Chief Telecom Inc.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chief Telecom Inc.

Opinion

We have audited the accompanying financial statements of Chief Telecom Inc. (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, 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 Matter

The key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The key audit matter of the financial statements for the year ended December 31, 2022 is as follows:

Revenue Recognition

The Company's main source of revenue comes from the provision of network integration, internet data center ("IDC"), communications integration, and cloud application services. The Company's bills are normally calculated via an automated process and billed on a regular basis, which may not align with the Company's fiscal year end. Therefore, as a result of different billing cycles of its customers, the amount to be billed for the remaining period is manually calculated for the amount to be charged from the last billed date to the Company's fiscal year end. This estimation is identified as a key audit matter since incomplete or incorrect data manually extrapolated may have a direct effect on the accuracy of revenue recorded.

See Note 4 for relevant accounting policies for revenue recognition related to network integration, IDC, cloud application services, and communications integration.

We understood the revenue business process, and evaluated the design and implementation and operating effectiveness of the Company's internal controls.

Our audit procedures related to the Company's systems to recognize estimated revenue from transactions not yet billed included the following:

1. We verified the completeness and accuracy of data captured by IT systems used during the process of manual revenue calculation.

2. We recalculated revenue to be recognized for customers not yet billed with the applicable rate in order to verify the accuracy of revenue recognized.

3. We compared subsequent billings with customers to ensure that no material discrepancy exists.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Yih-Shin Kao and Mei Yen Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 16, 2023

Notice to Readers

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

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

CHIEF TELECOM INC.

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 25)	$ 2,255,061	39	$ 986,585	18
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	439	-	2,566	-
Notes receivable (Notes 4, 8 and 25)	3,991	-	2,887	-
Trade receivables, net (Notes 4, 8 and 25)	183,171	3	174,446	3
Trade receivables from related parties (Notes 4, 25 and 26)	40,832	1	35,273	1
Inventories (Note 4)	3,561	-	2,332	-
Prepayments (Note 26)	52,998	1	36,901	1
Other financial assets (Notes 4, 9 and 25)	100,000	2	1,571,800	29
Other current assets (Note 26)	5,936	-	8,998	-
Total current assets	2,645,989	46	2,821,788	52
NONCURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 10 and 25)	121,440	2	118,829	2
Investments accounted for using equity method (Notes 4 and 11)	117,332	2	98,690	2
Property, plant and equipment (Notes 4 and 12)	1,099,137	19	571,498	10
Right-of-use assets (Notes 4 and 13)	1,655,783	29	1,758,166	32
Intangible assets (Notes 4 and 14)	53,185	1	57,375	1
Deferred income tax assets (Notes 4 and 20)	2,118	-	1,979	-
Other noncurrent assets (Notes 25 and 26)	34,956	1	42,042	1
Total noncurrent assets	3,083,951	54	2,648,579	48
TOTAL	$ 5,729,940	100	$ 5,470,367	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities (Notes 4 and 18)	$ 52,978	1	$ 38,557	1
Notes payable (Note 25)	75	-	7,944	-
Accounts payable (Note 25)	41,646	1	50,249	1
Accounts payable to related parties (Notes 25 and 26)	68,633	1	57,269	1
Other payables (Notes 15 and 25)	303,410	5	250,966	4
Current tax liabilities (Notes 4 and 20)	119,718	2	92,874	2
Lease liabilities - current (Notes 4, 13, 25 and 26)	93,407	2	91,886	2
Other current liabilities	13,974	-	4,536	-
Total current liabilities	693,841	12	594,281	11
NONCURRENT LIABILITIES				
Deferred income tax liabilities	552	-	-	-
Lease liabilities - noncurrent (Notes 4, 13, 25 and 26)	1,630,490	29	1,722,427	32
Net defined benefit liabilities (Notes 4, 16 and 19)	10,959	-	9,518	-
Guarantee deposits (Note 25)	81,336	1	65,817	1
Total noncurrent liabilities	1,723,337	30	1,797,762	33
Total liabilities	2,417,178	42	2,392,043	44
EQUITY (Note 17)				
Capital stock	707,449	12	704,701	13
Capital surplus	1,349,141	24	1,346,535	24
Retained earnings				
Legal reserve	411,916	7	343,336	6
Special reserve	10,926	-	6,991	-
Unappropriated earnings	835,320	15	687,687	13
Total retained earnings	1,258,162	22	1,038,014	19
Other equity	(1,990)	-	(10,926)	-
Total equity	3,312,762	58	3,078,324	56
TOTAL	$ 5,729,940	100	$ 5,470,367	100

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

CHIEF TELECOM INC.

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 18 and 26)	$ 3,011,172	100	$ 2,736,517	100
OPERATING COSTS (Notes 16, 19 and 26)	1,558,261	52	1,496,050	55
GROSS PROFIT	1,452,911	48	1,240,467	45
OPERATING EXPENSES (Notes 16, 19 and 26)				
Marketing	292,567	10	270,380	10
General and administrative	115,958	4	105,629	4
Research and development	15,369	-	-	-
Expected credit (gain) loss (Notes 4 and 8)	(1,016)	-	2,040	-
Total operating expenses	422,878	14	378,049	14
OTHER INCOME AND EXPENSES (Note 19)	37	-	34	-
OPERATING INCOME	1,030,070	34	862,452	31
NON-OPERATING INCOME AND EXPENSES				
Interest income	13,727	1	10,468	1
Other income	5,509	-	4,491	-
Other gains and losses (Note 19)	13,563	1	(2,908)	-
Interest expense (Notes 4, 19 and 26)	(29,530)	(1)	(27,374)	(1)
Share of profits of subsidiaries accounted for using equity method	9,012	-	7,849	-
Total non-operating income and expenses	12,281	1	(7,474)	-
INCOME BEFORE INCOME TAX	1,042,351	35	854,978	31
INCOME TAX (Notes 4 and 20)	205,541	7	168,411	6
NET INCOME	836,810	28	686,567	25

(Continued)

CHIEF TELECOM INC.

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit pension plans (Note 16)	$ (2,156)	-	$ (962)	-
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	(694)	-	(1,536)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 20)	431	-	193	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	9,630	-	(2,399)	-
Other comprehensive income (loss), net of income tax	7,211	-	(4,704)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 844,021	28	$ 681,863	25
EARNINGS PER SHARE (Note 21)				
Basic	$ 11.85		$ 9.75	
Diluted	$ 11.78		$ 9.68	

The accompanying notes are an integral part of the financial statements. (Concluded)

