note 2

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership %	Carrying Value			
GFMT	UCTV	Taiwan	Cable TV service provider	$ 16,218	$ 16,218	1,300	0.76	$ 15,638	$ 41,036	$ -	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	96,912	57,384	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	31,343	(11,847)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	678,698	46,691	-	Note 2
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	7,119	(1,672)	-	Note 2
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	7,729	(1,527)	-	Note 2
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	45,737	5,569	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85	41,397	(9,721)	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	-	25,000	100	246,559	(3,473)	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	-	10,000	100	101,814	1,814	-	Note 2
	TPE	Taiwan	Logistics industry	295,860	337,860	14,793	15.5	386,414	206,535	-	Note 2
	TV Direct	Thailand	Wholesale and retail sales	200,820	-	191,213	24.99	192,103	48,532	-	Note 2
	TVD Shopping	Thailand	Wholesale and retail sales	Note 6	115,389	Note 6	Note 6	Note 6	Note 6	-	Notes 2 and 6
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	33,987	(11,672)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	33,987	(11,672)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	678,698	46,691	-	Note 2

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

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

Note 3: Held 1 share on December 31, 2020.

Note 4: Non-controlling interests.

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

Note 6: momo sold all of its equity interest of TVD Shopping in June 2020.

Note 7: For information on investment in mainland China, see Table 10 for details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	TWM	TFN	1	Notes and accounts receivable, net	$ 26,745	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TPIA	1	Notes and accounts receivable, net	72,389	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	1	Notes and accounts receivable, net	345,383	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Other receivables	32,602	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TNH	1	Other non-current assets	18,259	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Short-term borrowings	8,453,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	5%
		WMT	1	Short-term borrowings	3,071,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	2%
		TCC	1	Short-term borrowings	346,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TVC	1	Short-term borrowings	600,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Notes and accounts payable	75,889	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TKT	1	Notes and accounts payable	101,081	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	1	Notes and accounts payable	11,656	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	1	Notes and accounts payable	22,125	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Other payables	475,281	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TT&T	1	Other payables	83,973	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TDS	1	Other payables	18,282	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Lease liabilities - current	12,772	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TNH	1	Lease liabilities - current	115,033	The terms of transaction are determined in accordance with mutual agreements or general business practices	-

(Continued)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
0	TWM	TFN	1	Other current liabilities	$ 28,095	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	1	Other current liabilities	27,041	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Lease liabilities - non-current	28,185	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TNH	1	Lease liabilities - non-current	252,948	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		YJCTV	1	Lease liabilities - non-current	27,425	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		GCTV	1	Lease liabilities - non-current	15,228	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Operating revenues	216,699	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	1	Operating revenues	28,424	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TPIA	1	Operating revenues	164,076	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	1	Operating revenues	2,084,657	The terms of transaction are determined in accordance with mutual agreements or general business practices	2%
		TFN	1	Operating costs	4,471,069	The terms of transaction are determined in accordance with mutual agreements or general business practices	3%
		TKT	1	Operating costs	286,681	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TDS	1	Operating costs	67,023	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	1	Operating costs	224,136	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	1	Operating costs	50,414	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Operating expenses	32,455	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TT&T	1	Operating expenses	1,008,960	The terms of transaction are determined in accordance with mutual agreements or general business practices	1%
		TFN	1	Other income and expenses, net	42,095	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Finance costs	74,010	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		WMT	1	Finance costs	27,096	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
1	TCC	TFC	1	Other receivables	341,611	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFN	1	Short-term borrowings	341,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-

(Continued)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
2	WMT	TFNM	1	Other receivables	$ 730,566	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		WTVB	1	Other receivables	591,291	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
3	TFN	UCTV	3	Acquisition of property, plant and equipment	11,730	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFC	3	Notes and accounts receivable, net	15,045	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	3	Notes and accounts receivable, net	29,429	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFC	3	Operating revenues	91,856	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	3	Operating revenues	161,913	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		momo	3	Operating revenues	47,149	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TT&T	3	Operating expenses	109,107	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
4	momo	FSL	1	Notes and accounts payable	40,922	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		FGE	1	Operating revenues	21,876	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		MFS	1	Operating revenues	12,881	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		Bebe Poshe	1	Operating costs	39,129	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		FSL	1	Operating costs	136,482	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		TFNM	3	Operating costs	49,267	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
5	TFNM	PCTV	1	Other receivables	68,188	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		YJCTV	1	Other receivables	37,618	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		UCTV	1	Other receivables	30,317	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		GCTV	1	Other receivables	23,972	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		MCTV	1	Other receivables	16,645	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		PCTV	1	Short-term borrowings	520,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		YJCTV	1	Short-term borrowings	60,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-

(Continued)

Number	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenues or Total Assets
				Account	Amount	Transaction Terms	
5	TFNM	GCTV	1	Short-term borrowings	$ 250,000	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		WTVB	3	Notes and accounts payable	22,401	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		PCTV	1	Operating revenues	538,231	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		YJCTV	1	Operating revenues	460,717	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		UCTV	1	Operating revenues	217,859	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		GCTV	1	Operating revenues	205,393	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		MCTV	1	Operating revenues	18,112	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		PCTV	1	Operating costs	35,299	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		YJCTV	1	Operating costs	31,763	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		UCTV	1	Operating costs	23,028	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		GCTV	1	Operating costs	14,799	The terms of transaction are determined in accordance with mutual agreements or general business practices	-
		WTVB	3	Operating costs	85,337	The terms of transaction are determined in accordance with mutual agreements or general business practices	-

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

Note 2: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

(Concluded)

TABLE 10

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020

(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 as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	Note
					Outflow	Inflow							
TWMC	Mobile application development and design	$ 85,440 (USD 3,000)	b	$ 138,752 (USD 4,872)	$ -	$ -	$ 138,752 (USD 4,872)	$ 1,373	100	$ 1,373	$ 80,023	-	
FGE	Wholesaling	338,829 (RMB 77,500)	b	788,994 (USD 14,000) (RMB 89,267)	-	-	788,994 (USD 14,000) (RMB 89,267)	(11,997)	76.7	(9,202)	21,354	-	
Haobo	Investment	48,092 (RMB 11,000)	b	-	-	-	-	45,921	100	45,921	650,773	-	
GHS	Wholesaling	218,599 (RMB 50,000)	b	-	-	-	-	257,834	20	44,592	606,376	-	

Company	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
TWM and subsidiaries	$1,546,790 (US$18,872, RMB89,267 and HK$168,539)	$1,546,790 (US$18,872, RMB89,267 and HK$168,539)	$43,194,127

Note 1: The investment types are as follows:

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

Note 2: The amounts are based on the audited financial statements.

Note 3: The upper limit on investment in mainland China is calculated by 60% of the consolidated net worth.

TAIWAN MOBILE CO., LTD

INFORMATION OF MAJOR STOCKHOLDERS
DECEMBER 31, 2020

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.69
Shin Kong Life Insurance Co., Ltd.	303,887,000	8.65
Cathay Life Insurance Co., Ltd.	211,734,900	6.03
TCCI	200,496,761	5.71
Ming Dong	184,736,452	5.26

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