CHIEF TELECOM INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock (Note 17)			Retained Earnings (Note 17)				Other Equity (Note 17)		
	Shares (In Thousands)	Amount	Capital Surplus (Notes 17 and 22)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences Arising from the Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2021	70,246	$ 702,459	$ 1,379,217	$ 282,535	$ 5,216	$ 614,050	$ 901,801	$ (6,488)	$ (503)	$ 2,976,486
Appropriation of 2020 earnings										
Legal reserve	-	-	-	60,801	-	(60,801)	-	-	-	-
Special reserve	-	-	-	-	1,775	(1,775)	-	-	-	-
Cash dividends - $7.80 per share	-	-	-	-	-	(549,585)	(549,585)	-	-	(549,585)
Donations from shareholders	-	-	211	-	-	-	-	-	-	211
Issuance of cash dividends from capital surplus	-	-	(70,460)	-	-	-	-	-	-	(70,460)
Net income for the year ended December 31, 2021	-	-	-	-	-	686,567	686,567	-	-	686,567
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(769)	(769)	(2,399)	(1,536)	(4,704)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	685,798	685,798	(2,399)	(1,536)	681,863
Issuance of ordinary shares under employee share options	224	2,242	27,533	-	-	-	-	-	-	29,775
Share-based payment transactions (Note 22)	-	-	10,034	-	-	-	-	-	-	10,034
BALANCE, DECEMBER 31, 2021	70,470	704,701	1,346,535	343,336	6,991	687,687	1,038,014	(8,887)	(2,039)	3,078,324
Appropriation of 2021 earnings										
Legal reserve	-	-	-	68,580	-	(68,580)	-	-	-	-
Special reserve	-	-	-	-	3,935	(3,935)	-	-	-	-
Cash dividends - $8.70 per share	-	-	-	-	-	(614,937)	(614,937)	-	-	(614,937)
Donations from shareholders	-	-	248	-	-	-	-	-	-	248
Issuance of cash dividends from capital surplus	-	-	(42,409)	-	-	-	-	-	-	(42,409)
Net income for the year ended December 31, 2022	-	-	-	-	-	836,810	836,810	-	-	836,810
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	(1,725)	(1,725)	9,630	(694)	7,211
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	835,085	835,085	9,630	(694)	844,021
Issuance of ordinary shares under employee share options	275	2,748	35,929	-	-	-	-	-	-	38,677
Share-based payment transactions (Note 22)	-	-	8,838	-	-	-	-	-	-	8,838
BALANCE, DECEMBER 31, 2022	70,745	$ 707,449	$ 1,349,141	$ 411,916	$ 10,926	$ 835,320	$ 1,258,162	$ 743	$ (2,733)	$ 3,312,762

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

CHIEF TELECOM INC.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,042,351	$ 854,978
Adjustments for:		
Depreciation	171,400	175,759
Amortization	9,431	8,465
Expected credit (gain) loss	(1,016)	2,040
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	177	(714)
Finance costs	29,530	27,374
Interest income	(13,727)	(10,468)
Dividend income	(4,944)	(4,089)
Compensation cost of share-based payment transactions	8,838	10,034
Share of profits of subsidiaries	(9,012)	(7,849)
Gain on disposal of property, plant and equipment	(37)	(34)
Net gain on disposal of financial assets	(726)	(353)
Provision for impairment loss and obsolescence of inventory	568	371
Unrealized gain on foreign currency exchange	(3,030)	(3,338)
Changes in operating assets and liabilities:		
Notes receivable	(1,104)	692
Trade receivables	(8,880)	(15,766)
Trade receivables from related parties	(5,620)	25,611
Inventories	(1,797)	(746)
Prepayments	(16,097)	(16,779)
Other current assets	4,281	(2,078)
Contract liabilities	14,421	11,109
Notes payable	(7,869)	1,867
Accounts payable	(8,699)	4,007
Accounts payable to related parties	11,364	(8,482)
Other payables	51,039	25,443
Other current liabilities	9,437	(6,390)
Net defined benefit plans	(715)	(735)
Cash generated from operations	1,269,564	1,069,929
Interest paid	(29,530)	(27,375)
Income tax paid	(177,854)	(159,496)
Net cash generated from operating activities	1,062,180	883,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(3,302)	(32,171)
Purchase of financial assets at fair value through profit or loss	(6,893)	(14,072)
Proceeds from sale of financial assets at fair value through profit or loss	9,570	20,199
Acquisition of property, plant and equipment	(594,810)	(357,662)
Proceeds from disposal of property, plant and equipment	37	34

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CHIEF TELECOM INC.

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

	2022	2021
Acquisition of intangible assets	$ (3,789)	$ (1,634)
Acquisition of time deposits with maturities of more than three months	(455,000)	(2,487,300)
Proceeds from disposal of time deposits with maturities of more than three months	1,926,800	2,775,900
Decrease (Increase) in noncurrent assets	7,086	(5,943)
Interest received	12,507	9,853
Dividends received	4,944	4,089
Net cash generated from (used in) investing activities	897,150	(88,707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	15,519	5,736
Repayment of the principal portion of lease liabilities	(92,311)	(88,964)
Cash dividends paid	(657,346)	(620,045)
Employee share options exercised	38,677	29,775
Donations from shareholders	248	211
Net cash used in financing activities	(695,213)	(673,287)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,359	3,001
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,268,476	124,065
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	986,585	862,520
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,255,061	$ 986,585

The accompanying notes are an integral part of the financial statements. (Concluded)

CHIEF TELECOM INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Chief Telecom Inc. (hereinafter referred to as "Chief" or the "Company") was incorporated in January 1991, mainly offering network integration, internet data center ("IDC"), communications integration, and cloud application services.

On June 5, 2018, the common shares of Chief were listed and traded on the Taipei Exchange (the "TPEX").

Chunghwa Telecom Co., Ltd., the parent company of the Group, and its subsidiaries were holding 58.67% and 58.89% of the shares of Chief as of December 31, 2022 and 2021, respectively.

The financial statements are presented in Chief's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on February 16, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to 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)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the amendments to the above standards and interpretations will have on the Company's financial position and operating results and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations (including subsidiaries) are translated into the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

Inventories are stated at the lower of cost or net realizable. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. The Company uses the equity method to account for its investments in subsidiaries. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of 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 in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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 issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income and interest income; 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 25.

b) Financial assets at amortized cost

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

i. The financial assets are 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 assets 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 trade receivables at amortized cost, other financial assets and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial assets.

Cash equivalents include time deposits and commercial papers 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

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments. Instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company'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

As of balance sheet dates, the Company evaluates the impairment losses for expected credit losses (ECLs) on financial assets at amortized cost (i.e., notes and trade receivables).

The Company always recognizes lifetime expected credit losses for notes and trade receivables. Expected credit losses reflect the weighted average of credit losses with the respective risks of 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to 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 entity.

On derecognition of a financial asset measured 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 an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

Revenue Recognition

The Company identifies performance obligations from contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Sales of products are recognized as revenue when the following criteria have been satisfied:

a. The risks and rewards of ownership have transferred.

b. The seller does not retain managerial involvement to the extent normally associated with ownership nor retain effective control.

c. The amount of revenue can be reliably measured.

d. It is probable that the economic benefit will flow to the Company.

e. The costs incurred can be measured reliably.

Revenue from the rendering of services comes from providing IDC and other services, with related revenue recognized when all of the related performance obligations are satisfied according to the contracts.

The Company has established fixed rate charges for IDC services. However, for network integration, communications integration, and cloud application services, customers can select from a fixed rate or usage-based pricing, which is calculated based on actual consumption or minutes used. The Company recognized contract liabilities for monthly subscription charges and usage charges received in advance, which is recognized as revenue when subsequent usage occurs.

Since the four types of revenue from contracts with customers are not sold as bundled sales, and the contract duration between the transfer of products and services and consideration received is one year at maximum, transaction prices are not adjusted based on significant financing components.

Leasing

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

a. The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for low-value asset leases accounted for by 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 and lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented separately on the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If such rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease liabilities are subsequently 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 or a rate used to determine those payments, the Company 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. The Company accounts for the remeasurement of the lease liability as a result of the decrease of lease scope by decreasing the carrying amount of the right-of-use assets and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. Lease liabilities are presented separately on the balance sheets.

Variable lease payments not depending on an index or a rate are recognized as expenses in the periods in which they are incurred.

Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur.

Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

Share-based Payment Arrangements - Employee Share Options

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimate of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

   Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   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 asset 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 in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

   Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current and deferred taxes are also recognized in other comprehensive income.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND ASSUMPTION

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 150	$ 150
Bank deposits	234,911	374,461
Cash equivalents (investments with maturities of less than three months)		
Time deposits	2,020,000	512,000
Commercial papers	-	99,974
	$ 2,255,061	$ 986,585

The annual yield rates of bank deposits, time deposits, and commercial papers as of balance sheet dates were as follows:

	December 31	
	2022	**2021**
Bank deposits	0.15%-1.05%	0.001%-0.13%
Time deposits	0.31%-1.5%	0.05%-0.40%
Commercial papers	-	0.17%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets - current		
Mandatorily measured at FVTPL		
Non-derivatives		
Listed shares - domestic	$ 439	$ 2,566

The Company holds its listed shares - domestic for short-term investment purposes.

8. NOTES AND TRADE RECEIVABLES, NET (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021
Notes receivable		
Notes receivable - operating	$ 3,991	$ 2,887
Trade receivables		
At amortized cost		
Gross carrying amount	$ 226,567	$ 213,366
Less: Allowance for impairment loss	(2,564)	(3,647)
	$ 224,003	$ 209,719

The main credit terms for the Company's sale of products range from 30 to 90 days. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company measures the loss allowance for notes and trade receivables at an amount equal to lifetime ECLs. The expected credit losses of notes and trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a note or trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For notes or trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables based on the Company's provision matrix.

December 31, 2022

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0%-0.29%	0.67%-2.44%	12.58%	37.89%	71.54%-100%	
Gross carrying amount	$ 179,131	$ 49,649	$ 91	$ 45	$ 1,642	$ 230,558
Loss allowance (Lifetime ECLs)	(462)	(466)	(11)	(17)	(1,608)	(2,564)
Amortized cost	$ 178,669	$ 49,183	$ 80	$ 28	$ 34	$ 227,994

December 31, 2021

	Not Past Due	1 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due	Total
Expected credit loss rate	0%-0.31%	1.29%-4.72%	15.02%	33.84%	62.89%-100%	
Gross carrying amount	$ 163,645	$ 45,910	$ 4,376	$ 559	$ 1,763	$ 216,253
Loss allowance (Lifetime ECLs)	(398)	(827)	(657)	(189)	(1,576)	(3,647)
Amortized cost	$ 163,247	$ 45,083	$ 3,719	$ 370	$ 187	$ 212,606

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 3,647	$ 2,014
Add: Provision for (reversal of) credit loss	(1,016)	2,040
Less: Amounts written off	(67)	(407)
Balance at December 31	$ 2,564	$ 3,647

9. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Time deposits with maturities of more than three months	$ 100,000	$ 1,571,800

The annual yield rates of time deposits with maturities of more than three months at the balance sheet dates were as follows:

	December 31	
	2022	2021
Time deposits with maturities of more than three months	0.95%	0.07%-0.785%

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Non-current		
Investments in equity instruments		
Domestic investments - listed shares	$ 120,236	$ 118,545
Domestic investments - unlisted shares	1,204	284
	$ 121,440	$ 118,829

The Company holds preferred shares of WPG Holdings Limited and WT Microelectronics Co., Ltd., and common shares of 3 Link Information Service Co., Ltd. for long-term strategic purposes. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

11. SUBSIDIARIES

Investments in Subsidiaries

	December 31 2022	December 31 2021
Unlisted company		
Chief International Corp.	$ 101,660	$ 83,782
Shanghai Chief Telecom Co., Ltd.	14,458	13,829
Unigate Telecom Inc.	1,214	1,079
	$ 117,332	$ 98,690

Name of Subsidiary	Proportion of Ownership and Voting Rights December 31 2022	Proportion of Ownership and Voting Rights December 31 2021
Chief International Corp.	100%	100%
Shanghai Chief Telecom Co., Ltd.	49%	49%
Unigate Telecom Inc.	100%	100%

According to the mutual agreements among shareholders of Shanghai Chief Telecom Co., Ltd. ("SCT"), since the Company has two of three seats in SCT's board of directors, the Company has control over SCT; therefore, SCT is deemed a subsidiary of the Company. SCT mainly operates in the telecommunications and data service business.

12. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment	Telecommunications Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to Be Accepted	Total
Cost					
Balance at January 1, 2021	$ 18,482	$ 1,951,826	$ 5,379	$ 6,598	$ 1,982,285
Additions	1,139	26,146	-	333,534	360,819
Disposals	(76)	(23,803)	(80)	-	(23,959)
Reclassifications	-	8,774	-	(10,061)	(1,287)
Balance at December 31, 2021	$ 19,545	$ 1,962,943	$ 5,299	$ 330,071	$ 2,317,858

(Continued)

	Computer Equipment	Telecommuni-cations Equipment	Miscellaneous Equipment	Construction in Progress and Equipment to Be Accepted	Total
Accumulated depreciation and impairment					
Balance at January 1, 2021	$ (16,967)	$ (1,672,721)	$ (4,743)	$ -	$ (1,694,431)
Depreciation expense	(1,265)	(74,320)	(303)	-	(75,888)
Disposals	76	23,803	80	-	23,959
Balance at December 31, 2021	$ (18,156)	$ (1,723,238)	$ (4,966)	$ -	$ (1,746,360)
Carrying amount at December 31, 2021	$ 1,389	$ 239,705	$ 333	$ 330,071	$ 571,498
Cost					
Balance at January 1, 2022	$ 19,545	$ 1,962,943	$ 5,299	$ 330,071	$ 2,317,858
Additions	1,808	17,303	-	577,103	596,214
Disposals	(27)	(8,922)	(3)	-	(8,952)
Reclassifications	972	10,988	-	(13,412)	(1,452)
Balance at December 31, 2022	$ 22,298	$ 1,982,312	$ 5,296	$ 893,762	$ 2,903,668
Accumulated depreciation and impairment					
Balance at January 1, 2022	$ (18,156)	$ (1,723,238)	$ (4,966)	$ -	$ (1,746,360)
Depreciation expense	(519)	(66,378)	(226)	-	(67,123)
Disposals	27	8,922	3	-	8,952
Balance at December 31, 2022	$ (18,648)	$ (1,780,694)	$ (5,189)	$ -	$ (1,804,531)
Carrying amount at December 31, 2022	$ 3,650	$ 201,618	$ 107	$ 893,762	$ 1,099,137

(Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021, respectively, as there was no indication of impairment.

The construction of the Company’s IDC was resolved in the board of directors meeting on January 26, 2021. Physical construction has commenced with costs incurred recognized in construction in progress and equipment to be accepted under property, plant and equipment.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Computer equipment	3-5 years
Telecommunications equipment	
Telecommunication circuits	2-30 years
Telecommunication machinery and antennas equipment	2-30 years
Miscellaneous equipment	
Mechanical and air conditioner equipment	3-5 years
Others	3-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 572,394	$ 584,237
Buildings	1,081,923	1,172,856
Transportation equipment	1,466	1,073
	$ 1,655,783	$ 1,758,166

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 1,894	$ 680,632
Depreciation charge for right-of-use assets		
Land	$ 11,843	$ 7,895
Buildings	90,933	90,690
Transportation equipment	1,501	1,286
	$ 104,277	$ 99,871

Other than additions to and depreciation incurred presented above, right-of-use assets of the Company did not exhibit signs of impairment for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 93,407	$ 91,886
Non-current	1,630,490	1,722,427
	$ 1,723,897	$ 1,814,313

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.6%	1.6%
Buildings	1.7%	1.7%
Transportation equipment	1.19%-1.44%	2.5%

c. Material leasing activities and terms

The Company leases land and buildings with lease terms ranging from 10 to 50 years. These arrangements contain renewal options to extend the lease upon expiration.

Extension options are included in the land and building leases across the Company. Extension options are included to provide greater flexibility to the Company. Since the Company is reasonably certain to use the optional extended lease term, payments associated with the optional period are included within lease liabilities.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to low-value asset leases	$ 177	$ 176
Total cash outflow for leases	$ 121,870	$ 116,383

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Computer Software	Others	Total
Cost			
Balance at January 1, 2021	$ 55,368	$ 31,533	$ 86,901
Additions	1,634	-	1,634
Reclassifications	1,287	-	1,287
Balance at December 31, 2021	$ 58,289	$ 31,533	$ 89,822
Accumulated amortization			
Balance at January 1, 2021	$ (23,982)	$ -	$ (23,982)
Amortization expense	(8,465)	-	(8,465)
Balance at December 31, 2021	$ (32,447)	$ -	$ (32,447)
Carrying amount at December 31, 2021	$ 25,842	$ 31,533	$ 57,375
Cost			
Balance at January 1, 2022	$ 58,289	$ 31,533	$ 89,822
Additions	3,789	-	3,789
Reclassifications	1,452	-	1,452
Balance at December 31, 2022	$ 63,530	$ 31,533	$ 95,063
Accumulated amortization			
Balance at January 1, 2022	$ (32,447)	$ -	$ (32,447)
Amortization expense	(9,431)	-	(9,431)
Balance at December 31, 2022	$ (41,878)	$ -	$ (41,878)
Carrying amount at December 31, 2022	$ 21,652	$ 31,533	$ 53,185

Computer software is amortized using the straight-line method over the estimated useful lives of 3 to 8 years. Other intangible asset is an IP address acquired separately, which is considered to have an indefinite useful life and is not amortized, since only an annual fee is necessary to maintain its usage rights, and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows.

15. OTHER PAYABLES

	December 31	
	2022	**2021**
Payables for salaries and bonuses	$ 171,603	$ 138,468
Payables for accrued compensation of employees and remuneration of directors	80,613	67,948
Payables for purchases of equipment	15,951	14,547
Others	35,243	30,003
	$ 303,410	$ 250,966

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount equal to 2% of total monthly salaries to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company 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 Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 32,765	$ 32,564
Fair value of plan assets	(21,806)	(23,046)
Net defined benefit liabilities	$ 10,959	$ 9,518

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligations	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 31,294	$ (22,003)	$ 9,291
Current service cost			
Net interest expense (income)	155	(111)	44
Amounts recognized in profit or loss	155	(111)	44
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(153)	(153)
Actuarial losses recognized from changes in demographic assumptions	808	-	808
Actuarial gains recognized from experience adjustments	307	-	307
Amounts recognized in other comprehensive income	1,115	(153)	962
Contributions from employer	-	(779)	(779)
Balance at December 31, 2021	$ 32,564	$ (23,046)	$ 9,518
Balance at January 1, 2022	$ 32,564	$ (23,046)	$ 9,518
Current service cost			
Net interest expense (income)	153	(107)	46
Amounts recognized in profit or loss	153	(107)	46
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,757)	(1,757)
Actuarial losses recognized from changes in financial assumptions	94	-	94
Actuarial gains recognized from experience adjustments	3,819	-	3,819
Amounts recognized in other comprehensive income	3,913	(1,757)	2,156
Contributions from employer	-	(761)	(761)
Benefits paid	(3,865)	3,865	-
Balance at December 31, 2022	$ 32,765	$ (21,806)	$ 10,959

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 4	$ 4
Selling and marketing expenses	29	29
General and administrative expenses	11	11
Research and development expenses	2	-
	$ 46	$ 44

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign 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 shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate 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 plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	**2021**
Discount rate	1.25%	0.50%
Expected rate of salary increase	2.00%	1.20%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	**2021**
Discount rate		
0.5% increase	$ (1,421)	$ (1,465)
0.5% decrease	$ 1,511	$ 1,564
Expected rate of salary increase		
0.5% increase	$ 1,469	$ 1,520
0.5% decrease	$ (1,396)	$ (1,439)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plans for the next year	$ 778	$ 727
Average duration of the defined benefit obligation	8.9 years	9.2 years

	December 31	
	2022	2021
Maturity analysis of undiscounted pension benefits		
Not later than 1 year	$ 884	$ 1,561
Later than 1 year and not later than 5 years	5,093	4,854
Later than 5 years	14,176	12,561
	$ 20,153	$ 18,976

17. EQUITY

a. Share capital - ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	88,000	88,000
Shares authorized	$ 880,000	$ 880,000
Number of shares issued and fully paid (in thousands)	70,745	70,470
Shares issued	$ 707,449	$ 704,701

Each issued ordinary share with par value of $10 is entitled the right to vote and receive dividends.

On February 19, 2021, the Company’s board of directors resolved to issue 214 thousand shares with par value of $10, as new shares designated for subscription when the share options of 2021 are exercised, and the subscription base date was determined by the board of directors to be March 16, 2021. On April 9, 2021, the above transaction was approved by the FSC.

On December 17, 2021, the Company’s board of directors resolved to issue 10.5 thousand shares with par value of $10, as new shares designated for subscription when the share options of 2021 are exercised, and the subscription base date was determined by the board of directors to be December 23, 2021. On January 7, 2022, the above transaction was approved by the FSC.

On February 17, 2022, the Company’s board of directors resolved to issue 212.25 thousand shares with par value of $10, as new shares designated for subscription when the share options of 2022 are exercised, and the subscription base date was determined by the board of directors to be March 16, 2022. On April 11, 2022, the above transaction was approved by the FSC.

On December 15, 2022, the Company’s board of directors resolved to issue 62.5 thousand shares with par value of $10, as new shares designated for subscription when the share options of 2022 are exercised, and the subscription base date was determined by the board of directors to be December 16, 2022. On January 4, 2023, the above transaction was approved by the FSC.

b. Capital surplus

	December 31	
	2022	2021
Issuance of ordinary shares	$ 1,335,783	$ 1,333,956
Employee share options	12,345	11,814
Donations	1,013	765
	$ 1,349,141	$ 1,346,535

Capital surplus arising from share premium and donated capital, except due to unclaimed dividends, may be utilized to offset deficit. Furthermore, when the Company has no deficit, it may be distributed in cash or capitalized, which however is limited to a certain percentage of the Company's paid-in capital.

Capital surplus arising from employee share option plans cannot be utilized; however, upon expiration, the capital surplus transferred may be used to offset deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 19(e).

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company should appropriate a special reserve for cumulative net debit balance of other equity items from prior period. Distributions can be made out of any subsequent reversal of the cumulative net debit balance of other equity items.

The appropriations of earnings for 2021 and 2020 which were approved in the shareholders meetings on June 7, 2022 and August 17, 2021, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Fiscal Year 2021	**For Fiscal Year 2020**	**For Fiscal Year 2021**	**For Fiscal Year 2020**
Legal reserve	$ 68,580	$ 60,801		
Special reserve	3,935	1,775		
Cash dividends	614,937	549,585	$ 8.70	$ 7.80

The Company's shareholders also resolved in the shareholders' meetings on June 7, 2022 and August 17, 2021 to issue cash dividends of $0.6 and $1 per share, for a total of $42,409 thousand and $70,460 thousand respectively, from capital surplus.

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on February 16, 2023, were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 83,508	
Reversal of special reserve	(8,938)	
Cash dividends	636,704	$ 9.00
Share dividends	70,745	1.00

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting to be held on June 29, 2023. Information on the appropriation of the Company's earnings proposed by the board of directors and approved by the shareholders is available at the Market Observation Post System website.

d. Other equity items

Exchange differences arising from the translation of the foreign operations

The exchange differences arising from the translation of the foreign operations from their functional currency to New Taiwan dollars were recognized as exchange differences arising from the translation of the foreign operations in other comprehensive income.

18. REVENUE

	For the Year Ended December 31	
	2022	2021
Major products and service revenue		
Revenue from data service	$ 1,316,844	$ 1,244,079
Revenue from IDC service	960,182	823,638
Revenue from cloud service	495,686	429,287
Revenue from voice service	238,460	239,513
	$ 3,011,172	$ 2,736,517
Revenue from contracts with customers		
Revenue from telecommunications service	$ 2,958,260	$ 2,717,579
Revenue from rendering of services	51,789	18,505
Revenue from sale of goods	1,123	433
	$ 3,011,172	$ 2,736,517

	For the Year Ended December 31	
	2022	2021
Contract liabilities		
Telecommunications business	$ 52,978	$ 38,557

Contract liabilities at December 31, 2022 and 2021 mainly result from telecommunications services. The changes in the balance of contract liabilities primarily result from the timing difference between the satisfaction of performance obligations and the respective customer's payment.

Revenue that was recognized from the contract liability balance at the beginning of the year for the years ended December 31, 2022 and 2021 was $29,331 thousand and $16,918 thousand, respectively.

19. NET INCOME

a. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
Net gain on disposal of property, plant and equipment	$ 37	$ 34

b. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 29,382	$ 27,243
Other	148	131
	$ 29,530	$ 27,374

c. Depreciation and amortization expenses

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 67,123	$ 75,888
Right-of-use assets	104,277	99,871
Intangible assets	9,431	8,465
	$ 180,831	$ 184,224
An analysis of depreciation by function		
Operating costs	$ 162,561	$ 166,291
Operating expenses	8,839	9,468
	$ 171,400	$ 175,759
An analysis of amortization by function		
Operating costs	$ 6,944	$ 6,034
Operating expenses	2,487	2,431
	$ 9,431	$ 8,465

d. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plan	$ 7,530	$ 7,069
Defined benefit plans (Note 16)	46	44
	7,576	7,113
Share-based payment		
Employee share options (Note 22)	8,838	10,034
Other employee benefits		
Salaries	302,070	262,137
Insurance	18,650	17,712
Other employee benefits	88,035	73,829
	408,755	353,678
Total employee benefits expense	$ 425,169	$ 370,825
An analysis of employee benefits expense by function		
Operating costs	$ 43,001	$ 40,361
Operating expenses	382,168	330,464
	$ 425,169	$ 370,825

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates between 3.5% and 6.9% and no higher than 2.3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the year ended December 31, 2022, which were approved by the Company's board of directors on February 16, 2023, were $77,253 thousand and $3,360 thousand, accrued at rates of 6.9% and 0.3%, respectively, of net profit before income tax.

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The compensation of employees and the remuneration of directors of for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on February 17, 2022 and February 19, 2021, respectively, were as follows:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 63,366	$ 56,107
Remuneration of directors	3,360	3,162

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors approved by the board of directors is available at the Market Observation Post System website.

20. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 204,697	$ 167,967
Adjustments for prior year	-	-
	204,697	167,967
Deferred tax		
In respect of the current year	844	444
Adjustments for prior year	-	-
	844	444
Income tax expense recognized in profit or loss	$ 205,541	$ 168,411

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Income before income tax	$ 1,042,351	$ 854,978
Income tax expense calculated at the statutory rate	$ 208,470	$ 170,996
Nondeductible expenses in determining taxable income	1	1
Tax-exempt income	(2,930)	(2,586)
Income tax expense recognized in profit or loss	$ 205,541	$ 168,411

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit pension plans	$ (431)	$ (193)

c. Current tax liabilities

	December 31	
	2022	2021
Income tax payable	$ 119,718	$ 92,874

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Defined benefit pension plans	$ 1,037	$ (143)	$ 431	$ 1,325
Provision for impairment loss and obsolescence of inventory	592	113	-	705
Unrealized net exchange losses	53	(53)	-	-
Allowance for doubtful receivables over limit	297	(244)	-	53
Fair value changes of financial assets at FVTPL	-	35	-	35
	$ 1,979	$ (292)	$ 431	$ 2,118

Deferred Tax Liabilities	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Unrealized net exchange gains	$ -	$ 552	$ -	$ 552

For the year ended December 31, 2021

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Temporary differences				
Defined benefit pension plans	$ 991	$ (147)	$ 193	$ 1,037
Provision for impairment loss and obsolescence of inventory	518	74	-	592
Unrealized net exchange losses	721	(668)	-	53
Allowance for doubtful receivables over limit	-	297	-	297
	$ 2,230	$ (444)	$ 193	$ 1,979

e. Income tax examinations

The income tax returns through 2020 of the Company have been examined by the tax authorities.

21. EARNINGS PER SHARE

Net income and weighted average number of ordinary shares used in the calculation of earnings per share were as follows:

Net Income

	For the Year Ended December 31	
	2022	**2021**
Net income used to compute the basic and diluted earnings per share	$ 836,810	$ 686,567

Weighted Average Number of Shares

(Thousand Shares)

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	70,642	70,417
Effect of potentially dilutive ordinary shares		
Employee share options	118	224
Compensation of employees	296	252
Weighted average number of ordinary shares used in the computation of diluted earnings per share	71,056	70,893

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. SHARE-BASED PAYMENT ARRANGEMENT

Employee share option plan:

Effective Date for Plan Registration	Resolution Date by the Board of Directors	Units Granted	Exercise Price (NT$)
2020.09.16	2020.10.26	200.00	$193.50 (Original price $206.00)
2017.12.18	2018.10.31	50.00	$130.30 (Original price $147.00)
2017.12.18	2017.12.19	950.00	$124.70 (Original price $147.00)

Each option is eligible to subscribe for one thousand ordinary shares of the Company; the options are granted to qualified employees of the Company. For any subsequent changes in the Company's ordinary shares or the distribution of cash dividends, the exercise price is adjusted accordingly. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date.

Compensation costs recognized for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Granted on November 13, 2020	$ 8,780	$ 9,729
Granted on October 31, 2018	58	153
Granted on December 19, 2017	-	152
	$ 8,838	$ 10,034

The Company modified the plan terms of share options granted on October 26, 2020 in September 2021 and July 2022; therefore, the exercise price changed from $206.00 to $199.70 and from $199.70 to $193.50 per share. The modification did not cause any incremental fair value.

The Company modified the plan terms of share options granted on October 31, 2018 in September 2021 and July 2022; therefore, the exercise price changed from $138.70 to $134.50 and from $134.50 to $130.30 per share. The modification did not cause any incremental fair value.

The Company modified the plan terms of share options granted on December 19, 2017 in September 2021 and July 2022; therefore, the exercise price changed from $132.70 to $128.70 and from $128.70 to $124.70 per share. The modification did not cause any incremental fair value.

Information on employee share options was as follows:

	For the Year Ended December 31, 2022					
	Granted on November 13, 2020		Granted on October 31, 2018		Granted on December 19, 2017	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Options outstanding at beginning of the year	194.00	$ 199.70	10.50	$ 134.50	213.25	$ 128.70
Options exercised	(51.00)	193.50	(10.50)	130.30	(213.25)	124.70
Options forfeited	(0.75)	-	-	-	-	-
Options outstanding at end of the year	142.25	193.50	-	-	-	-
Options exercisable at end of the year	0.50	193.50	-	-	-	-
Weighted average remaining contractual life (years)	2.87		0.83		0.00	

	For the Year Ended December 31, 2021					
	Granted on November 13, 2020		Granted on October 31, 2018		Granted on December 19, 2017	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Options outstanding at beginning of the year	200.00	$ 206.00	21.00	$ 138.70	427.50	$ 132.70
Options exercised	-	-	(10.50)	134.50	(213.75)	132.70
Options forfeited	(6.00)	-	-	-	(0.50)	-
Options outstanding at end of the year	194.00	199.70	10.50	134.50	213.25	128.70
Options exercisable at end of the year	-	-	-	-	213.25	128.70
Weighted average remaining contractual life (years)	3.87		1.83		0.96	

Chief evaluated the fair value of the options using the Black-Scholes model and binomial option pricing model and the related assumptions and the fair value of the options were as follows:

	Granted on November 13, 2020	Granted on October 31, 2018	Granted on December 19, 2017
Grant-date share price (NT$)	$ 356.00	$ 166.00	$ 95.92
Dividend yield	-	-	-
Risk-free interest rate	0.18%	0.72%	0.62%
Expected life	5 years	5 years	5 years
Expected volatility	34.61%	16.60%	17.35%
Weighted average fair value of grants (NT$)	$ 173,893	$ 33,540	$ 2,318

The expected volatility for the options granted in 2020 was based on Chief's average annualized historical share price volatility from June 5, 2018, Chief's listing date on Taipei Exchange, to the grant date. The expected volatilities for the options granted from 2017 to 2018 were based on the average annualized historical share price volatility of Chief's comparable companies before the grant date.

23. NON-CASH TRANSACTIONS

The Company entered into the following non-cash investing activities for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	$ 596,214	$ 360,819
Changes in payables for equipment	(1,404)	(3,157)
	$ 594,810	$ 357,662

24. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company adheres to "The Procedures for Acquisition or Disposal of Assets" for transactions involving shares of listed entities; refer to the Market Observation Post System website for information on related policies.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of financial assets and liabilities of the Company that are not measured at fair value approximate their fair values.

b. Financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares - domestic	$ 439	$	$	$ 439
Financial assets at FVTOCI				
Listed shares - domestic	$ 120,236	$ -	$ -	$ 120,236
Unlisted shares - domestic	-	-	1,204	1,204
	$ 120,236	$ -	$ 1,204	$ 121,440

December 31, 2021

	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares - domestic	$ 2,566	$ -	$ -	$ 2,566
Financial assets at FVTOCI				
Listed shares - domestic	$ 118,545	$ -	$ -	$ 118,545
Unlisted shares - domestic	-	-	284	284
	$ 118,545	$ -	$ 284	$ 118,829

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

The fair values of unlisted equity securities - ROC were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in the WACC or discount for lack of marketability used in isolation would result in an increase in the fair value.

c. Categories of financial instruments

	December 31	
	2022	**2021**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 2,591,572	$ 2,781,450
Financial assets at FVTPL	439	2,566
Financial assets at FVTOCI		
Equity instruments	121,440	118,829
<u>Financial liabilities</u>		
Measured at amortized cost (2)	242,884	225,829

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other financial assets, and refundable deposits (classified as noncurrent assets).

2) The balances include financial liabilities at amortized cost, which comprise notes payable, accounts payable, accounts payable to related parties, partial other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, accounts payable, and lease liabilities. The Company's Finance Department provides services to the business, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet dates were as follows:

	December 31	
	2022	**2021**
Assets		
USD	$ 93,878	$ 72,939
Liabilities		
USD	20,952	27,540

<u>Sensitivity analysis</u>

The Company is mainly exposed to the fluctuations of the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the U.S. dollar. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive/negative number below indicates an increase/a decrease in pre-tax profit associated with the New Taiwan dollar weakening 5% against the U.S. dollar.

	For the Year Ended December 31	
	2022	**2021**
Profit or loss		
Monetary assets and liabilities (Note)		
USD	$ 3,646	$ 2,270

Note: This is mainly attributable to the exposure on outstanding foreign currency bank deposits and foreign currency denominated receivables and payables of the Company at the balance sheet dates.

For a 5% strengthening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 2,120,000	$ 2,183,774
Financial liabilities	1,723,897	1,814,313
Cash flow interest rate risk		
Financial assets	234,901	374,451

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $587 thousand and $936 thousand, respectively, which was mainly a result of variable-rate interest on the Company's bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to their carrying amounts recognized in the balance sheet as of the balance sheet date.

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

3) Liquidity risk

The Company manages and maintains sufficient cash and cash equivalent position to support the operations and reduce the impact on fluctuation of cash flow.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The table has been drawn up based on the undiscounted cash flows of the Company's remaining contractual maturities for its non-derivative financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Non-interest bearing	$ 161,548	$ -	$ -	$ 81,336	$ -	$ 242,884
Lease liabilities	10,115	20,237	90,879	491,480	1,485,444	2,098,155
	$ 171,664	$ 20,237	$ 90,879	$ 572,815	$ 1,485,444	$ 2,341,039

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years	Total
Lease liabilities	$ 121,231	$ 491,480	$ 603,987	$ 300,375	$ 581,082	$ 2,098,155

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Non-interest bearing	$ 160,012	$ -	$ -	$ 65,817	$ -	$ 225,829
Lease liabilities	10,123	20,252	90,885	488,220	1,608,452	2,217,932
	$ 170,135	$ 20,252	$ 90,885	$ 554,037	$ 1,608,452	$ 2,443,761

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15+ Years	Total
Lease liabilities	$ 121,260	$ 488,220	$ 611,156	$ 398,781	$ 598,515	$ 2,217,932

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	350,000	350,000
	$ 350,000	$ 350,000

26. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Related Party Name	Related Party Category
Chunghwa Telecom Co., Ltd.	Parent company
Unigate Telecom Inc.	Subsidiary
Chunghwa System Integration Co., Ltd.	Fellow subsidiary
CHYP Multimedia Marketing & Communications Co., Ltd.	Fellow subsidiary
Spring House Entertainment Tech. Inc.	Fellow subsidiary
Light Era Development Co., Ltd. (Light Era)	Fellow subsidiary
Senao International Co., Ltd.	Fellow subsidiary
Honghwa International Co., Ltd.	Fellow subsidiary
Chunghwa Telecom Singapore Pte., Ltd.	Fellow subsidiary
Chunghwa Telecom Global, Inc.	Fellow subsidiary
Donghwa Telecom Co., Ltd.	Fellow subsidiary
Chunghwa Telecom Japan Co., Ltd.	Fellow subsidiary
KingwayTek Technology Co., Ltd.	Associate of the Company’s parent
So-net Entertainment Taiwan Limited (So-net)	Associate of the Company’s parent

b. Transactions with related parties do not contain terms that differ significantly from transactions with non-related parties; in the event where no transaction of similar type can be referenced, transaction terms were negotiated separately by both parties.

1) Operating revenue

	For the Year Ended December 31	
Related Party Category	2022	2021
Parent company	$ 223,977	$ 259,125
Fellow subsidiaries	62,186	55,692
Associates		
So-net	141,493	139,275
Others	88	12
	$ 427,744	$ 454,104

2) Operating costs and expenses

Related Party Category	For the Year Ended December 31 2022	2021
Parent company	$ 483,512	$ 480,624
Subsidiary	229	229
Fellow subsidiaries		
Light Era	84,341	84,075
Others	46,172	37,719
Associates	2,507	1,058
	$ 616,761	$ 603,705

3) Receivables from related parties

Related Party Category	December 31 2022	2021
Parent company	$ 10,772	$ 8,094
Fellow subsidiaries	5,816	3,606
Associates		
So-net	24,244	23,561
Others	-	12
	$ 40,832	$ 35,273

4) Payables to related parties

Related Party Category	December 31 2022	2021
Parent company	$ 60,896	$ 53,590
Subsidiary	1,578	966
Fellow subsidiaries	6,159	2,713
	$ 68,633	$ 57,269

5) Prepayments

Related Party Category	December 31 2022	2021
Parent company	$ 21,821	$ 4,031
	23	-
Fellow subsidiaries	$ 21,844	$ 4,031

6) Payment on behalf of others (classified as other current assets)

Related Party Category	December 31 2022	2021
Parent company	$ 2,331	$ 5,783

7) Other deferred expenses (classified as other noncurrent assets)

	December 31	
Related Party Category	**2022**	**2021**
Parent company	$ 9,695	$ 13,707

8) Lease arrangements

The Company leased right-of-use of land and office buildings from its parent company and fellow subsidiaries. The terms of the contracts were negotiated by both parties; lease payments are paid monthly.

	December 31	
	2022	**2021**
Lease liability		
Parent company	$ 583,491	$ 588,703
Light Era	1,082,413	1,161,825
	$ 1,665,904	$ 1,750,528

	For the Year Ended December 31	
	2022	**2021**
Interest expense		
Parent company	$ 9,362	$ 6,287
Light Era	18,995	20,269
	$ 28,357	$ 26,556

c. Compensation of key management personnel

	For the Year Ended December 31	
	2022	**2021**
Short-term employee benefits	$ 43,271	$ 40,383
Post-employment benefits	802	794
Share-based payments	1,481	1,648
	$ 45,554	$ 42,825

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Assets denominated in foreign currencies			
Monetary items			
Cash and cash equivalents			
USD	$ 433	30.71	$ 13,300
Trade receivables			
USD	2,624	30.71	80,578
Non-monetary items			
Investments in subsidiaries			
USD	3,310	30.71	101,660
RMB	3,280	4.41	14,459
Liabilities denominated in foreign currencies			
Monetary items			
Accounts payable			
USD	682	30.71	20,952

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Assets denominated in foreign currencies			
Monetary items			
Cash and cash equivalents			
USD	$ 805	27.68	$ 22,272
Trade receivables			
USD	1,830	27.68	50,667
Non-monetary items			
Investments in subsidiaries			
USD	3,027	27.68	83,782
RMB	3,184	4.34	13,829
Liabilities denominated in foreign currencies			
Monetary items			
Accounts payable			
USD	995	27.68	27,540

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31	
	2022	2021
Unrealized exchange gains	$ 3,030	$ 3,338
Realized exchange gains (losses)	9,989	(6,549)
	$ 13,019	$ (3,211)

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Company.

28. SEPARATELY DISCLOSED ITEMS

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

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries): Table 1.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: None.

10) Information on investees: Table 3.

c. Information on investments in mainland China: Table 4.

d. Information of major shareholders: Table 5.

29. SEGMENT INFORMATION

According to information reported periodically to the chief operating decision maker for the purpose of resource allocation and performance assessment, the Company has only one operating segment. The basis of measurement of income from operations is the same as that for the preparation of financial statements under IFRS 8 “Operating Segments” for the years ended December 31, 2022 and 2021.

30. OTHER MATTERS

The Company has assessed the economic impact of COVID-19 and determined that there were no significant impacts on the Company's financial statements as of the date the financial statements were authorized for issue. The Company will continue to monitor developments of the pandemic and assess the related impacts.

TABLE 1

CHIEF TELECOM INC.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2022				Note
				Shares (In Thousands/ Thousand Units)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chief Telecom Inc.	Stocks							
	WPG Holdings Limited	-	Financial assets at FVTOCI	2,102	$ 102,998	-	$ 102,998	Note
	WT Microelectronics Co., Ltd.	-	Financial assets at FVTOCI	361	17,238	-	17,238	Note
	3 Link Information Service Co., Ltd.	-	Financial assets at FVTOCI	374	1,204	10	1,204	-
	WPG Holding Limited	-	Financial assets at FVTPL	9	439	-	439	Note

Note: Preferred shares.

CHIEF TELECOM INC.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note 1)	% of Total
Chief Telecom Inc.	Chunghwa Telecom Co., Ltd.	Parent company	Sales	$ 223,977	7	30 days	$ -	-	$ 7,601	3
	Chunghwa Telecom Co., Ltd.	Parent company	Purchases	482,925	31	30 days	-	-	(60,896)	(55)
	So-net Entertainment Taiwan Limited	Associates	Sales	141,493	5	30 days	-	-	24,244	11

Note 1: Notes and trade receivables (payables) did not include the amounts collected for others and other receivables (payables).

Note 2: Transaction terms with related parties were determined in accordance with mutual agreements when there were no similar transactions with third parties. Other transactions with related parties were not significantly different from those with third parties.

TABLE 3

CHIEF TELECOM INC.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES IN WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Recognized Gain (Loss) (Note)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
Chief Telecom Inc.	Unigate Telecom Inc.	Taiwan	Telecommunications and internet service	$ 2,000	$ 2,000	200	100	$ 1,213	$ 134	$ 134	Subsidiary
	Chief International Corp.	Samoa Islands	Telecommunications and internet service	6,068	6,068	200	100	101,660	8,450	8,450	Subsidiary

Note: The amount was recognized based on audited financial statements.

CHIEF TELECOM INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow							
Shanghai Chief Telecom Co., Ltd.	Telecommunications and internet service	$ 10,150	a.	$ 4,973	$ -	$ -	$ 4,973	$ 871	49	$ 428	$ 14,459	$ -	-

Investee	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
Shanghai Chief Telecom Co., Ltd.	$ 4,973	$ 4,973	$ 1,996,687

Note 1: Investments are divided into three categories as follows:

a. Direct investment.
b. Investments through a holding company registered in a third region.
c. Others.

Note 2: The amount was recognized based on audited financial statements and the Company’s share of profits.

Note 3: The amount was calculated based on 60% of the Group’s consolidated net asset value.

TABLE 5

CHIEF TELECOM INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chunghwa Telecom Co., Ltd.	39,425,803	55.73
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depositary APG Emerging Markets Equity Pool	3,852,000	5.45

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

CHIEF TELECOM INC.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

CHIEF TELECOM INC.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Term	Annual Interest Rate/Rate of Return	Amount
Cash			
Cash on hand			$ 150
Bank deposits			
Checking deposits			10
Demand deposits		0.2%-0.495%	204,244
Foreign currency deposits			
USD		1.05%	13,300
EUR		0.15%	15,217
HKD		0.55%	2,140
			235,061
Cash equivalents (investments with maturities of less than three months)			
Time deposits			
Bank of Taiwan	2022.10.13-2023.01.13	0.915%	500,000
Bank of Panshin	2022.10.04-2023.02.15	0.90%	220,000
Mega International Commercial Bank	2022.11.30-2023.01.10	0.31%-0.85%	150,000
Yuanta Commercial Bank	2022.11.10-2023.03.28	1.40%-1.45%	600,000
E.Sun Commercial Bank	2022.10.26-2023.02.08	0.905%-1.50%	550,000
			2,020,000
			$ 2,255,061

STATEMENT 2

CHIEF TELECOM INC.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 835
Client B	832
Client C	532
Client D	524
Client E	357
Client F	332
Others (Note)	579
	$ 3,991

Note: The amount of each individual client included in others does not exceed 5% of the account balance.

STATEMENT 3

CHIEF TELECOM INC.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 34,373
Client B	15,375
Client C	13,377
Client D	9,664
Others (Note)	112,884
	185,673
Less: Allowance for impairment loss	(2,502)
	$ 183,171

Note: The amount of each individual client included in others does not exceed 5% of the account balance.

CHIEF TELECOM INC.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2022 Shares (In Thousands)	Balance, January 1, 2022 Amount	Additions in Investment Shares (In Thousands)	Additions in Investment Amount	Decrease in Investment Shares (In Thousands)	Decrease in Investment Amount	Gain or (Loss) on Investment Accounted for Using Equity Method	Adjustment in Using Equity Method	Balance, December 31, 2022 Shares (In Thousands)	Balance, December 31, 2022 Proportion of Ownership %	Balance, December 31, 2022 Amount	Net Assets Value	Note
Investments accounted for using equity method													
Unlisted shares													
Chief International Corp.	200	$ 83,782	-	$ -	-	$ -	$ 8,450	$ 9,428	200	100	$ 101,660	$ 101,660	Note
Shanghai Chief Telecom Co., Ltd.	-	13,829	-	-	-	-	428	202	-	49	14,459	14,459	Note
Unigate Telecom Inc.	200	1,079	-	-	-	-	134	-	200	100	1,213	1,213	Note
		$ 98,690		$ -		$ -	$ 9,012	$ 9,630			$ 117,332	$ 117,332	

Note: The amounts were based on audited financial statements.

CHIEF TELECOM INC.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022	Note
Land	$ 592,132	$ -	$ -	$ 592,132	
Buildings	1,427,218	-	-	1,427,218	
Transportation equipment	3,860	1,894	(3,965)	1,789	
	$ 2,023,210	$ 1,894	$ (3,965)	$ 2,021,139	

CHIEF TELECOM INC.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022	Note
Land	$ 7,895	$ 11,843	$ -	$ 19,738	
Buildings	254,362	90,933	-	345,295	
Transportation equipment	2,787	1,501	(3,965)	323	
	$ 265,044	$ 104,277	$ (3,965)	$ 365,356	

CHIEF TELECOM INC.

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 75
	$ 75

CHIEF TELECOM INC.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	$ 15,770
Vendor B	6,395
Vendor C	3,809
Vendor D	3,047
Others (Note)	12,625
	$ 41,646

Note: The amount of each individual vendor in others does not exceed 5% of the account balance.

CHIEF TELECOM INC.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate	Balance, End of Year	Note
Land	Land	50 years	1.6%	$ 583,491	
Buildings	Office buildings	10-20 years	1.7%	1,138,936	
Transportation equipment	Company vehicles	1-3 years	1.19%-1.44%	1,470	
				$ 1,723,897	

STATEMENT 10

CHIEF TELECOM INC.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Resale cost	$ 610,408
Backbone cost	364,200
Depreciation expense	162,561
Others (Note)	421,092
	$ 1,558,261

Note: The amount of each individual item in others does not exceed 5% of the amount balance.

CHIEF TELECOM INC.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Allowance for Impairment Loss	Total
Payroll expense	$ 193,436	$ 72,489	$ 11,038	$ -	$ 276,963
Accrued compensation to employees	48,503	19,567	2,950	-	71,020
Allowance for impairment loss	-	-	-	(1,016)	(1,016)
Others (Note)	50,628	23,902	1,381	-	75,911
	$ 292,567	$ 115,958	$ 15,369	$ (1,016)	$ 422,878

Note: The amount of each individual item in others does not exceed 5% of the amount balance.

CHIEF TELECOM INC.

STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Year Ended December 31					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Payroll	$ 33,945	$ 276,963	$ 310,908	$ 31,946	$ 240,225	$ 272,171
Labor and health insurance	1,501	17,149	18,650	1,558	16,154	17,712
Pension	611	6,965	7,576	619	6,494	7,113
Remuneration of directors	-	3,360	3,360	-	3,360	3,360
Others	6,944	77,731	84,675	6,238	64,231	70,469
	$ 43,001	$ 382,168	$ 425,169	$ 40,361	$ 330,464	$ 370,825
Depreciation	$ 162,561	$ 8,839	$ 171,400	$ 166,291	$ 9,468	$ 175,759
Amortization	$ 6,944	$ 2,487	$ 9,431	$ 6,034	$ 2,431	$ 8,465

Note 1: As of December 31, 2022 and 2021, the Company had an average of 159 and 158 employees, respectively, including 6 non-employee directors.

Note 2: For the years ended December 31, 2022 and 2021, the average employee benefit expense were $2,757 thousand and $2,418 thousand, respectively. (The average employee benefit expense equals the total remuneration of directors divided by the number of non-employee directors).

Note 3: For the years ended December 31, 2022 and 2021, the average payroll expense were $2,032 thousand and $1,791 thousand, respectively (The average payroll expense equals the payroll divided by the number of non-employee directors).

Note 4: The average payroll expense adjustment rate was 13.46%. (The average payroll expense of the current year less the average payroll expense for the prior year, divided by the average payroll expense for the prior year).

Note 5: For both years ended December 31, 2022 and 2021, the remuneration of independent directors was $2,520 thousand.

Note 6: The Company did not have supervisors for the years ended December 31, 2022 and 2021, therefore, there was no remuneration of supervisors.

Note 7: The remuneration policy for directors, independent directors, management personnel and employees:

a. Directors are paid fixed remuneration in accordance with the resolutions of the board of directors and distributed floating remuneration based on the Company’s annual earnings and distributions according to the Company’s Articles of Incorporation. Independent directors are excluded from participating in the aforementioned distribution of floating remuneration.

b. Remuneration of management personnel, including the chief executive officer, general manager and vice general manager, includes a salary, year-end bonus, and employee remuneration, determined in accordance with the positions held and contributions to the Company, by reference to industry standards.

c. The salary of employees is divided into a fixed salary and variable salary, which includes a base salary, meal allowance, year-end bonus, performance appraisal bonus and sales performance bonus, determined based on employee experience, education attainments, and annual performance appraisals.